

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

FORM 10-K

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

For the fiscal year ended September 30, 2020

or

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

For the transition period from _____ to _____

Commission file number 033-80655

MOHEGAN TRIBAL GAMING AUTHORITY
(Exact name of registrant as specified in its charter)

Not Applicable
(State or other jurisdiction of incorporation or organization)

06-1436334
(I.R.S. Employer Identification No.)

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

06382
(Zip Code)

(860) 862-8000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

None
(Title of each class)

None
(Trading symbol)

None
(Name of each exchange on which registered)

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

None
(Title of Class)

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

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

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

* The registrant is a voluntary filer of reports required to be filed by certain companies under Sections 13 or 15(d) of the Securities Exchange Act of 1934 and has filed all reports that would have been required during the preceding 12 months had it been subject to such filing requirements.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter)

during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

MOHEGAN TRIBAL GAMING AUTHORITY
INDEX TO FORM 10-K

	<u>Page Number</u>
Cautionary Note Regarding Forward-Looking Statements	1
PART I	
Item 1. Business	3
Item 1A. Risk Factors	15
Item 1B. Unresolved Staff Comments	24
Item 2. Properties	25
Item 3. Legal Proceedings	25
Item 4. Mine Safety Disclosures	25
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	26
Item 6. Selected Financial Data	26
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	27
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	38
Item 8. Financial Statements and Supplementary Data	38
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	39
Item 9A. Controls and Procedures	39
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	41
Item 11. Executive Compensation	43
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	48
Item 13. Certain Relationships and Related Transactions, and Director Independence	48
Item 14. Principal Accounting Fees and Services	49
PART IV	
Item 15. Exhibits, Financial Statement Schedules	50
Item 16. Form 10-K Summary	54
Signatures	55
Supplemental Information	56
Index to Consolidated Financial Statements	F-1
Schedule II—Valuation and Qualifying Accounts and Reserves	S-1

References in this Annual Report on Form 10-K to the “Company” are to the Mohegan Tribal Gaming Authority d/b/a Mohegan Gaming & Entertainment and references to the “Mohegan Tribe” are to the Mohegan Tribe of Indians of Connecticut. The terms “we” or “us” or “our” refer to the Company.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- the COVID-19 pandemic and the related social and economic disruption, including “stay at home” orders and similar regulations, or decreased interest in attendance at our facilities, and any plans or expectations around the reopening or resumption of operations at any of our facilities;
- the financial performance of our various operations;
- the local, regional, national or global economic climate;
- increased competition, including the expansion of gaming in jurisdictions in which we own or operate gaming facilities;
- our leverage and ability to meet our debt service obligations and maintain compliance with financial debt covenants;
- the continued availability of financing;
- our dependence on existing management;
- our ability to integrate new amenities from expansions to our facilities into our current operations and manage the expanded facilities;
- changes in federal or state tax laws or the administration of such laws;
- changes in gaming laws or regulations, including the limitation, denial or suspension of licenses required under gaming laws and regulations;
- cyber security risks relating to our information technology and other systems, including misappropriation of patron information or other breaches of information security;
- changes in applicable laws pertaining to the service of alcohol, smoking or other amenities offered at our facilities;
- our ability to successfully implement our diversification strategy;
- an act of terrorism;
- our customers' access to inexpensive transportation to our facilities and changes in oil, fuel or other transportation-related expenses;
- unfavorable weather conditions;
- risks associated with operations in foreign jurisdictions;
- failure by our employees, agents, affiliates, vendors or businesses to comply with applicable laws, rules and regulations, including state gaming laws and regulations and anti-bribery laws such as the United States Foreign Corrupt Practices Act, and similar anti-bribery laws in other jurisdictions; and
- fluctuations in foreign currency exchange rates.

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

PART I

Item 1. Business.

Our Company

We were established in July 1995 by the Mohegan Tribe, a federally-recognized Indian tribe with an approximately 595-acre reservation situated in southeastern Connecticut, adjacent to Uncasville, Connecticut. Under the Indian Gaming Regulatory Act of 1988 (“IGRA”), federally-recognized Indian tribes are permitted to conduct full-scale casino gaming operations on tribal lands, subject to, among other things, the negotiation of a compact with the affected state. The Mohegan Tribe and the State of Connecticut entered into such a compact, the Mohegan Compact, which was approved by the United States Secretary of the Interior. We were established as an instrumentality of the Mohegan Tribe, with the exclusive authority to conduct and regulate gaming activities for the Mohegan Tribe on tribal lands and the non-exclusive authority to conduct such activities elsewhere. We are governed and overseen by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Mohegan Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in our Management Board.

