FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
SEC Accession No. 0001028911-04-000029

(HTML Version on secdatabase.com)

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WATERFORD GAMING LLC

CIK:**1028911**| IRS No.: **061465402** | State of Incorp.:**DE** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: **333-17795** | Film No.: **04970412**
SIC: **7990** Miscellaneous amusement & recreation

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

Form 10-Q

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

For the quarterly period ended 06/30/04
or

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

For the transition period from_____ to_____

Commission file number 333-17795

WATERFORD GAMING, L.L.C.
(Exact name of registrant as specified in its charter)

DELAWARE	06-1465402
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

914 Hartford Turnpike, P.O. Box 715 Waterford, CT	06385
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (860) 442-4559

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

WATERFORD GAMING, L.L.C.
INDEX TO FORM 10-Q

PART I -- FINANCIAL INFORMATION

Item 1 -- Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of Waterford Gaming, L.L.C.

We have reviewed the accompanying condensed balance sheet of Waterford Gaming, L.L.C. (the "Company") as of June 30, 2004, and the related condensed statements of income, for each of the three-month and six-month periods ended June 30, 2004 and 2003, and the related condensed statements of changes in member's deficiency and of cash flows for each of the six-month periods ended June 30, 2004 and 2003. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheet as of December 31, 2003, and the related statements of income, of changes in member's deficiency and of cash flows for the year then ended (not presented herein), and in our report dated March 24, 2004, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 2003 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

PricewaterhouseCoopers, LLP
Hartford, Connecticut
August 6, 2004

FINANCIAL INFORMATION

The unaudited condensed interim financial information as of June 30, 2004 and 2003, and for each of the three-month and six-month periods ended June 30, 2004 and 2003 included in this report was reviewed by PricewaterhouseCoopers, LLP, an independent registered public accounting firm, in accordance with the standards of the Public Company Accounting Oversight Board (United States).

Waterford Gaming, L.L.C.

Condensed Balance Sheets

June 30, 2004 and December 31, 2003

<TABLE>
<CAPTION>
<S> <C> <C>

	June 30, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,878,215	$ 4,892,072
Restricted investments	6,307,230	6,623,725
Other current assets	79,442	7,252
Total current assets	8,264,887	11,523,049
Trading Cove Associates - equity investment	17,661,570	16,965,487
Beneficial interest - Leisure Resort Technology, Inc.	3,974,607	4,162,049
Deferred financing costs, net of accumulated amortization of $639,576 and $274,972 at June 30, 2004 and December 31, 2003, respectively	3,203,455	3,568,059
Fixed assets, net of accumulated depreciation of $53,918 and $53,002 at June 30, 2004 and December 31, 2003, respectively	---	916
Total assets	$ 33,104,519	$ 36,219,560
LIABILITIES AND MEMBER'S DEFICIENCY		
Current liabilities		
Accrued expenses and accounts payable	$ 566,774	$ 150,535
Accrued interest on senior notes payable	3,702,357	3,887,797
Total current liabilities	4,269,131	4,038,332
8.625% senior notes payable	145,786,000	153,088,000
Total liabilities	150,055,131	157,126,332
Contingencies		
Member's deficiency	(116,950,612)	(120,906,772)
Total liabilities and member's deficiency	$ 33,104,519	$ 36,219,560

</TABLE>

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

Waterford Gaming, L.L.C.

Condensed Statements of Income

For the Three and Six months ended June 30, 2004 and 2003

(Unaudited)

<TABLE>
<CAPTION>

<S>	<C> For the three months ended June 30, 2004	<C> For the three months ended June 30, 2003	<C> For the six months ended June 30, 2004	<C> For the six months ended June 30, 2003
Expenses				

Interest expense	$ 3,143,511	$ 9,797,752	$ 7,046,278	$ 12,681,055
Salaries - related parties	299,857	224,522	591,854	435,685
General and administrative	341,914	114,284	656,456	212,977
9.50% senior notes tender expense	---	495,962	---	495,962
Amortization of beneficial interest - Leisure Resort Technology, Inc.	94,239	94,239	187,442	187,442
Amortization on deferred financing costs	97,204	2,573,199	364,604	2,664,915
Depreciation	460	2,695	916	5,390
Total expenses	3,977,185	13,302,653	8,847,550	16,683,426
Interest and dividend income	18,129	30,423	44,483	83,026
Equity in income of Trading Cove Associates	7,701,060	7,106,875	15,114,199	13,529,185
Net income (loss)	$ 3,742,004	$ (6,165,355)	$ 6,311,132	$ (3,071,215)

</TABLE>

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

Waterford Gaming, L.L.C.

Condensed Statements of Changes in Member's Deficiency

For the Six Months ended June 30, 2004 and 2003

(Unaudited)

<TABLE>
<CAPTION>
<S> <C>

For the six months ended June 30, 2004	
Balance, January 1, 2004	$ (120,906,772)
Distributions	(2,354,972)
Net income	6,311,132
Balance, June 30, 2004	$ (116,950,612)
For the six months ended June 30, 2003	
Balance, January 1, 2003	$ (76,962,084)
Distributions	(47,738,241)
Net loss	(3,071,215)
Balance, June 30, 2003	$ (127,771,540)

</TABLE>

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

Waterford Gaming, L.L.C.

Condensed Statements of Cash Flows

For the Six Months ended June 30, 2004 and 2003

(Unaudited)

<TABLE>
<CAPTION>

<S>	<C> 2004	<C> 2003
Cash flows from operating activities		
Net income (loss)	$ 6,311,132	$ (3,071,215)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Amortization	552,046	2,852,357
Depreciation	916	5,390
Equity in income of Trading Cove Associates	(15,114,199)	(13,529,185)
Operating distributions from Trading Cove Associates	14,418,116	13,898,207
Changes in operating assets and liabilities:		
Other current assets	(72,190)	(54,485)
Accrued expenses and accounts payable	416,239	407,952
Accrued interest on senior notes payable	(185,440)	(2,278,488)
Total adjustments	15,488	1,301,748
Net cash provided by (used in) operating activities	6,326,620	(1,769,467)
Cash flows from investing activities		
Maturities and (purchases) of restricted investments - net	316,495	3,656,309
Contributions to Trading Cove Associates	---	(450,000)
Distributions from Trading Cove Associates	---	200,000
Net cash provided by investing activities	316,495	3,406,309
Cash flows from financing activities		
Redemption of 8.625% senior notes payable	(7,302,000)	---
Distributions to member	(2,354,972)	(47,738,241)
Proceeds from 8.625% senior notes issuance	---	155,000,000
Deferred financing costs	---	(3,198,524)
Redemption of 9.50% senior notes payable	---	(108,007,000)
Net cash used in financing activities	(9,656,972)	(3,943,765)
Net change in cash and cash equivalents	(3,013,857)	(2,306,923)
Cash and cash equivalents at beginning of period	4,892,072	4,658,602
Cash and cash equivalents at end of period	$ 1,878,215	$ 2,351,679
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 7,231,718	$ 14,959,542
Supplemental disclosure of non-cash financing activities:		
Deferred financing costs funded through accrued expenses	$ ---	$ 644,507

</TABLE>

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

WATERFORD GAMING, L.L.C.

NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation:

The unaudited condensed interim financial statements have been prepared in accordance with the policies described in Waterford Gaming, L.L.C.'s (the "Company") 2003 audited financial statements and should be read in conjunction with the Company's 2003 audited financial statements within the Company's Annual Report for the fiscal year ended December 31, 2003 on Form 10-K as filed with the Securities and Exchange Commission (the "Commission") on March 26, 2004. The condensed balance sheet at December 31, 2003, contained herein, was derived from audited financial statements, but does not include all disclosures contained in the Form 10-K and required by accounting principles generally accepted in the United States of America. The unaudited condensed interim financial statements include normal and recurring adjustments which are, in the opinion of management, necessary to present a fair statement of financial position as of June 30, 2004, the results of income for the three-month and six-month periods ended June 30, 2004 and 2003 and statements of member's deficiency and of cash flows for each of the six-month periods ended June 30, 2004 and 2003. Results of income for the period are not necessarily indicative of the results to be expected for the full year.

In June 2003, the Company, with its wholly-owned subsidiary Waterford Gaming Finance Corp. ("Finance"), issued $155 Million 8.625% Senior Notes due 2012 (the "8.625% Senior Notes") in connection with the redemption of the Company's and Finance's $125 million 9.50% Senior Notes due 2010 (the "$125 Million Senior Notes"). In March 1999, the Company together with Finance had issued the $125 Million Senior Notes in connection with the redemption of the Company's and Finance's $65 Million 12.75% Senior Notes due 2003 (the "$65 Million Senior Notes").

In connection with the $125 Million Senior Notes offering, the Company distributed $37,050,000 to Waterford Group, L.L.C. ("Waterford Group") during March 1999. During December 1999, the Company received a payment on notes it held due from the Mohegan Tribal Gaming Authority (the "Authority") and a distribution from Trading Cove Associates ("TCA" or "Trading Cove"). As contemplated in the $125 Million Senior Notes offering, the Company distributed approximately $34,672,000 to Waterford Group during January 2000. In connection with the 8.625% Senior Notes offering, the Company distributed approximately $44,500,000 to Waterford Group during June 2003.

Note 2. Trading Cove Associates - Equity Investment:

As of June 30, 2004 and 2003, the following unaudited summary information relates to TCA. Total revenues and net income are for the six-month periods ended June 30, 2004 and 2003:

<TABLE>
<CAPTION>

<S>	<C> 2004	<C> 2003
Total current assets	$ 27,547,707	$ 24,796,048
Total assets	$ 29,876,300	$ 27,348,669
Total liabilities	(532,223)	(10,501,159)
Partners' capital	$ 29,344,077	$ 16,847,510
Total revenues	$ 33,359,385	$ 35,606,925
Net income	$ 33,168,425	$ 29,998,397
Company's interest:		
Trading Cove Associates - equity investment, beginning of period	$ 16,965,487	$ 11,972,338
Contributions	---	450,000
Distributions	(14,418,116)	(14,098,207)
	2,547,371	(1,675,869)

Income from Trading Cove Associates	15,334,213	13,749,199
Amortization of interests purchased	(220,014)	(220,014)
Equity in income of Trading Cove Associates	15,114,199	13,529,185
Trading Cove Associates - equity investment, end of period	$ 17,661,570	$ 11,853,316

</TABLE>

Note 3. Beneficial Interest - Leisure Resort Technology, Inc.:

On January 6, 1998, pursuant to the settlement and release agreement described in Note 6 below, the Company paid $5,000,000 to Leisure Resort Technology, Inc. ("Leisure") and, among other things, Leisure (a) gave up its beneficial interest of 5% in certain fees and excess cash flows, as defined, of TCA and (b) any other claims it may have had against the Company, TCA and Kerzner Investments Connecticut, Inc. (formerly Sun Cove Limited, "Kerzner Investments") and TCA's former partner.

On August 6, 1997, Leisure, a former partner of TCA, filed a lawsuit against TCA, Kerzner Investments, RJH Development Corp. (a former partner of TCA), the Company and its owners, claiming breach of contract, breach of fiduciary duties and other matters in connection with the development of the Mohegan Sun Casino (the "Mohegan Sun") by TCA.

In connection with the settlement of all matters related to such suit, pursuant to the settlement and release agreement, the Company agreed to acquire Leisure's interests in TCA. As a result of this acquisition, Leisure no longer has the right to 5% of the Organizational and Administrative Fee, as defined in the Organizational and Administrative Services Agreement, and 5% of TCA's Excess Cash as defined in TCA's partnership agreement, and the Company is now entitled to such fees and such cash.

On March 17, 1999, the $65 Million Senior Notes were retired, and on March 18, 1999, the Company paid an additional $2,000,000 to Leisure pursuant to the settlement and release agreement. On January 7, 2000, Leisure filed a complaint against the Company and certain other defendants relating to the settlement and release agreement. For a description of the complaint, see Note 6 to these condensed financial statements.

Until March 17, 1999, the payments made to Leisure pursuant to the settlement and release agreement and associated costs were amortized on a straight-line basis over the remaining term of the Management Agreement (defined below). As a result of the Relinquishment Agreement (defined below) becoming effective, the remaining balance will be amortized over 189 months beginning March 18, 1999. Accumulated amortization at June 30, 2004 and December 31, 2003 amounts to $3,082,604 and $2,895,162, respectively.

Note 4. $155 Million 8.625% Senior Notes Payable:

On June 11, 2003, the Company and Finance issued the 8.625% Senior Notes. Payment of the principal of, and interest on, the 8.625% Senior Notes is pari passu in right of payment with all of the Company's and Finance's senior debt, and effectively subordinate in right of payment to all of the Company's and Finance's existing and future collateralized debts.

The 8.625% Senior Notes bear interest at a rate of 8.625% per annum, payable semi-annually in arrears on March 15th and September 15th of each year, commencing September 15, 2003. The principal amount due on the 8.625% Senior Notes is payable on September 15, 2012.

The Company and Finance may elect to redeem all or any of the 8.625% Senior Notes at any time on or after September 15, 2008 at a redemption price equal to a percentage of the principal amount of notes being redeemed plus accrued interest. Such percentage is set forth in the following table:

<TABLE>

<S>	<C>
If notes are redeemed	Percentage
after September 14, 2008 but on or before September 14, 2009	103.551%
after September 14, 2009 but on or before September 14, 2010	102.537%

after September 14, 2010 but on or before September 14, 2011	101.522%
after September 14, 2011 but on or before September 14, 2012	100.507%
after September 14, 2012	100.000%

</TABLE>

The 8.625% Senior Notes provide that upon the occurrence of a Change of Control, as defined in the indenture governing the 8.625% Senior Notes (the "8.625% Senior Notes Indenture"), the holders thereof will have the option to require the redemption of the 8.625% Senior Notes at a redemption price equal to 101% of the principal amount thereof plus accrued interest.

Pursuant to the terms of the 8.625% Senior Notes Indenture, if the Company and Finance have any Company Excess Cash, as defined in the 8.625% Senior Notes Indenture, on February 1st or August 1st of any year, they must use such Company Excess Cash less all Required IRA True-Up Payments, as defined in the 8.625% Senior Notes Indenture, and less any amount set aside for the payment of accrued and unpaid interest on the interest payment date that corresponds to the redemption date for which the determination is being made, to redeem the 8.625% Senior Notes on the March 15th or September 15th following such dates. Any such redemption will be made at a price equal to a percentage of the principal amount being redeemed. Such percentage is set forth in the following table:

<TABLE>

<S>	<C>
If notes are redeemed with Company Excess Cash	Redemption Price (expressed as a percentage of the principal amount being redeemed)
after September 14, 2003 but on or before September 14, 2004	108.625%
after September 14, 2004 but on or before September 14, 2005	107.610%
after September 14, 2005 but on or before September 14, 2006	106.596%
after September 14, 2006 but on or before September 14, 2007	105.581%
after September 14, 2007 but on or before September 14, 2008	104.566%
after September 14, 2008 but on or before September 14, 2009	103.551%
after September 14, 2009 but on or before September 14, 2010	102.537%
after September 14, 2010 but on or before September 14, 2011	101.522%
after September 14, 2011 but on or before September 14, 2012	100.507%
after September 14, 2012	100.000%

</TABLE>

The Company and Finance have periodically redeemed portions of the 8.625% Senior Notes with Company Excess Cash pursuant to the terms of the 8.625% Senior Notes Indenture. The table below summarizes (a) the amount of Company Excess Cash that the Company and Finance have determined was available for the mandatory redemption of the 8.625% Senior Notes on February 1st and August 1st of each applicable year pursuant to the terms of the 8.625% Senior Notes Indenture, (b) the aggregate principal amount of 8.625% Senior Notes redeemed with such Company Excess Cash, (c) the date on which such redemption was consummated, and (d) the redemption price at which such redemption was made.

<TABLE>

<S>	<C>	<C>	<C>	<C>
Date	Company Excess Cash (approximately)	Principal Amount of notes redeemed	Dates of Redemption	Price (expressed as percentage of principal amount being redeemed
August 1, 2003	$ 5,568,000	$ 1,920,000	September 15, 2003	108.625%
February 1, 2004	$ 14,534,000	$ 7,302,000	March 15, 2004	108.625%

</TABLE>

On August 1, 2004 the Company and Finance had Company Excess Cash (which totaled $11,694,973), as defined in the 8.625% Senior Notes Indenture, and after deducting (i) all Required IRA True-Up Payments, as defined in the 8.625% Senior Notes Indenture, (which totaled $0) and (ii) the amount set aside for the payment of accrued and unpaid interest on the interest payment date that corresponds to the redemption date for which the determination is being made (which totaled $6,287,021), the amount available for a mandatory redemption of

the 8.625% Senior Notes totaled $5,407,952, and accordingly on September 15, 2004 the Company and Finance will make a mandatory redemption of the 8.625% Senior Notes in the principal amount of $5,025,000 at the redemption price of 107.610%. Such redemption price is expressed as a percentage of the principal amount being redeemed.

In certain circumstances, if either the Company or Kerzner Investments, the Company's partner in TCA, exercises the option to buy or sell partnership interests in TCA, the Company and Finance must redeem the 8.625% Senior Notes.

The 8.625% Senior Notes Indenture contains certain affirmative and negative covenants customarily contained in such agreements, including without limitation, covenants that restrict, subject to specified exceptions, the Company's and Finance's ability to (i) borrow money, (ii) make distributions on its equity interests or certain other restricted payments, (iii) use assets as security in other transactions, (iv) make investments, (v) sell other assets or merge with other companies, and (vi) engage in any business except as currently conducted or contemplated or amend their relationship with TCA. The 8.625% Senior Notes Indenture also provides for customary events of default and the establishment of a restricted investment account with a trustee for interest reserves ("IRA"). The IRA consists of an amount of funds equal to the interest payment due on the 8.625% Senior Notes on the following interest payment date. The IRA will be released and the Company can make a permitted distribution of funds in the IRA to Waterford Group once the Leverage Ratio, as defined in the 8.625% Senior Notes Indenture, is less than or equal to 3.0 to 1.0.

The fair value of the Company's senior notes payable at June 30, 2004 and December 31, 2003 is estimated to be approximately $154,898,000 and $163,804,000, respectively, based on the quoted market price for the 8.625% Senior Notes.

Note 5. Certain Relationships and Related Transactions:

DEVELOPMENT SERVICES AGREEMENT PHASE II AND RELATED AGREEMENTS AND PAYMENTS

On February 9, 1998, TCA and Kerzner International Management Limited ("KIML"), an affiliate of Kerzner Investments, the Company's partner in TCA, entered into the Agreement Relating to Development Services (the "Development Services Agreement Phase II"). Pursuant to the Development Services Agreement Phase II, TCA subcontracted with KIML, who agreed to perform those services assigned to KIML by TCA in order to facilitate TCA's fulfillment of its duties and obligations to the Authority under the Development Agreement. For a summary of the Development Agreement, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Trading Cove Associates - Material Agreements --Development Agreement". KIML assigned the Development Services Agreement Phase II to Kerzner Investments.

Pursuant to the Development Services Agreement Phase II, TCA pays to Kerzner Investments a fee, as subcontractor (the "Development Services Fee Phase II"), equal to 3% of the development costs of the Project Sunburst expansion at the Mohegan Sun (the "Project Sunburst expansion"), excluding capitalized interest, less all costs incurred by TCA in connection with the Project Sunburst expansion. The Development Services Fee Phase II is paid in installments on December 31, 1999, December 31, 2000 and on the Completion Date, as defined in the Development Agreement, with the final payment being made when the actual development costs of the Project Sunburst expansion are known. TCA pays the Development Services Fee Phase II from available cash flow, if any, in accordance with the Amended and Restated Omnibus Termination Agreement. The total of the Development Services Fee Phase II and TCA's costs related to the development of the Project Sunburst expansion will exceed the related revenue received by TCA under the Development Agreement by approximately $15,964,000.

Before KIML assigned the Development Services Agreement Phase II to Kerzner Investments, it entered into the Local Construction Services Agreement (the "Local Construction Services Agreement") with Wolman Construction, L.L.C. ("Construction"), an affiliate of the Company, pursuant to which Construction agreed to provide certain of those services assigned to KIML by TCA pursuant to the Development Services Agreement Phase II. KIML assigned the Local Construction Services Agreement to Kerzner Investments.

Pursuant to the Local Construction Services Agreement, Kerzner Investments agreed to pay to Construction a fee equal to 20.83% of the Development Services Fee Phase II as and when Kerzner Investments receives payment from TCA in accordance with the Development Services Agreement Phase II.

Pursuant to a letter agreement, Construction has subcontracted with The Slavik Company, an affiliate of the Company, to provide certain services under the Local Construction Services Agreement. In exchange for providing such services, Construction agreed that The Slavik Company would be paid a fee equal to 14.30% of its fee under the Local Construction Services Agreement.

On April 26, 2000, July 26, 2000, January 26, 2001 and July 28, 2003 TCA paid $3,095,000, $1,238,000, $6,474,000 and $9,157,000, respectively, as partial payment of the Development Services Fee Phase II. Construction received $644,688, $257,875, $1,348,534 and $1,907,403, respectively, and Construction paid The Slavik Company $92,190, $36,876, $192,840 and $259,121 on April 26, 2000, July 26, 2000, January 26, 2001 and July 28, 2003, respectively.

TCA's accrued liability to Kerzner Investments with respect to the Development Services Fee Phase II was approximately $480,200 at June 30, 2004.

EMPLOYMENT AGREEMENT WITH MR. LEN WOLMAN

Len Wolman, the Company's Chairman of the Board of Directors and Chief Executive Officer, is the Company's designated representative to TCA under TCA's partnership agreement.

On September 28, 1998, the Company entered into an employment agreement with Len Wolman. The employment agreement provides for a base annual salary of $250,000 reduced by any amounts Mr. Wolman receives as a salary from TCA for such period. In addition, pursuant to the employment agreement, the Company agreed to pay Mr. Wolman incentive compensation in an amount equal to 0.05% of the revenues of the Mohegan Sun including the Project Sunburst expansion to the extent Mr. Wolman has not received such amounts from TCA. On and after January 1, 2004, the Company agreed to pay to Mr. Wolman incentive compensation based on the revenues of the Mohegan Sun, including the Project Sunburst expansion, as a percentage (ranging from 0.00% to 0.10%) to be determined using a formula attached to the employment agreement which compares actual revenues to predetermined revenue targets. For the six-months ended June 30, 2004 and 2003, the Company paid and incurred $591,854 and $435,685, respectively, as an expense pursuant to Len Wolman's employment agreement.

OTHER RELATED PARTY TRANSACTIONS

For each of the six-month periods ended June 30, 2004 and 2003, approximately $21,000, was paid and incurred by TCA to the principals and affiliates of the Company as part of TCA's operating expenses. In addition, for the six-month periods ended June 30, 2004 and 2003, TCA incurred approximately $0 and $458,000, respectively, to the principals of the Company in connection with the first priority payments set forth under the section "Trading Cove Associates Material Agreements - Amended and Restated Omnibus Termination Agreement".

In 1999, the Company renovated Len Wolman's office space at a cost of $32,413, of which $30,000 was paid to Wolman Homes Inc., an affiliate of the Company. Cost of the improvement is being depreciated over five years. Depreciation expense related to the office space renovation for the six months ended June 30, 2004 and 2003 was $553 and $3,240, respectively.

Waterford Group, Slavik Suites, Inc. ("Slavik") and the other principals of the Company and Waterford Group have interests in and may acquire interests in hotels in southeastern Connecticut which have or may have arrangements with the Mohegan Sun to reserve and provide hotel rooms to patrons of the Mohegan Sun.

Note 6. Contingencies:

LEGAL PROCEEDINGS

On January 6, 1998, Leisure Resort Technology, Inc. and defendants Waterford Gaming, L.L.C., Trading Cove Associates, LMW Investments, Inc., and Slavik Suites, Inc. settled a prior lawsuit brought by Leisure. In connection with this settlement, Leisure, TCA, the Company, LMW Investments, Inc., and Slavik Suites, Inc. entered into a settlement and release agreement. Pursuant to this settlement and release agreement, the Company bought Leisure's beneficial interest in TCA.

By complaint dated January 7, 2000, as amended February 4, 2000, Leisure filed a four count complaint naming as defendants Waterford Gaming, L.L.C., Trading Cove Associates, LMW Investments, Inc., Slavik Suites, Inc., Waterford Group, L.L.C., Len Wolman and Mark Wolman (collectively, the "Defendants"). The matter has been transferred to the complex litigation docket and is pending in Waterbury, Connecticut. The complaint alleged breach of fiduciary duties, fraudulent non-disclosure, violation of Connecticut Statutes Section 42-110a, et seq. and unjust enrichment in connection with the negotiation by certain of the Defendants of the settlement and release agreement. The complaint also brought a claim for an accounting. The complaint seeks unspecified legal and equitable damages.