We are primarily engaged in the ownership, operation and development of integrated entertainment facilities, both domestically and internationally. This ownership, operation and development includes the following: (i) ownership and operation of Mohegan Sun, a gaming and entertainment complex located on an approximately 196-acre site in Uncasville, Connecticut, (ii) ownership and operation of Mohegan Sun Pocono, a gaming and entertainment facility located on an approximately 400-acre site in Plains Township, Pennsylvania, (iii) operation of the Niagara Fallsview Casino Resort, Casino Niagara and the 5,000-seat Niagara Falls Entertainment Centre, all in Niagara Falls, Canada (collectively, the “MGE Niagara Resorts”), (iv) development and management of ilani Casino Resort in Clark County, Washington (the “Cowlitz Project”), and development rights to any future development at ilani Casino Resort, (v) management of Resorts Casino Hotel in Atlantic City, New Jersey and ownership of 10% of the casino’s holding company and its subsidiaries, including those conducting or licensing online gaming and retail sports wagering in New Jersey, (vi) management of Paragon Casino Resort in Marksville, Louisiana, (vii) development and construction of an integrated resort and casino project to be located adjacent to the Incheon International Airport in South Korea (“Project Inspire”), (viii) operation of the casino at Virgin Hotels Las Vegas in Las Vegas, Nevada (the “Mohegan Sun Casino at Virgin Hotels Las Vegas”), following the completion of planned renovations, and (ix) development and construction of an integrated resort and casino project to be located near Athens, Greece (“INSPIRE Athens”).

Our principal executive office and mailing address is One Mohegan Sun Boulevard, Uncasville, CT 06382. Our telephone number is (860) 862-8000. Our corporate website address is www.mohegangaming.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as well as any other information filed or furnished pursuant to Section 13(a) or 15(d) under the Exchange Act, are made available free of charge on our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. We intend to use our corporate website as a regular means of disclosing material non-public information and for complying with disclosure obligations under Regulation FD promulgated by the Securities and Exchange Commission. Such disclosures will be included on our corporate website under the heading “News” or “Financial Information.” Any updates to the list of social media channels we use to announce material information will be posted on the “News” or “Financial Information” page of our corporate website. Accordingly, investors should monitor such portions of our corporate website and social media channels, in addition to following our press releases, SEC filings, public conference calls and webcasts.

Impact of the COVID-19 Pandemic and Our Response

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and the United States federal government declared it a national emergency. The spread of COVID-19 has affected most segments of the global economy, including our operations. On March 18, 2020, we announced the temporary suspension of operations at our North American owned, operated and managed properties to ensure the health and safety of our employees, guests and the surrounding communities in which we operate, consistent with directives from various government bodies. Following these closures, we reopened our properties as follows: (i) Paragon Casino Resort on May 20, 2020, (ii) ilani Casino Resort on May 28, 2020, (iii) Mohegan Sun on June 1, 2020, (iv) Mohegan Sun Pocono on June 22, 2020 and (v) Resorts Casino Hotel on July 2, 2020. On December 11, 2020, Mohegan Sun Pocono was again temporarily closed due to the current resurgence of COVID-19. As of the date of the filing of this Annual Report on Form 10-K, Mohegan Sun Pocono and the MGE Niagara Resorts remain temporarily closed. Like other integrated resort operators, these business disruptions have had a material adverse impact on our financial

condition, results of operations and cash flows.

We cannot predict when our remaining closed properties will be able to reopen or the conditions upon which additional reopenings may occur, and while our reopened properties have experienced some level of continued business disruption, we expect that these disruptions will gradually dissipate, and remain confident in our ability to mitigate the impact of any such disruption through expense management. The impact of COVID-19 on our operations through the date of the filing of this Annual Report on Form 10-K has been significant, though the full extent of its impact will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of COVID-19 or the extent of the current resurgence of COVID-19, the manner in which our guests, suppliers and other third parties respond to COVID-19, including the perception of safety and health measures taken by us, new information which may emerge concerning the severity of COVID-19 and the actions to contain or treat it, as well as general economic conditions and consumer confidence. Accordingly, we cannot reasonably estimate the extent to which COVID-19 will further impact our future financial condition, results of operations and cash flows.

In response to COVID-19, we completed a series of transactions to ensure maximum financial flexibility, including (i) on March 13, 2020, we drew the remaining balance of our senior secured revolving credit facility, in the amount of approximately \$125 million and (ii) on August 28, 2020, we entered into an amendment to our senior secured credit facilities which, among other things, waived non-compliance with certain of our financial covenants through June 30, 2020 and modified the financial covenants applicable to periods subsequent to June 30, 2020.