On February 29, 2000, Defendants filed a Motion to Strike and a Motion for Summary Judgment, each with respect to all claims. The Court granted Defendants' Motion to Strike in part and denied Defendants' Motion for Summary Judgment, on October 13, 2000. The Court's order dismissed the claim for an accounting and the claim under Connecticut Statutes Section 42-110a, et seq. The Court also

struck the alter ego allegations in the complaint against LMW Investments, Inc., Slavik Suites, Inc., Len Wolman and Mark Wolman. In a decision dated August 6, 2001, the Court dismissed all claims against LMW Investments, Inc., Slavik Suites, Inc., Len Wolman and Mark Wolman.

On November 15, 2000, the Company and its co-defendants answered the complaint. In addition, the Company and Trading Cove Associates asserted counterclaims for breach of the settlement and release agreement and breach of the implied covenant of good faith against Leisure and its president, Lee Tyrol. In a decision dated June 6, 2001, the Court dismissed the counterclaims against Lee Tyrol. Leisure moved for summary judgment seeking dismissal of the counter claims in full, which motion was denied on April 14, 2003.

Fact discovery is completed. On April 15, 2004, the Company and its co-defendants filed a motion for summary judgment as to all of Leisure's claims. The Court heard argument on this Motion on June 23, 2004. In an August 4, 2004, Memorandum of Decision, the Court granted summary judgment for the Defendants as to each of the remaining three counts of the plaintiffs complaint. The plaintiff has not yet indicated whether it plans to appeal this decision.

Jury selection with respect to Defendant's conterclaims is scheduled to commence on October 19, 2004, with presentation of evidence to begin on October 26, 2004.

The Company believes that it has meritorious defenses and, if necessary, intends vigorously to contest the claims in this action and to assert all available defenses. At the present time, the Company is unable to express an opinion on the likelihood of an unfavorable outcome or to give an estimate of the amount or range of possible loss to the Company as a result of this litigation due to the possibility of an appeal and the disputed issues of law and/or facts on which the outcome of this litigation depends.

Item 2 -- Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Company's condensed financial statements and the notes thereto included elsewhere herein.

A - CERTAIN FORWARD LOOKING STATEMENTS

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, in particular, the statements about the Company's, TCA's and the Mohegan Sun's plans, strategies and prospects. Although the Company believes that such statements are based on reasonable assumptions, these forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties include, among others, the risk factors described below under the heading "Risk Factors" and the following:

a) the financial performance of the Mohegan Sun;

b) changes in laws or regulations (including, without limitation, gaming laws or regulations);

c) the effects of new competition; and

d) general domestic and global economic conditions.

The Company's, TCA's and Mohegan Sun's actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements contained herein. The Company can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on its results of operations and financial condition. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report on Form 10-Q.

B - DEVELOPMENT AND OPERATIONAL ACTIVITIES

The Company is a special purpose company formed solely for the purpose of holding its partnership interest, as a general partner, in TCA, a Connecticut general partnership and the manager (until January 1, 2000) and developer of the Mohegan Sun.

1 - TRADING COVE ASSOCIATES

TCA was organized on July 27, 1993. The primary purpose of TCA has been,

a) to assist the Mohegan Tribe of Indians of Connecticut (the "Tribe" or "Mohegan Tribe") and the Authority in obtaining federal recognition,

b) to negotiate the tribal-state compact with the State of Connecticut on behalf of the Tribe,

c) to obtain financing for the development of the Mohegan Sun,

d) to negotiate the Amended and Restated Gaming Facility Management Agreement (the "Management Agreement"),

e) to oversee all operations of the Mohegan Sun pursuant to the terms of the Management Agreement until midnight December 31, 1999, and

f) to participate in the design and development of the Mohegan Sun.

The Mohegan Sun commenced operations on October 12, 1996. From the opening of the Mohegan Sun until midnight December 31, 1999, TCA oversaw the Mohegan Sun's day-to-day operations.

TCA's partnership agreement will terminate on December 31, 2040, or earlier, in accordance with its terms. The Company has a 50% partnership interest in TCA. The remaining 50% interest is owned by Kerzner Investments, an affiliate of Kerzner International Limited ("Kerzner International"). The complete text of (a) the Amended and Restated Partnership Agreement of Trading Cove Associates, dated as of September 21, 1994, among Sun Cove Limited (now Kerzner Investments), RJH Development Corp., Leisure Resort Technology, Inc., Slavik Suites, Inc., and LMW Investments, Inc., and (b) the First Amendment to the Amended and Restated Partnership Agreement of Trading Cove Associates, dated as of October 22, 1996, among Sun Cove Limited, Slavik Suites, Inc., RJH Development Corp., LMW Investments, Inc. and Waterford Gaming, L.L.C. are filed as exhibits to the Company's Registration Statement on Form S-4, filed with the Commission (File No. 333-17795) and declared effective on May 15, 1997 and each is incorporated herein by reference.

2 - TRADING COVE ASSOCIATES - MATERIAL AGREEMENTS

a) RELINQUISHMENT AGREEMENT

On February 7, 1998, TCA and the Authority entered into the Relinquishment Agreement (the "Relinquishment Agreement"). Under the terms of the Relinquishment Agreement, TCA continued to manage the Mohegan Sun under the Management Agreement until midnight December 31, 1999, and on January 1, 2000, the Management Agreement terminated and the Tribe assumed day-to-day management of the Mohegan Sun.

Under the Relinquishment Agreement, to compensate TCA for terminating its rights under the Management Agreement and the Hotel/Resort Management Agreement, the Authority agreed to pay to TCA a fee (the "Relinquishment Fees") equal to 5% of Revenues, as defined in the Relinquishment Agreement, generated by the Mohegan Sun during the 15-year period commencing on January 1, 2000, including revenue generated by the Project Sunburst expansion.

The Relinquishment Fees are divided into senior relinquishment payments and junior relinquishment payments, each of which equals 2.5% of Revenues. Revenues are defined in the Relinquishment Agreement as gross gaming revenues (other than Class II gaming revenue) and all other facility revenues. Such revenue includes hotel revenues, food and beverage sales, parking revenues, ticket revenues and other fees or receipts from the convention/events center in the Project Sunburst expansion and all rental or other receipts from lessees, licensees and concessionaires operating in the facility, but not the gross receipts of such lessees, licensees and concessionaires. Such revenues exclude revenues generated by any other expansion of the Mohegan Sun.

Senior relinquishment payments are payable quarterly in arrears commencing on April 25, 2000 for the quarter ended March 31, 2000, and the junior relinquishment payments are payable semi-annually in arrears commencing on July 25, 2000 for the six months ended June 30, 2000, assuming sufficient funds are available after satisfaction of the Authority's senior obligations, as defined in the Relinquishment Agreement. See section below titled "Risk Factors - Subordination Trading Cove's right to receive the relinquishment payments from the Authority is junior to certain payments by the Authority to the Mohegan Tribe and holders of its indebtedness".

For the six months ended June 30, 2004 and 2003, total Relinquishment Fees earned were $33,346,785 and $31,068,470, respectively. The amount of

Relinquishment Fees reported in this quarterly report on Form 10-Q are based upon Revenues reported to TCA by the Authority.

The Relinquishment Agreement is filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1998 (Commission File No. 333-17795), as accepted by the Commission on November 13, 1998, and is incorporated herein by reference.

b) DEVELOPMENT AGREEMENT AND OTHER RELATED AGREEMENTS

On February 7, 1998, TCA and the Authority entered into the Development Services Agreement (the "Development Agreement"). Pursuant to the Development Agreement, TCA agreed to oversee the design, construction, furnishing, equipping and staffing of the Project Sunburst expansion for a $14 million development fee (the "Development Fee").

The first phase of the Project Sunburst expansion, including the Casino of the Sky, The Shops at Mohegan Sun, and the 10,000-seat Mohegan Sun Arena opened in September 2001. In April 2002, 734 of the approximately 1,200-hotel rooms in the 34-story luxury hotel as well as the meeting and convention space and spa opened. The balance of the approximately 1,200-hotel rooms opened during June 2002. As of June 30, 2004 the Project Sunburst expansion was complete in terms of the Development Agreement.

Pursuant to the Development Agreement, the Authority agreed to pay the Development Fee to TCA quarterly beginning on January 15, 2000, based on incremental completion of the Project Sunburst expansion as of each payment date. A summary of the quarterly Development Fee payments received by TCA in accordance with the terms of the Development Agreement is as follows:

Date Received by TCA	Development Fee Received
January 15, 2000	$ 1,372,000
April 20, 2000	896,000
July 17, 2000	1,260,000
October 13, 2000	1,372,000
January 23, 2001	588,000
April 16, 2001	1,582,000
July 20, 2001	2,212,000
October 17, 2001	1,974,000
January 25, 2002	1,260,000
April 22, 2002	413,000
July 19, 2002	581,000
October 18, 2002	238,000
January 24, 2003	84,000
April 15, 2003	112,000
October 30, 2003	56,000
	$ 14,000,000

As described in Note 5 to the condensed financial statements included in Item 1 of this quarterly report on Form 10-Q, on February 9, 1998, TCA and KIML entered into the Development Services Agreement Phase II. Pursuant to the Development Services Agreement Phase II, TCA subcontracted with KIML, who agreed to perform those services assigned to KIML by TCA in order to facilitate TCA's fulfillment of its duties and obligations to the Authority under the Development Agreement. KIML assigned the Development Services Agreement Phase II to Kerzner Investments.

Pursuant to the Development Services Agreement Phase II, TCA pays to Kerzner Investments the Development Services Fee Phase II. Such fee equals 3% of the development costs of the Project Sunburst expansion, excluding capitalized interest, less all costs incurred by TCA in connection with the Project Sunburst expansion. The Development Services Fee Phase II is paid in installments - on December 31, 1999, December 31, 2000 and on the Completion Date, as defined in the Development Agreement - with the final payment being made when the actual development costs of the Project Sunburst expansion are known. TCA pays the Development Services Fee Phase II from available cash flow, if any, in accordance with the Amended and Restated Omnibus Termination Agreement. The total of the Development Services Fee Phase II and TCA's costs related to the development of the Project Sunburst expansion will exceed the related revenue received by TCA under the Development Agreement by approximately $15,964,000.

Also as described in Note 5 to the condensed financial statements included in Item 1 of this quarterly report on Form 10-Q, before KIML assigned the Development Services Agreement Phase II to Kerzner Investments, it entered into the Local Construction Services Agreement with Construction, pursuant to which Construction agreed to provide certain of those services assigned to KIML by TCA pursuant to the Development Services Agreement Phase II. KIML assigned the Local

Construction Services Agreement to Kerzner Investments.

Pursuant to the Local Construction Services Agreement, Kerzner Investments agreed to pay to Construction, an affiliate of the Company, a fee equal to 20.83% of the Development Services Fee Phase II as and when Kerzner Investments receives payment from TCA pursuant to the Development Services Agreement Phase II.

Pursuant to a Letter Agreement, Construction has subcontracted with The Slavik Company, an affiliate of the Company, to provide certain services under the Local Construction Services Agreement. In exchange for providing such services, Construction agreed that The Slavik Company would be paid a fee equal to 14.30% of its fee under the Local Construction Services Agreement.

C - CERTAIN RISK FACTORS

1 - Lack of Operations; Dependence on the Mohegan Sun - The Company is entirely dependent upon the performance of the Mohegan Sun to meet its operating obligations including its debt service obligations.

The Company does not conduct any business operations other than in connection with its role as a general partner of Trading Cove and activities incidental to the issuance of the 8.625% Senior Notes and the making of restricted and temporary investments. The Company is prohibited by the terms of the 8.625% Senior Notes Indenture from engaging in any other business activities. The Company intends to fund its operating, debt service and capital needs from cash flows from Trading Cove.

Trading Cove's only material source of revenue and cash flows is the Relinquishment Fees it receives from the Authority. There can be no assurance that the Mohegan Sun will continue to generate sufficient revenues for the Authority to be profitable or to service its debt obligations, or to pay Relinquishment Fees. The Company's ability to meet its obligations under the 8.625% Senior Notes is entirely dependent upon the performance of the Mohegan Sun, which is subject to matters over which Trading Cove and the Company have no control, including, without limitation, general economic conditions, effects of competition, political, regulatory and other factors, the actual number of gaming customers and amounts wagered.

In addition, Trading Cove has entered into subcontracts with Kerzner Investments (who has further subcontracted with certain of our affiliates) in connection with the development and construction of the Project Sunburst expansion. Under the subcontracts, Trading Cove has agreed to pay a Development Services Fee Phase II equal to 3% of the total costs of the Project Sunburst expansion, excluding capitalized interest, which is approximately $1 billion, less Trading Cove's actual costs relating to the Project Sunburst expansion. The Company expects Trading Cove will pay Kerzner Investments and our affiliates a Development Services Fee Phase II of approximately $20 million pursuant to these subcontracts. Pursuant to the Amended and Restated Omnibus Termination Agreement, Trading Cove is required to pay the Development Services Fee Phase II prior to making certain distributions to its partners, including the Company. To date, Trading Cove has paid approximately $20 million to Kerzner Investments under the Development Services Agreement. Any further payment of the Development Services Fee Phase II reduces amounts available to be distributed to the Company.

The Company cannot assure you that its future operating cash flow will be sufficient to cover its expenses, including interest on the 8.625% Senior Notes.

2 - Leverage - The Company's and the Authority's substantial indebtedness could adversely affect the Company's ability to fulfill its obligations under the 8.625% Senior Notes.

As of June 30, 2004, the Company has an aggregate long-term senior indebtedness of $145,786,000, consisting of the 8.625% Senior Notes. The Authority is also highly leveraged. Trading Cove's agreements with the Authority do not prohibit the Authority from incurring additional indebtedness.

The degree to which the Authority is leveraged could have significant consequences for the holders of the 8.625% Senior Notes, including, without limitation, the following at June 30, 2004:

a) making it more difficult for the Authority to pay the fees owed to Trading Cove under the Relinquishment Agreement; and

b) the Authority's high degree of leverage may make it vulnerable to an economic downturn, which may hamper the Mohegan Sun's ability to meet expected operating results.

3 - Subordination - Trading Cove's right to receive the relinquishment payments from the Authority is junior to certain payments by the Authority to the Mohegan

Tribe and holders of its indebtedness.

The senior and junior relinquishment payments from the Authority to Trading Cove rank behind all of the Authority's obligations to pay the minimum priority distributions to the Mohegan Tribe and all of the Authority's existing and future senior secured indebtedness.

As a result, upon any distribution by the Authority to its creditors in a bankruptcy, liquidation, reorganization or similar proceeding relating to the Authority or its property, the priority distributions owed to the Mohegan Tribe and the holders of the Authority's senior secured indebtedness will be entitled to be paid in full and in cash before any senior or junior relinquishment payments may be made to Trading Cove. In addition, the junior relinquishment payments rank behind all of the Authority's existing and future senior indebtedness. As a result, in any such proceedings, the holders of the Authority's senior indebtedness will be entitled to be paid in full and in cash before any junior relinquishment payments may be made to Trading Cove.

In addition, all relinquishment payments will be blocked in the event of a payment default on senior secured indebtedness of the Authority, and all junior relinquishment payments will be blocked in the event of a payment default on senior indebtedness of the Authority and, in each case, may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on senior secured indebtedness or senior indebtedness of the Authority, as applicable.

In the event of a bankruptcy, liquidation, reorganization or similar proceeding relating to the Authority, Trading Cove will receive distributions (if at all) on a pari passu basis with all other holders of the Authority's senior unsecured indebtedness with respect to the senior relinquishment payments from the assets remaining after the Authority has paid all of its senior secured indebtedness and with all other holders of subordinated indebtedness with respect to the junior relinquishment payments from the assets remaining after the Authority has paid all of its senior indebtedness. However, the Relinquishment Agreement requires that amounts otherwise payable to Trading Cove in a bankruptcy or similar proceeding of the Authority be paid to holders of senior secured indebtedness, with respect to the senior and junior relinquishment payments, and to holders of senior indebtedness, with respect to junior relinquishment payments, until they are paid in full, instead of to Trading Cove. For that reason, Trading Cove may receive less, ratably, than holders of senior unsecured indebtedness and junior indebtedness of the Authority in any such proceeding. In any of these cases, the Authority may not have sufficient funds to pay all of its creditors and Trading Cove may receive less, ratably, than the holders of the Authority's senior indebtedness.

4 - Risks Associated with Trading Cove and the Trading Cove Partnership Agreement - The Company would not be a creditor of Trading Cove and it has no rights to the assets of the Authority in the event of a bankruptcy or similar proceeding against either Trading Cove or the Authority. The Company does not have the power under Trading Cove's partnership agreement to cause Trading Cove to make any distributions to the Company.

If Trading Cove becomes the debtor in a bankruptcy or similar proceeding, the Company would have the status of an equity holder, not a creditor, and would not be entitled to receive any distributions until all of Trading Cove's creditors were paid in full.

If the Authority became the debtor in a bankruptcy or similar proceeding, Trading Cove's rights and recovery would depend on numerous factors, including the type and outcome of the proceeding. If the Authority ceased operations and liquidated, under chapter 7 of the Bankruptcy Code or otherwise, Trading Cove's claim would likely be limited to the amount of unpaid Relinquishment Fees as of the time of liquidation. If the Authority reorganized under chapter 11 of the Bankruptcy Code, Trading Cove's claim would likely be based on an estimate of the Mohegan Sun's future revenues for the term of the Relinquishment Agreement. In any event, any recovery by Trading Cove on its claims for senior or junior relinquishment fees would be subject to the prior payment in full of all indebtedness senior thereto.

As a result, the Company cannot give any assurance that, in the event of bankruptcy or financial difficulty of either Trading Cove or the Authority, it would ultimately recover sufficient (or any) funds to pay amounts outstanding under the 8.625% Senior Notes.

The 8.625% Senior Notes are not secured by a pledge of the Company's partnership interest in Trading Cove. Accordingly, in the event of an acceleration under the 8.625% Senior Notes Indenture, the trustee under the 8.625% Senior Notes Indenture will not be able to foreclose upon the equity in Trading Cove.

The partnership agreement with respect to Trading Cove requires consent by both

partners in order to take any action. Accordingly, neither the Company nor Kerzner Investments has the authority to cause Trading Cove to make any distributions, and Kerzner Investments has the ability to block any action taken by Trading Cove. Although the partnership agreement requires Trading Cove to make distributions of excess cash, the distributions are reduced by certain undefined, discretionary amounts, including foreseeable needs of cash, obligations to third parties, adequate working capital and reserves and the amount needed by the partnership to conduct its business and carry out its purposes. A dispute between the partners as to the appropriate amount of such reductions could result in no or limited distributions by Trading Cove, which could have a material adverse effect on the Company's ability to make required payments of interest, principal and premium on the 8.625% Senior Notes.

Under the partnership agreement and certain other existing agreements, Trading Cove must pay expenses and make certain payments and priority distributions prior to making distributions to the Company. Such expenses, payments and priority distributions include,

(1) operating expenses and to the extent operating expenses are less than $2 million annually, payment of the difference to each of Kerzner Investments and the principals of the Company;

(2) the development fee to be paid to Kerzner Investments, Construction, and The Slavik Company and related development expenses equal to 3% of the total cost of the Project Sunburst expansion, excluding capitalized interest, less Trading Cove's actual costs relating to the Project Sunburst expansion. Trading Cove's accrued liability to Kerzner Investments with respect to such fee was approximately $480,200 at June 30 2004; and

(3) a $5 million annual payment to Kerzner Investments, payable quarterly until December 31, 2006.

All of these amounts reduce the amounts distributable to the Company. Finally, the Company and Trading Cove are party to litigation with a former partner of Trading Cove, which, if adversely determined, could materially and adversely affect its future distributions from Trading Cove. For a description of the complaint, see PART II--OTHER INFORMATION, Item 1--Legal Proceedings to this Form 10Q.

5 - Risks Associated with the Buy/Sell Option Under Trading Cove Partnership Agreement - If a dispute occurs between the Company and Kerzner Investments, the buy/sell provision of the partnership agreement could be invoked. If the buy/sell provision is invoked, the Company cannot assure you that it would have sufficient funds to buy out Kerzner Investments or, if the Company agreed to sell to Kerzner Investments, that the selling price would be sufficient to pay all amounts due on the 8.625% Senior Notes.

In the event of any dispute between the partners in Trading Cove, either partner could invoke the buy/sell provision contained in the partnership agreement. Pursuant to the buy/sell provision, the party invoking the buy/sell provision would deliver a notice to the other party requiring it to sell its interest or buy the invoking party's interest, in each case at the price set forth in such notice. The party receiving the notice must make the election within 45 days of receipt of the notice or be deemed to have accepted the offer to sell. If the offer to buy is elected, the party must close the purchase within 75 days of the end of the 45-day period. Any party may terminate the option at any time prior to closing by accepting the position of the other party. In the event Kerzner Investments were to invoke the buy/sell provision, the Company could:

a) buy Kerzner Investments' interest;

b) sell its interest; or

c) agree with Kerzner Investments on the point of dispute.

The Company may transfer it right to buy under the buy/sell provision of the partnership agreement to the Waterford Group or the Waterford Group may fund the purchase of Kerzner Investments' partnership interest. If the Company were to elect to buy Kerzner Investments' partnership interest other than with funds provided by the Waterford Group, the 8.625% Senior Notes Indenture requires the Company to redeem the 8.625% Senior Notes; however the Company cannot assure you that it would be able to raise funds sufficient to redeem the 8.625% Senior Notes on satisfactory terms, or at all.

If the Company were to sell its partnership interest in Trading Cove, it is possible that the amount the Company receives would be insufficient to pay all amounts due on the 8.625% Senior Notes. If the Company were to concur with Kerzner Investments with respect to the point of dispute, it cannot assure you that Kerzner Investments' position would not have a material adverse effect on the Company's ability to pay principal, interest and premium on the 8.625% Senior Notes.

6 - Difficulties in Enforcing Obligations Against the Authority - The ability to enforce obligations against the Authority and the Mohegan Tribe is limited by the Mohegan Tribe's sovereign immunity.

Although the Mohegan Tribe and the Authority have sovereign immunity and may not be sued without their consent, both the Mohegan Tribe and the Authority have granted a limited waiver of sovereign immunity and consent to suit in connection with the Relinquishment Agreement, including suits against the Authority to enforce the obligation to pay fees due under the Relinquishment Agreement. In the event that such waiver of sovereign immunity is held to be ineffective, Trading Cove could be precluded from judicially enforcing its rights and remedies. Generally, waivers of sovereign immunity have been held to be enforceable against Indian tribes such as the Mohegan Tribe. In addition, the Company has no standing to enforce the Relinquishment Agreement and therefore would have to rely on Trading Cove to enforce such agreement.

The Relinquishment Agreement provides that disputes shall be resolved in any court of competent jurisdiction including the Gaming Disputes Court of the Mohegan Tribe, which was established under the Mohegan Tribe's constitution to rule on disputes with respect to the Mohegan Sun. Appeals of the decisions of the Trial Division are heard by the Appellate Branch of the Gaming Disputes Court. Matters as to which applicable federal or state courts have jurisdiction may be brought in such courts. However, the federal courts may not have jurisdiction over disputes not arising under federal law, and the state courts may not have jurisdiction over any disputes arising on the Mohegan reservation. Moreover, the federal and state courts, under the doctrines of comity and exhaustion of tribal remedies, may be required to (1) defer to the jurisdiction of the Gaming Disputes Court or (2) require that any plaintiff exhaust its remedies in the Gaming Disputes Court before bringing any action in the federal or state court. Thus, there may be no federal or state court forum with respect to a dispute with the Authority or the Mohegan Tribe relating to the Relinquishment Agreement. In addition, the Authority may not be subject to the federal bankruptcy laws. Thus, no assurance can be given that, if an event of default occurs, any forum will be available other than an arbitration panel of the Gaming Disputes Court. In the Gaming Disputes Court, there are few guiding precedents for the interpretation of Mohegan Tribal law. Any execution of a judgment of the Gaming Disputes Court will require the cooperation of the Mohegan Tribe's officials in the exercise of their police powers. Thus, to the extent that a judgment of the Gaming Disputes Court must be executed on Mohegan Tribal lands, the practical realization of any benefit of such a judgment will be dependent upon the willingness and ability of the Mohegan Tribal officials to carry out such judgment. In addition, the land under the Mohegan Sun is owned by the United States of America in trust for the Mohegan Tribe, and creditors of the Authority or the Mohegan Tribe may not force or obtain title to the land.

The Mohegan Tribe is permitted to amend the provisions of its constitution that establish the Authority and the Gaming Disputes Court with the approval of two-thirds of the members of the Tribal Council and a ratifying vote of a two-thirds majority of all of the members of the Mohegan Tribe, with at least 40% of the registered voters of the Mohegan Tribe voting. However, prior to the enactment of any such amendment by the Tribal Council, any non-tribal party will have the opportunity to seek a ruling from the Appellate Branch of the Gaming Disputes Court that the proposed amendment would constitute an impermissible impairment of contract. Further, the Mohegan Tribe's constitution prohibits the Mohegan Tribe from enacting any law that would impair the obligations of contracts entered into in furtherance of the development, construction, operation and promotion of gaming on Mohegan Tribal lands. Amendments to this provision of the Mohegan Tribe's constitution require the affirmative vote of 75% of all registered voters of the Mohegan Tribe. As of September 30, 2003, the Mohegan Tribe had approximately 960 voting members. Amendment to any of such provisions of the Mohegan Tribe's constitution could adversely affect the ability of Trading Cove to enforce the obligations of the Authority, which, in turn would adversely affect the Company's ability to pay principal, interest and premium on the 8.625% Senior Notes.

7 - Future Expansion of the Mohegan Sun - In the event that the Mohegan Tribe decides to expand the Mohegan Sun, Trading Cove has no rights associated with such expansion.

The Mohegan Tribe may in the future decide to expand the Mohegan Sun. Under the

terms of the Relinquishment Agreement, Trading Cove is entitled to 5% of all revenues derived directly or indirectly from the Mohegan Sun, including the Project Sunburst expansion but excluding revenues derived from any future expansions and from Class II gaming activities. If the Mohegan Sun is further expanded, Trading Cove, under the terms of the Relinquishment Agreement will not be entitled to any of the revenues generated by the incremental expansion. The Relinquishment Agreement does not describe how the Authority would allocate which revenues were covered by the Relinquishment Agreement and which revenues were not. In addition, Trading Cove has no rights to act as developer of any such expansion. The Company cannot assure you that any future expansion of the Mohegan Sun will not have a material adverse affect on the Authority, including by disrupting the current operations of the Mohegan Sun thereby affecting revenues and the Authority's ability to pay Relinquishment Fees to Trading Cove. In addition, the Company cannot assure you that any future expansion will not draw guests to those portions of the Mohegan Sun from which Trading Cove is not entitled to a percentage of revenues, thereby impacting the Relinquishment Fees. If the Mohegan Tribe were to take any action that would prejudice or have a material adverse effect on the rights of Trading Cove under the Relinquishment Agreement, Trading Cove could sue the Mohegan Tribe for breach of contract. The Company cannot assure you that any such lawsuit would be successful. See "Difficulties in Enforcing Obligations Against the Authority."

8 - Competition from Other Gaming Operations - The Mohegan Sun may face significant competition from other persons who may receive approval to engage in gaming in the region.

The gaming industry is highly competitive. The Mohegan Sun currently competes primarily with Foxwoods Resort Casino ("Foxwoods") and, to a lesser extent, with casinos in Atlantic City, New Jersey and upstate New York. Foxwoods, which is located approximately 10 miles from the Mohegan Sun, is constructing a $99 million casino expansion that is scheduled to open in August 2004. With the completion of the Project Sunburst expansion of the Mohegan Sun, the two facilities are comparable in gaming space as well as in amenities such as hotel accommodations and non-gaming entertainment.

Currently, other than Atlantic City, New Jersey, casino gaming in the Northeastern United States is conducted only by federally recognized Indian tribes operating under federal Indian gaming law. The New York State legislature authorized certain limited machine gaming at several race tracks in the state but not full-scale casino gaming. To date, three separate race tracks operate approximately 3,000 machines. The legislature also authorized three Indian casinos in the Catskills region of New York (Sullivan and Ulster counties) and three casinos to be operated by the Seneca Nation of Indians in the Niagara/Buffalo area. The Seneca Nation opened a facility in Niagara Falls in late December 2002 and opened another facility in Salamanca, New York, in early May 2004. The validity of the New York State statute is currently being litigated in the state's highest court of appeals.

The Oneida Indian Nation operates Turning Stone Casino Resort in Verona, New York, approximately 270 miles from the Mohegan Sun. The St. Regis Mohawk Tribe in Hogansburg, New York has entered into a gaming compact with the State of New York to conduct gaming on its reservation near the Canadian border. There are several proposals to develop casinos in the Catskills region of New York which is about 185 miles from the Mogehan Sun. To date, only three tribes, the St. Regis Mohawk Tribe, the Cayuga Tribe and the Stockbridge-Munsee Band of Mohican Indians, have submitted Land into Trust Applications to the United States Department of the Interior. In addition, public reports indicate that several other tribes have expressed interest in developing a casino in the Catskills region. Federal and state approvals are still needed for all projects in the Catskills region.

In addition, several other federally recognized tribes in New England are seeking to establish gaming operations. These include the Historic Eastern Pequot Tribe of Connecticut and the Schaghticoke Tribal Nation of Connecticut. The status of both tribes is being challenged. In addition the Narragansett Tribe of Rhode Island, the Aquinnah Wampanoag Tribe of Massachusetts and all four of the tribes in the State of Maine: the Penobscot, Passamaquoddy, Houlton Band and Micmac Tribes continue to explore gaming opportunities. A recent state wide referendum in Maine rejected any off-reservation Indian casino gaming.

The Narragansett Tribe of Rhode Island has partnered with Harrah's to open a facility in West Warwick Rhode Island. This arrangement is subject to voter approval of a referendum scheduled for the ballot at the November 2, 2004 election. The referendum is based on a law that provides that the casino would be operated under Rhode Island law and would not be conducted pursuant to the Indian Gaming Regulatory Act. The Rhode Island legislature passed the bill authorizing the referendum and both the House and Senate overrode the Governor's veto of the legislation. The Governor immediately asked the State Supreme Court for a ruling on the constitutionality of the referendum which reads: "Shall

there be a casino in the Town of West Warwick operated by an affiliate of Harrah's Entertainment in association with the Narragansett Indian Tribe?" The Court held a hearing on August 6, 2004. August 19, 2004 is the deadline for removing the referendum from the ballot.

At this writing, the outcome of this effort remains uncertain. However, if the referendum remains on the ballot and it is approved by the voters, it may mean a significant casino will open in West Warwick in the next year or two. West Warwick is about a 45 minute drive from Mohegan Sun and is directly on the route from Boston where a large number of Mohegan customers originate. This casino thus could have a significant impact on Mohegan Sun gaming operations.

There are several other groups in New England seeking federal recognition as tribes. If successful, these groups will most likely seek to establish casino operations. In Massachusetts, one such group is the Mashpee Wampanoag which is awaiting a proposed finding.

A number of states in the region are projecting budget shortfalls and are considering permitting forms of gaming to provide state revenues. In an effort to address its state budget shortfalls, the Governor of Massachusetts and other leaders in that state have indicated interest in both Indian gaming and non-Indian commercial gaming.

The Mohegan Sun also competes with other forms of gaming, including on-track and off-track wagering, state lotteries and Internet gaming, as well as with non-gaming leisure activities.

9 - Effect of General Economic Conditions - The U.S. economy is experiencing a downturn, which could have an adverse impact on the financial performance of the Mohegan Sun.

The Mohegan Sun is affected by general economic conditions. The events of September 11th and the war in Iraq further exacerbated difficult conditions in the U.S. economy and the gaming industry generally. The effects of these events have included a decline in vacation travel and tourism due to, among other factors, fears regarding additional acts of terrorism. The magnitude and duration of these effects or any future acts of terrorism is unknown and cannot be predicted. Worsening economic conditions or a prolonged recession could hamper the Mohegan Sun's ability to meet expected operating results.

10 - Dependence on Key Personnel; significant change in Tribal Management - The loss of any key management member or any significant change in the makeup of the Tribal Council could have a material adverse effect on the Mohegan Sun.

The Mohegan Sun's success depends in large part on the continued service of certain key management personnel, particularly William Velardo, the Authority's President and Chief Executive Officer, Mitchell Etess, the Authority's Executive Vice President of Marketing, and Jeffrey Hartmann, the Authority's Executive Vice President, Finance and Chief Financial Officer. The loss of the services of one or more of these individuals or other key personnel could have a material adverse effect on the Authority's business, operating results and financial condition which, in turn, would have a material adverse effect on the Company's ability to meet its obligations under the 8.625% Senior Notes.

Additionally, Mark F. Brown serves as Chairman of the Tribal Council of the Mohegan Tribe and Chairman of the Management Board of the Authority. The Members of the Tribal Council, including the Chairman, are elected by the Mohegan Tribe every five years. The next election is in October 2005. The loss of Mr. Brown's services, as well as a significant change in the composition of the Tribal Council, could have a material adverse effect on the Authority which, in turn, would have a material adverse effect on the Company's ability to meet its obligations under the 8.625% Senior Notes.

11 - Highly Regulated Industry - Changes in the law could have a material adverse effect on the Authority's ability to conduct gaming.

Gaming on the Mohegan Tribe's reservation is extensively regulated by federal, state and tribal regulatory bodies, including the National Indian Gaming Commission and agencies of the State of Connecticut (for example, the Division of Special Revenue, the State Police and the Department of Liquor Control). As is the case with any casino, changes in applicable laws and regulations could limit or materially affect the types of gaming that the Authority can conduct and the revenues they realize. Congress has regulatory authority over Indian affairs and can establish and change the terms upon which Indian tribes may conduct gaming. Currently, the operation of all gaming on Indian lands is subject to the Indian Gaming Regulatory Act of 1988. For the past several years, legislation has been introduced in Congress with the intent of modifying a variety of perceived problems with the Indian Gaming Regulatory Act. Certain bills have also been proposed which would have the effect of repealing many of the key provisions of the Indian Gaming Regulatory Act and prohibiting the continued operation of certain classes of gaming on certain Indian reservations in states where such gaming is not otherwise allowed on a commercial basis.

However, none of the substantive proposed amendments to the Indian Gaming Regulatory Act have proceeded out of committee hearings to a vote by either the House or the Senate.

In the event that Congress passes prohibitory legislation that does not include any grandfathering exemption for existing tribal gaming operations, and if such legislation is sustained in the courts against tribal challenge, the Authority's ability to meet its obligations to creditors, such as Trading Cove under the Relinquishment Agreement, would be doubtful. If the Authority were unable to meet its obligations, it would have a material adverse effect on the Company's ability to make payments of principal, interest and premiums on the 8.625% Senior Notes.

Under federal law, gaming on Indian land is dependent on the permissibility under state law of certain forms of gaming or similar activities. If the State of Connecticut were to make various forms of gaming illegal or against public policy, such action may have an adverse effect on the ability of the Authority to conduct gaming. In fact, the State of Connecticut repealed the Las Vegas Casino Nights statute in 2003, but the state attorney general has opined that this will not affect the two existing Indian gaming compacts.

12 - Possible Environmental Liabilities - Risks of material environmental liability may exist as a result of possibly incomplete remediation of known environmental hazards and the existence of unknown environmental hazards.

The site on which the Mohegan Sun is located was formerly occupied by United Nuclear Corporation, a naval products manufacturer of, among other things, nuclear reactor fuel components. Prior to the decommissioning of United Nuclear Corporation facilities on the site, extensive remediation of contaminated soils and additional investigations were completed. The site currently meets federal and state remediation requirements. Notwithstanding the foregoing, the Company cannot assure you that:

a) the various environmental reports or any other existing environmental studies revealed all environmental liabilities;

b) any prior owners or tenants did not create any material environmental condition not known to the Company;

c) future laws, ordinances or regulations will not impose any material environmental liability; or

d) a material environmental condition does not otherwise exist on the site.

13 - Taxation of Indian Gaming - A change in the Authority's current tax-exempt status could have a material adverse effect on the Authority's ability to make capital improvements and repay its indebtedness.

Based on current interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), neither the Mohegan Tribe nor the Authority is a taxable entity for purposes of federal income taxation. There can be no assurance that Congress will not reverse or modify the exemption for Indian tribes from federal income taxation.

Efforts were made in Congress in the mid-1990s to amend the Code to provide for taxation of the net income of tribal business entities. These have included a House bill which would have taxed gaming income earned by Indian tribes as unrelated business income subject to corporate tax rates. Although this legislation was not enacted, future legislation in this area could materially and adversely affect the Authority's ability to make capital improvements and repay its indebtedness which, in turn, would have a material adverse effect on the Company's ability to meet its obligations under the 8.625% Senior Notes.

D - SIGNIFICANT ACCOUNTING POLICIES

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

In the opinion of management, the Company does not have any individual accounting policy that is critical in the preparation of its financial statements. This is due to the definitive nature of the business in which the Company is engaged. Also, in many cases, the Company must use an accounting policy or method because it is the only policy or method permitted under accounting principles generally accepted in the United States of America.

The following is a review of the more significant accounting policies and methods used by the Company:

1 - CONCENTRATION OF CREDIT RISK - The Company's interest in TCA is its principal asset and source of income and cash flow. The Company anticipates regular distributions from TCA based upon the operating results of the Authority and the related Relinquishment Fees, paid and to be paid by the Authority.

2 - EQUITY INVESTMENTS - The Company's equity investment in TCA is accounted for utilizing the equity method. Included in the investment is the purchase price paid to a corporation for its 12.5% interest in TCA. This amount is amortized over the term of the related agreement. The Company receives distributions from TCA in accordance with an Amended and Restated Omnibus Termination Agreement. The amount of distributions relies upon the fees earned by TCA pursuant to the Relinquishment Agreement with the Authority. Distributions are recorded when received.

E - TABLE OF CONTRACTUAL OBLIGATIONS

The following table provides an overview of the Company's aggregate contractual obligations as of June 30, 2004.

<TABLE>
<CAPTION>

CONTRACTUAL OBLIGATIONS		PAYMENTS DUE BY PERIOD			
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Long-Term Debt Obligations(1)	(1)	(1)	(1)	(1)	(1)
Capital Lease Obligations	0	0	0	0	0
Operating Lease Obligations	0	0	0	0	0
Purchase Obligations	0	0	0	0	0
Other Long-Term Liabilities on the Registrant's Balance Sheet under GAAP	0	0	0	0	0
Total	(1)	(1)	(1)	(1)	(1)

</TABLE>

(1) As of June 30, 2004, the Company's long-term debt consists of obligations under its 8.625% Senior Notes. $145,786,000 in aggregate principal amount of 8.625% Senior Notes is currently outstanding. Interest on the outstanding principal amount of 8.625% Senior Notes is payable by the Company semi-annually in arrears on March 15th and September 15th at a rate of 8.625% per annum. The outstanding principal amount of 8.625% Senior Notes is due and payable in full on September 15, 2012. In addition to making payments of principal and interest as described in the preceding sentences, on March 15th and September 15th of each year, the Company and Finance must redeem their 8.625% Senior Notes with any "Company Excess Cash" (as defined in the 8.625% Senior Notes Indenture) at a redemption price expressed as a percentage of the principal amount of notes being redeemed. Such redemption price declines annually from 108.625% for redemptions made between September 15, 2003 and September 14, 2004, to 100% for redemptions made after September 14, 2012. Any reduction in principal amount of the 8.625% Senior Notes with Company Excess Cash will lower the interest payments payable by the Company in subsequent periods.

The Company does not have any material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

F - OVERVIEW OF CURRENT AND FUTURE CASH FLOWS

The Company expects to fund its operating, debt service and capital needs from cash flows from the Company's distributions from TCA, and from the Company's available cash. Based upon the Company's anticipated future operations, management believes that available cash flow will be sufficient to meet the Company's anticipated requirements for future operating expenses, future scheduled payments of principal and interest on the 8.625% Senior Notes and additional investments in TCA that may be required in connection with the Project Sunburst expansion. No assurance, however, can be given that the operating cash flow will be sufficient for that purpose.

1 - SOURCES OF INCOME AND CASH FLOWS

The Company has one primary source of income and cash flow: equity income and distributions from TCA. The Company anticipates regular payments from TCA based on the results of the Mohegan Sun and Relinquishment Fees payments by the Authority to TCA.

2 - PAYMENTS OF DISTRIBUTIONS ON THE COMPANY'S PARTNERSHIP INTEREST IN TCA

The Company expects that TCA's major source of revenue for 2004 will be Relinquishment Fees payable by the Authority.

On April 27, 2004 the Company received $2,620,000 and on July 27, 2004 the Company received $11,925,000, from TCA as distributions, which represents the Company's share under the Amended and Restated Omnibus Termination Agreement of approximately $33,347,000 in Relinquishment Fees earned by TCA pursuant to the Relinquishment Agreement for the period January 1 through June 30, 2004. On April 28, 2003 the Company received $2,876,707 and on July 28, 2003 the Company received $6,365,797,from TCA as distributions, which represents the Company's share under the Amended and Restated Omnibus Termination Agreement of approximately (a) $31,068,000 in Relinquishment Fees earned by TCA pursuant to the Relinquishment Agreement for the period January 1 through June 30, 2003 and (b) $168,000 in Development Fee earned by TCA pursuant to the Development Agreement for the same period.

3 - AMENDED AND RESTATED OMNIBUS TERMINATION AGREEMENT

Effective March 18, 1999, the Amended and Restated Omnibus Termination Agreement (the " Amended and Restated Omnibus Termination Agreement") was entered into by TCA, Kerzner International, the Company, KIML, LMW Investments, Inc., Kerzner Investments, Slavik and Construction. The Amended and Restated Omnibus Termination Agreement (i) terminated the Memorandum of Understanding dated February 7, 1998; and (ii) effective January 1, 2000 terminated a) the Amended and Restated Omnibus Financing Agreement, b) Completion Guarantee and Investment Banking and Financing Arrangement Fee Agreement (the "Financing Arrangement Agreement"); c) the Management Services Agreement; d) the Organizational and Administrative Services Agreement; e) the Marketing Services Agreement; and f) a Letter Agreement relating to expenses dated October 19, 1996.

In consideration for the termination of such agreements, TCA agreed to use its cash to pay the following obligations in the priority set forth below:

(a) First, to pay all unpaid amounts which may be due under the terminated letter agreement and to pay certain affiliates of the Company and to Kerzner Investments a percentage of an annual fee of $2 million less the actual expenses incurred by TCA during such year. Such annual fee is payable in equal quarterly installments beginning March 31, 2000 and ending December 31, 2014. For the six months ended June 30, 2004 and 2003, $0 and $915,992 ($457,996 to each Kerzner Investments and to affiliates of the Company), respectively, had been incurred by TCA in terms of this first priority.

(b) Second, to return all capital contributions made by the partners of TCA after September 29, 1995. TCA does not anticipate making further capital calls to fund expenses related to the development of the Project Sunburst expansion. From January 1, 2000 to June 30, 2004 these capital contributions aggregated $8,000,000. From January 1, 2000 to June 30, 2004 $8,000,000 had been repaid to the partners of TCA, 50% to the Company and 50% to Kerzner Investments. As of June 30, 2004, $0 in capital contributions remained outstanding.

(c) Third, to pay any accrued amounts for obligations performed prior to January 1, 2000 under the Financing Arrangement Agreement. All such required payments were made during 2000.

(d) Fourth, to make the payments set forth in the agreements relating to the Development Services Agreement Phase II and the Local Construction Services Agreement. No such payments are required or due at June 30, 2004. The accrued liability to Kerzner Investments with respect to such fee was approximately $480,000 at June 30, 2004.

(e) Fifth, to pay Kerzner Investments an annual fee (in the form of a priority distribution) of $5 million payable in equal quarterly installments of $1.25 million beginning March 31, 2000 and ending December 31, 2006. On each of July 27, 2004 and July 28, 2003, $1,250,000 was distributed in terms of the fifth priority.

(f) Sixth, to pay any accrued amounts for obligations performed with respect to periods prior to January 1, 2000 under the Management Services Agreement, the Organizational and Administrative Services Agreement and the Marketing Services Agreement. The final required payments under this priority were made during 2001.

(g) Seventh, for the period beginning March 31, 2000 and ending December 31, 2014, to pay each of Kerzner Investments and the Company 25% of the relinquishment payments as distributions. On July 27, 2004 and on July 28, 2003, $12,575,212 ($6,287,606 to each of Kerzner Investments and the Company) and $11,831,593 ($5,915,797 to Kerzner Investments and $5,915,796 to the Company), respectively, was distributed by TCA in terms of the seventh priority.

(h) Eighth, to distribute all excess cash. On July 27, 2004, $11,274,788 ($5,637,394 to each Kerzner Investments and the Company) was distributed as excess cash.

In addition, TCA will not make any distributions pursuant to the Amended and Restated Omnibus Termination Agreement until it has annually distributed to its partners pro rata, the amounts related to its partners tax obligations as described in Section 3.03a(1) of TCA's partnership agreement less twice the amount of all other funds paid or distributed to the Company during such year pursuant to the Amended and Restated Omnibus Termination Agreement.

To the extent TCA does not have adequate cash to make the payments pursuant to the Amended and Restated Omnibus Termination Agreement, such amount due shall be deferred without the accrual of interest until TCA has sufficient cash to pay them.

G - RESULTS OF OPERATIONS

COMPARISON OF OPERATING RESULTS FOR THE QUARTERS ENDED JUNE 30, 2004 AND 2003

Total expenses for the three months ended June 30, 2004 were $3,977,185 compared with $13,302,653 for the three months ended June 30, 2003. (a) Interest expense decreased by $6,654,241 and amortization on deferred financing costs decreased by $2,475,995 due primarily to the redemption of the $125 Million Senior Notes in the principal amount of $102,349,000 and the issuance of the 8.625% Senior Notes in the principal amount of $155 million in June 2003, (b) salaries-related parties increased by $75,335 due to (i) the increase in Revenues of the Mohegan Sun and (ii) effective January 1, 2004 the incentive compensation in terms of Mr. Len Wolman's employment agreement changed from a fixed 0.05% of the Revenues of the Mohegan Sun to an amount that ranges from 0.00% to 0.10% of the Revenues of the Mohegan Sun (for the quarter ended June 30, 2004 incentive compensation was calculated at 0.07% of the Revenues of the Mohegan Sun) and (c) general and administrative costs increased by $227,630 (primarily attributable to (i) an increase in legal and other expenses related to the defense of the Leisure litigation, as detailed under Part II -- OTHER INFORMATION: Item I -- Legal Proceedings totaling approximately $227,700, (ii) by an increase in other legal expenses of approximately $8,600 and (iii) offset by a decrease in Commission filing expense of approximately $8,700) and (d) 9.50% senior notes tender expense decreased by $495,962 due to the redemption of the $125 Million Senior Notes in June 2003.

Equity in income of Trading Cove Associates for the three months ended June 30, 2004 was $7,701,060 compared with $7,106,875 for the three months ended June 30, 2003. The Company has included amortization of purchased interests of $110,007 in each quarter's equity income. The Company's share of TCA's results fluctuates based upon revenues earned by TCA under the Relinquishment Agreement. In addition, interest and dividend income decreased by $12,294.

As a result of the foregoing factors, the Company experienced net income of $3,742,004 for the three months ended June 30, 2004 compared with a net loss of $6,165,355 for the three months ended June 30, 2003.

COMPARISON OF OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

Total expenses for the six months ended June 30, 2004 were $8,847,550 compared with $16,683,426 for the six months ended June 30, 2003. (a) Interest expense decreased by $5,634,777 and amortization on deferred financing costs decreased by $2,300,311 due primarily to the redemption of the $125 Million Senior Notes in the principal amount of $102,349,000 and the issuance of the 8.625% Senior Notes in the principal amount of $155 million in June 2003, (b) salaries-related parties increased by $156,169 due to (i) the increase in Revenues of the Mohegan Sun and (ii) effective January 1, 2004 the incentive compensation in terms of Mr. Len Wolman's employment agreement changed from a fixed 0.05% of the Revenues of the Mohegan Sun to an amount that ranges from 0.00% to 0.10% of the Revenues of the Mohegan Sun (for the six months ended June 30, 2004 incentive compensation was calculated at 0.07% of the Revenues of the Mohegan Sun) and (c) general and administrative costs increased by $443,479 (primarily attributable to (i) an increase in legal and other expenses related to the defense of the Leisure litigation, as detailed under Part II -- OTHER INFORMATION: Item I -- Legal Proceedings totaling approximately $440,700, (ii) by an increase in other legal expenses of approximately $10,800 and (iii) offset by a decrease in Commission filing expense of approximately $8,700) and (d) 9.50% senior notes tender expense decreased by $495,962 due to the redemption of

the $125 Million Senior Notes in June 2003.

Equity in income of Trading Cove Associates for the six months ended June 30, 2004 was $15,114,199 compared with $13,529,185 for the six months ended June 30, 2003. The Company has included amortization of purchased interests of $220,014 in each six-month periods equity income. The Company's share of TCA's results fluctuates based upon revenues earned by TCA under the Relinquishment Agreement. In addition, interest and dividend income decreased by $38,543.

As a result of the foregoing factors, the Company experienced net income of $6,311,132 for the six months ended June 30, 2004 compared with a net loss of $3,071,215 for the six months ended June 30, 2003.

H - Liquidity and Capital Resources

The initial capital of the Company consists of the partnership interests in TCA contributed by Slavik and LMW Investments, Inc. in forming the Company. In connection with the offering of the $65 Million Senior Notes, the Company used approximately $25.1 million to purchase from Kerzner International $19.2 million in principal amount of Authority subordinated notes plus accrued and unpaid interest and subordinated notes fee amounts. In addition, TCA distributed approximately $850,000 in principal amount of Authority subordinated notes to the Company. In addition, the Company used approximately $10.6 million of the proceeds from the $65 Million Senior Notes to purchase RJH Development Corp.'s interests in TCA.

During September 1997 and on October 12, 1998 and 1999, the Company purchased from Kerzner International $2.5 million Authority subordinated notes plus accrued and unpaid interest and completion guarantee fee amounts (total cost approximately $2.8 million for each transaction).

On January 6, 1998 the Company paid $5,000,000 to Leisure whereby Leisure gave up its beneficial interest of 5% of the organizational and administrative fee and excess cash of TCA and any other claims it may have had against the Company, TCA and TCA's partners and former partner.

In connection with the offering of the $125 Million Senior Notes, the Company used approximately $72 million to repurchase the $65 Million Senior Notes, distributed approximately $37 million to its parent, Waterford Group, and paid the final $2 million to Leisure.

On December 30, 1999, the Authority paid to the holders of the Authority subordinated notes, an amount to satisfy all obligations of such Authority subordinated notes. The Company received $44,403,517 from the Authority. On December 30, 1999, TCA distributed $10,536,543 to its partners. The Company received $5,268,272.

On January 4, 2000 in accordance with the terms of the $125 Million Senior Notes Indenture, dated as of March 17, 1999 between the Company and Finance, as issuers, and State Street Bank and Trust Company, as trustee, and the Security and Control Agreement, dated as of March 17, 1999 between the Company and Finance and State Street Bank and Trust Company, $15,000,000 was transferred to restricted investments ("Interest Reserve Account").

On January 4, 2000 also in accordance with the terms of the $125 Million Senior Notes Indenture, the Company distributed $34,671,789 to its member Waterford Group.

On November 1, 2002, the Company distributed $15,000,000 to Waterford Group, as a Permitted Dividend, in accordance with the terms of the $125 Million Senior Notes Indenture.

In connection with the offering of the 8.625% Senior Notes, the Company used approximately $111.8 million to repurchase the $125 Million Senior Notes and distributed $44.5 million to Waterford Group.

During 1999, 2000, 2001, 2002, 2003 and on June 11, 2004 the Company distributed $886,285, $3,059,393, $1,739,660, $3,520,562, $3,238,241 and $2,005,725, respectively, to Waterford Group as tax distributions, in accordance with the terms of the applicable indentures.

On September 15, 2003 $98,080 was distributed to Waterford Group in accordance with the terms of the 8.625% Senior Notes Indenture.

On March 15, 2004 $349,247 was distributed to Waterford Group in accordance with the terms of the 8.625% Senior Notes Indenture.

Accordingly, after taking into consideration net income (loss) since inception

the Company has a member's deficit of approximately $116,951,000 and $127,772,000 at June 30, 2004 and 2003, respectively.

For the six months ended June 30, 2004 and 2003, net cash provided by (used in) operating activities (as shown in the Condensed Statements of Cash Flows) was $6,326,620 and $(1,769,467), respectively.

Current assets decreased from $11,523,049 at December 31, 2003 to $8,264,887 at June 30, 2004. The decrease was primarily attributable to (i) the scheduled semi-annual payment of interest on March 15, 2004 on the 8.625% Senior Notes in the amount of approximately $6,602,000, (ii) by the redemption on March 15, 2004 of 8.625% Senior Notes in the principal amount of $7,302,000, at the redemption price of 108.625% of the principal amount being redeemed, (iii) by a distribution to Waterford Group on March 15, 2004 of approximately $349,200 and (iv) by a tax distribution to Waterford Group on June 11, 2004 of approximately $2,005,700 and offset by (i) approximately $6,326,600 of cash provided by operating activities and (ii) by distributions by TCA in terms of the Amended and Restated Omnibus Termination Agreement.

Current liabilities increased from $4,038,332 at December 31, 2003 to $4,269,131 at June 30, 2004. The increase was primarily attributable to a increase in accrued expenses and accounts payable of approximately $416,200 (primarily attributable to (i) an increase in amounts due for legal and other expenses related to the defense of the Leisure litigation, as detailed under PART II -- OTHER INFORMATION: Item I -- Legal Proceedings in the amount of approximately $399,900 and (ii) by an increase in the amount due for salaries-related parties of approximately $22,900 and (iii) offset by a decrease in amounts due for accounting services of approximately $4,700).

For the six months ended June 30, 2004 and 2003 net cash provided by investing activities (as shown in the Condensed Statements of Cash Flows) was $316,495 and $3,406,309, respectively. The net cash provided by investing activities in 2004 was the result of net maturities and purchases of restricted investments of approximately $316,500. The net cash provided by investing activities in 2003 was primarily the result of net maturities and purchases of restricted investments of approximately $3,656,300, distributions from TCA of $200,000, and offset by contributions to TCA of $450,000.

The Company anticipates that no additional contributions will have to be made by the Company to TCA (to fund certain of TCA's development expenses in connection with the Project Sunburst expansion at the Mohegan Sun). Through June 30, 2004 $5,000,000 had been contributed by the Company to TCA to fund certain of TCA's development expenses in connection with the Project Sunburst expansion at the Mohegan Sun.

For the six months ended June 30, 2004 and 2003, net cash used in financing activities (as shown in the Condensed Statements of Cash Flows) was $9,656,972 and $3,943,765, respectively. The net cash used in financing activities in 2004 was primarily the result of the redemption of the 8.625% Senior Notes on March 15, 2004 in the principal amount of $7,302,000 and by distributions to Waterford Group of $2,354,972. The net cash used in financing activities in 2003 was due to (i) the redemption of the $125 Million Senior Notes in the principal amount of $5,658,000 and $102,349,000 on March 15, 2003 and June 11, 2003, respectively, (ii) distributions to Waterford Group of $47,738,241 and (iii) deferred financing costs of $3,198,524 and (iv) offset by the proceeds from the issuance of the 8.625% Senior Notes of $155,000,000.

Pursuant to the terms of the 8.625% Senior Notes Indenture, if the Company and Finance have any Company Excess Cash, as defined in the 8.625% Senior Notes Indenture, on February 1st or August 1st of any year, they must use such Company Excess Cash less all Required IRA True-Up Payments, as defined in the 8.625% Senior Notes Indenture, and less any amount set aside for the payment of accrued and unpaid interest on the interest payment date that corresponds to the redemption date for which the determination is being made, to redeem the 8.625% Senior Notes on the March 15th or September 15th following such dates. Any such redemption will be made at a price equal to a percentage of the principal amount being redeemed.

The Company and Finance have periodically redeemed portions of the 8.625% Senior Notes with Company Excess Cash pursuant to the terms of the 8.625% Senior Notes Indenture. The table below summarizes (a) the amount of Company Excess Cash that the Company and Finance have determined was available for the mandatory redemption of the 8.625% Senior Notes on February 1st and August 1st of each applicable year pursuant to the terms of the 8.625% Senior Notes Indenture, (b) the aggregate principal amount of 8.625% Senior Notes redeemed with such Company Excess Cash, (c) the date on which such redemption was consummated, and (d) the redemption price at which such redemption was made.

<TABLE>
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Date	Company Excess Cash (approximately)	Principal Amount of notes redeemed	Dates of Redemption	Price (expressed as percentage of principal amount being redeemed
August 1, 2003	$ 5,568,000	$ 1,920,000	September 15, 2003	108.625%
February 1, 2004	$ 14,534,000	$ 7,302,000	March 15, 2004	108.625%

</TABLE>

On August 1, 2004 the Company and Finance had Company Excess Cash (which totaled $11,694,973), as defined in the 8.625% Senior Notes Indenture, and after deducting (i) all Required IRA True-Up Payments, as defined in the 8.625% Senior Notes Indenture, (which totaled $0) and (ii) the amount set aside for the payment of accrued and unpaid interest on the interest payment date that corresponds to the redemption date for which the determination is being made (which totaled $6,287,021), the amount available for a mandatory redemption of the 8.625% Senior Notes totaled $5,407,952, and accordingly on September 15, 2004 the Company and Finance will make a mandatory redemption of the 8.625% Senior Notes in the principal amount of $5,025,000 at the redemption price of 107.610%. Such redemption price is expressed as a percentage of the principal amount being redeemed.

The Company expects to fund its operating, debt service and capital needs from cash flows from the Company's share of payments from TCA, and from the Company's available cash. Based upon the Company's anticipated future operations, management believes that available cash flow will be sufficient to meet the Company's anticipated requirements for future operating expenses, future scheduled payments of principal, premium and interest on the 8.625% Senior Notes. No assurance, however, can be given that the operating cash flow will be sufficient for that purpose.

Item 3 -- Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of changes in value of a financial instrument, derivative or non-derivative, caused by fluctuations in interest rates, foreign exchange rates and equity prices. Changes in these factors could cause fluctuations in earnings and cash flows.

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not earnings or cash flows. Therefore, interest rate risk and changes in the fair value of fixed rate debt should not have a significant impact on earnings or cash flows until such debt is refinanced, if necessary. For variable rate debt, changes in interest rates generally do not impact the fair value of the debt instrument, but do affect future earnings and cash flows. The Company did not have any variable rate debt outstanding at June 30, 2004 and December 31, 2003. The fair value of the Company's long-term debt at June 30, 2004 and December 31, 2003 is estimated to be approximately $154,898,000 and $163,804,000, respectively, based on the quoted market price for the same issue.

The Company is exposed to market risks from fluctuations in interest rates and the effects of those fluctuations on market values of the Company's cash equivalents and restricted investments. Cash equivalents generally consist of overnight investments while the restricted investments at June 30, 2004 are principally comprised of an investment in a Federal Home Loan Bank Discount Note which was purchased at a discount of 1.01%, and matures September 10, 2004 and an investment in the First American Treasury Obligations Fund. These investments are not significantly exposed to interest rate risk, except to the extent that changes in interest rates will ultimately affect the amount of interest income earned and cash flow from these investments.

The Company does not currently have any derivative financial instruments in place to manage interest costs, but that does not mean that the Company will not use them as a means to manage interest rate risk in the future. The Company does not use foreign currency exchange forward contracts or commodity contracts and does not have foreign currency exposure in its operations.

Item 4 -- Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports, is recorded, processed, summarized and reported within the time periods

specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing, and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives, and management is required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

As required by the Commission Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in Internal Controls

There has been no change in the Company's internal controls over financial reporting during the Company's most recent quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls or financial reporting.

PART II -- OTHER INFORMATION

Item 1 -- Legal Proceedings:

On January 6, 1998, Leisure Resort Technology, Inc. ("Leisure") and defendants Waterford Gaming, L.L.C., Trading Cove Associates, LMW Investments, Inc., and Slavik Suites, Inc. settled a prior lawsuit brought by Leisure. In connection with this settlement, Leisure, TCA, the Company, LMW Investments, Inc., and Slavik Suites, Inc. entered into a settlement and release agreement. Pursuant to this settlement and release agreement, the Company bought Leisure's beneficial interest in TCA.

By complaint dated January 7, 2000, as amended February 4, 2000, Leisure filed a four count complaint naming as defendants Waterford Gaming, L.L.C., Trading Cove Associates, LMW Investments, Inc., Slavik Suites, Inc., Waterford Group, L.L.C., Len Wolman and Mark Wolman (collectively, the "Defendants"). The matter has been transferred to the complex litigation docket and is pending in Waterbury, Connecticut. The complaint alleged breach of fiduciary duties, fraudulent non-disclosure, violation of Connecticut Statutes Section 42-110a, et seq. and unjust enrichment in connection with the negotiation by certain of the Defendants of the settlement and release agreement. The complaint also brought a claim for an accounting. The complaint seeks unspecified legal and equitable damages.

On February 29, 2000, Defendants filed a Motion to Strike and a Motion for Summary Judgment, each with respect to all claims. The Court granted Defendants' Motion to Strike in part and denied Defendants' Motion for Summary Judgment, on October 13, 2000. The Court's order dismissed the claim for an accounting and the claim under Connecticut Statutes Section 42-110a, et seq. The Court also struck the alter ego allegations in the complaint against LMW Investments, Inc., Slavik Suites, Inc., Len Wolman and Mark Wolman. In a decision dated August 6, 2001, the Court dismissed all claims against LMW Investments, Inc., Slavik Suites, Inc., Len Wolman and Mark Wolman.

On November 15, 2000, the Company and its co-defendants answered the complaint. In addition, the Company and Trading Cove Associates asserted counterclaims for breach of the settlement and release agreement and breach of the implied covenant of good faith against Leisure and its president, Lee Tyrol. In a decision dated June 6, 2001, the Court dismissed the counterclaims against Lee Tyrol. Leisure moved for summary judgment seeking dismissal of the counter claims in full. This motion for summary judgment was denied on April 14, 2003.

Fact discovery is completed. On April 15, 2004, the Company and its co-defendants filed a motion for summary judgment as to all of Leisure's claims. The Court heard argument on this Motion on June 23, 2004. In an August 4, 2004, Memorandum of Decision, the Court granted summary judgment for the Defendants as to each of the remaining three counts of the plaintiffs complaint. The plaintiff has not yet indicated whether it plans to appeal this decision.

Jury selection with respect to Defendant's conterclaims is scheduled to commence on October 19, 2004, with presentation of evidence to begin on October 26, 2004.

The Company believes that it has meritorious defenses and, if necessary, intends

vigorously to contest the claims in this action and to assert all available defenses. At the present time, the Company is unable to express an opinion on the likelihood of an unfavorable outcome or to give an estimate of the amount or range of possible loss to the Company as a result of this litigation due to the possibility of an appeal and the disputed issues of law and/or facts on which the outcome of this litigation depends.

Item 2 -- Changes in Securities:
None

Item 3 -- Defaults upon Senior Securities:
None

Item 4 -- Submission of Matters to a Vote of Security Holders:

No matters were submitted to the Company's security holders for a vote for the quarter ended June 30, 2004.

Item 5 -- Other Information:
None

Item 6 -- Exhibits and Reports on Form 8-K:

(a) Exhibits

Exhibit No.	Description
3.1	Certificate of Formation, as amended, of Waterford Gaming, L.L.C. (i)
3.2	Certificate of Incorporation of Waterford Gaming Finance Corp. (i)
3.3	Bylaws of Waterford Gaming Finance Corp. (i)
4.1	Indenture, dated as of November 8, 1996, between Waterford Gaming, L.L.C. and Waterford Gaming Finance Corp., the issuers, and Fleet National Bank, as trustee, relating to $65,000,000 12-3/4% Senior Notes due 2003. (i)
4.1.1	First Supplemental Indenture, dated as of March 4, 1999, among Waterford Gaming, L.L.C. and Waterford Gaming Finance, Corp., as issuers, and State Street Bank and Trust Company, as trustee, relating to $65,000,000 12-3/4% Senior Notes due 2003. (vi)
4.2	Indenture, dated as of March 17, 1999, among Waterford Gaming, L.L.C. and Waterford Gaming Finance Corp., as issuers, and State Street Bank and Trust Company, as trustee, relating to $125,000,000 9-1/2% Senior Notes due 2010. (vi)
4.2.1	First Supplemental Indenture, dated as of June 6, 2003, among Waterford Gaming, L.L.C. and Waterford Gaming Finance Corp., as issuers, and U.S. Bank National Association, as trustee, relating to $125,000,000 9-1/2% Senior Notes due 2010. (viii)
4.3	Security and Control Agreement, dated as of March 17, 1999, among Waterford Gaming, L.L.C. and Waterford Gaming Finance Corp., as pledgors and State Street Bank and Trust Company, as securities intermediary. (vi)
4.3.1	Termination Agreement, dated as of June 11, 2003, among Waterford Gaming, L.L.C. and Waterford Gaming Finance Corp., and U.S. Bank National Association, as securities intermediary. (viii)
4.4	Specimen Form of 9-1/2% Senior Notes due 2010 (included in Exhibit 4.2). (vi)
4.5	Indenture, dated as of June 11, 2003, among Waterford Gaming, L.L.C. and Waterford Gaming Finance Corp., as issuers, and U.S. Bank National Association, as trustee, relating to $155,000,000 8-5/8% Senior Notes due 2012. (viii)

4.6	Security and Control Agreement, dated as of June 11, 2003, among Waterford Gaming, L.L.C. and Waterford Gaming Finance Corp., as pledgors and U.S. Bank National Association, as securities intermediary. (viii)
4.7	Specimen Form of 8-5/8% Senior Notes due 2012 (included in Exhibit 4.5). (viii)
10.1	Omnibus Financing Agreement, dated as of September 21, 1995, between Trading Cove Associates and Sun International Hotels Limited. (i)
10.2	First Amendment to the Omnibus Financing

	Agreement, dated as of October 19, 1996, among Trading Cove Associates, Sun International Hotels Limited and Waterford Gaming, L.L.C. (i)
10.2.1	Amended and Restated Omnibus Financing Agreement dated September 10, 1997 (ii)
10.2.2	Omnibus Termination Agreement, dated as of March 18, 1999, among Sun International Hotels Limited, Trading Cove Associates, Waterford Gaming, L.L.C., Sun International Management Limited, LMW Investments, Inc., Sun Cove Limited, Slavik Suites, Inc., and Wolman Construction, L.L.C.(vi)
10.2.3	Amended and Restated Omnibus Termination Agreement, dated as of January 1, 2000 and effective as of March 18, 1999, among Sun International Hotels Limited, Trading Cove Associates, Waterford Gaming, L.L.C., Sun International Management Limited, LMW Investments, Inc., Sun Cove Limited, Slavik Suites, Inc., and Wolman Construction, L.L.C.(vii)
10.3	Amended and Restated Partnership Agreement of Trading Cove Associates, dated as of September 21, 1994, among Sun Cove Limited, RJH Development Corp., Leisure Resort Technology, Inc., Slavik Suites , Inc., and LMW Investments, Inc. (i)
10.4	First Amendment to Amended and Restated Partnership Agreement of Trading Cove Associates, dated as of October 22, 1996, among Sun Cove Limited, Slavik Suites, Inc., RJH Development Corp., LMW Investments, Inc. and Waterford Gaming, L.L.C. (i)
10.5	Purchase Agreement, dated as of March 10, 1999, among Waterford Gaming, L.L.C., Waterford Gaming Finance Corp., Bear, Stearns & Co., Inc., Merrill Lynch, Pierce, Fenner and Smith Inc. and Salomon Smith Barney. (vi)
10.5.1	Agreement with Respect to Redemption or Repurchase of Subordinated Notes, dated September 10, 1997 (ii)
10.6	Amended and Restated Limited Liability Company Agreement of Waterford Gaming, L.L.C., dated as of March 17, 1999 by Waterford Group, L.L.C. (vi)
10.7	Note Purchase Agreement, dated as of October 19, 1996, among Sun International Hotels Limited, Waterford Gaming, L.L.C. and Trading Cove Associates. (i)
10.8	Note Purchase Agreement, dated as of September 29, 1995, between the Mohegan Tribal Gaming Authority and Sun International Hotels Limited relating to the Subordinated Notes. (i)
10.9	Management Agreement, dated as of July 28, 1994, between the Mohegan Tribe of Indians of Connecticut and Trading Cove Associates. (i)
10.10	Management Services Agreement, dated September 10, 1997. (ii)
10.11	Development Services Agreement, dated September 10, 1997. (ii)
10.12	Subdevelopment Services Agreement, dated September 10, 1997. (ii)
10.13	Completion Guarantee and Investment Banking and Financing Arrangement Fee Agreement, dated September 10, 1997. (ii)
10.14	Settlement and Release Agreement, dated January 6, 1998, by and among Leisure Resort Technology, Inc., Lee R. Tyrol, Trading Cove Associates, Slavik Suites, Inc., LMW Investments, Inc., RJH Development Corp., Waterford Gaming, L.L.C. and Sun Cove Limited. (iii)
10.15	Waiver and Acknowledgment of Noteholder. (iv)
10.16	Relinquishment Agreement, dated February 7, 1998, between the Mohegan Tribal Gaming Authority and Trading Cove Associates. (v)
10.17	Development Services Agreement, dated February 7, 1998, between the Mohegan Tribal Gaming Authority and Trading Cove Associates. (v)
10.18	Agreement, dated September 28, 1998, by and among, Waterford Gaming, L.L.C., Slavik Suites, Inc., LMW Investments, Inc., Len Wolman, Mark Wolman, Stephan F. Slavik, Sr. and Del J. Lauria (Len Wolman's Employment Agreement). (v)

10.19	Agreement Relating to Development Services, dated as of February 9, 1998, between Trading Cove Associates and Sun International Management Limited. (vi)
10.20	Local Construction Services Agreement, dated as of February 9, 1998 between Sun International Management Limited and Wolman Construction, L.L.C. (vi)
10.21	Escrow Deposit Agreement, dated as of the 3rd day of March 1999, by and among the Mohegan Tribal Gaming Authority and First Union National Bank, as Defeasance Agent. (vi)
21.1	Subsidiaries of Waterford Gaming, L.L.C. (i)
21.2	Subsidiaries of Waterford Gaming Finance Corp. (i)
31	Certifications. (ix)

(i) Incorporated by reference to the Registrant's Registration Statement on Form S-4, Securities and Exchange Commission (the "Commission") File No. 333-17795, declared effective on May 15, 1997.

(ii) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1997, Commission File No. 333-17795, as accepted by the Commission on November 14, 1997.

(iii) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, Commission File No. 333-17795, as accepted by the Commission on March 30, 1998.

(iv) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1998, Commission File No. 333-17795, as accepted by the Commission on May 14, 1998.

(v) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1998, Commission File No. 333-17795, as accepted by the Commission on November 13, 1998.

(vi) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1999, Commission File No. 333-17795 as accepted by the Commission on May 17, 1999.

(vii) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2001, Commission File No. 333-17795 as accepted by the Commission on May 14, 2001.

(viii) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2003, Commission File No. 333-17795 as accepted by the Commission on August 12, 2003.

(ix) Filed herewith.

(b) REPORTS ON FORM 8-K

(i) Form 8-K Filed on July 16, 2004

Item 5.

On July 15, 2004, the Mohegan Tribal Gaming Authority (the "Authority") filed Form 8-K, relating to the posting on its website of its slot machine statistical report on a monthly basis for the nine months ended June 30, 2004 and the fiscal year ended September 30, 2003, a copy of which has been filed as an exhibit to this report and is incorporated by reference to the Authority's electronic filing of such report on Form 8-K, Securities and Exchange Commission file reference no. 033-80655.

Date of Report: July 15, 2004

(ii) Form 8-K Filed on July 28, 2004

Item 5.

On July 27, 2004, the Mohegan Tribal Gaming Authority (the "Authority") filed a copy of a press release on Form 8-K, announcing its preliminary operating results for the third quarter and fiscal 2004 year to date, a copy of which has been filed as an exhibit to this report and is incorporated by reference to the Authority's electronic filing of such report on Form 8-K, Securities and Exchange Commission file reference no. 033-80655.

Date of Report: July 27, 2004

(iii)Form 8-K Filed on July 30, 2004

Item 5.

On July 29, 2004, the Mohegan Tribal Gaming Authority (the "Authority") filed Form 8-K announcing that it had received the requisite consent of its lenders to Amendment No. 2 to its amended and restated loan agreement, a copy of which has been filed as an exhibit to this report and is incorporated by reference to the Authority's electronic filing of such report on Form 8-K, Securities and Exchange Commission file reference no. 033-80655.

Date of Report: July 29, 2004

(iv) Form 8-K Filed on August 6, 2004

Item 5.

(i) On August 3, 2004, the Mohegan Tribal Gaming Authority (the "Authority") filed a copy of a press release on Form 8-K, announcing its operating results for the third quarter of fiscal year 2004, a copy of which has been filed as an exhibit to this report and is incorporated by reference to the Authority's electronic filing of such report on Form 8-K, Securities and Exchange Commission file reference no. 033-80655.

(ii) On August 5, 2004, the Mohegan Tribal Gaming Authority (the "Authority") filed a copy of a press release on Form 8-K relating to the closing on August 3, 2004 of a Rule 144A private placement of $225 million 7 1/8% senior subordinated notes due 2014, a copy of which has been filed as an exhibit to this report and is incorporated by reference to the Authority's electronic filing of such report on Form 8-K, Securities and Exchange Commission file reference no. 033-80655.

Date of Report: August 3, 2004

SIGNATURES

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

Date: August 12, 2004 By: /s/ Len Wolman
Len Wolman, Chief Executive Officer

Date: August 12, 2004 By: /s/ Alan Angel
Alan Angel, Chief Financial Officer

EXHIBIT - 31

CERTIFICATION

I, Len Wolman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Waterford Gaming, L.L.C.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal controls over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting to the registrant's auditors and the registrant's board of directors (or persons

performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls over financial reporting which are reasonably likely to affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 12, 2004

By: /s/ Len Wolman
Len Wolman, Chief Executive Officer

EXHIBIT - 31

CERTIFICATION

I, Alan Angel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Waterford Gaming, L.L.C.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal controls over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting to the registrant's auditors and the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which are reasonably likely to affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 12, 2004

By: /s/ Alan Angel
Alan Angel, Chief Financial Officer