In March 2020, we also took various actions to reduce costs in an effort to mitigate the operating and financial impact of COVID-19, including (i) furloughing approximately 98% of our workforce immediately following the closure of our properties for the period of such closure, (ii) enacting meaningful compensation reductions to our remaining property and corporate personnel, including executive leadership, during the closure period, (iii) obtaining relief from certain threshold payments otherwise due to the Ontario Lottery and Gaming Corporation for the duration of the closure of the MGE Niagara Resorts, to be followed by a phased-in approach to such payments thereafter, (iv) obtaining a three month forbearance of gaming tax payments due to Connecticut and Pennsylvania, (v) deferring rental payments due under certain of MGE Niagara's lease agreements and (vi) executing other substantial reductions in operating expenses, capital expenditures and overall costs. In addition, in November 2020, we implemented a reduced hours initiative in an effort to align staffing levels with a recent reduction in business volumes.

Strategy

Our overall strategy is to: (i) drive incremental profit through gaming and non-gaming initiatives, most notably the enhancement of entertainment amenities, at our existing integrated resorts and in our core markets, (ii) diversify our business interests within the integrated resort and entertainment industry, both domestically and internationally and (iii) enhance our credit profile by reducing leverage through improved operational efficiency, increased financial discipline and high return investment and revenue diversification efforts.

Domestically, we developed Mohegan Sun into a full-scale entertainment and destination resort and further strengthened our presence in the Northeastern United States gaming market with the acquisition of Mohegan Sun Pocono. Our domestic gaming portfolio also includes the management of Resorts Casino Hotel and Paragon Casino Resort, as well as the development and management of ilani Casino Resort and the operation of the Mohegan Sun Casino at Virgin Hotels Las Vegas. We have also taken significant steps in our diversification efforts internationally with the recent acquisition of the MGE Niagara Resorts and the development of Project Inspire.

Our Properties

Property	Location	Opening Year	Casino Square Footage	Slot Machines	Table Games	Hotel Rooms	Food & Beverage and Retail Outlets	Primary Entertainment Venue (Seats)
Owned								
Mohegan Sun	Uncasville, CT	1996	300,000	4,200	260	1,560	81	10,000
Mohegan Sun Pocono	Wilkes-Barre, PA	2006	95,000	1,800	65	240	16	1,500
Resorts Casino Hotel (1)	Atlantic City, NJ	1978	80,000	1,500	70	940	22	1,250
Managed								
ilani Casino Resort	La Center, WA	2017	105,000	2,500	75	NA	13	2,550
Paragon Casino Resort	Marksville, LA	1995	105,000	1,000	30	530	5	2,500
Mohegan Sun Casino at Virgin Hotels Las Vegas	Las Vegas, NV	2021	60,000	650	50	1,500	12	4,250
International								
Niagara Fallsview Casino Resort	Niagara Falls, ON	2004	135,000	3,000	130	370	24	5,000
Casino Niagara	Niagara Falls, ON	1996	80,000	1,400	50	NA	4	NA
Project Inspire	Incheon, South Korea	2023	155,000	700	160	1,250	70	15,000
INSPIRE Athens (2)	Athens, Greece	2025	160,000	2,000	200	1,100	50	10,000
			<u>1,275,000</u>	<u>18,750</u>	<u>1,090</u>	<u>7,490</u>	<u>297</u>	<u>52,050</u>

(1) 10% ownership.

(2) Assumes 65% ownership.

Mohegan Sun

Mohegan Sun is located on an approximately 196-acre site on the Mohegan Tribe's reservation overlooking the Thames River with direct access from Interstate 395 and Connecticut Route 2A. Mohegan Sun is approximately 125 miles from New York City, New York, and approximately 100 miles from Boston, Massachusetts. The facility is one of two authorized gaming and entertainment facilities in the state of Connecticut and competes with gaming operations in Massachusetts, Rhode Island and New York.

Mohegan Sun Pocono

Mohegan Sun Pocono is located on an approximately 400-acre site in Plains Township, Pennsylvania. The facility is located off of Interstate 81 and is approximately eight miles from the Wilkes-Barre/Scranton International Airport. Mohegan Sun Pocono is one of 12 gaming and entertainment facilities operating in the state of Pennsylvania and competes primarily with facilities in Bethlehem and Pocono.

Resorts Casino Hotel

We manage Resorts Casino Hotel and own 10% of the casino's holding company and its subsidiaries, including those conducting or licensing online gaming and retail sports wagering in the state of New Jersey. Resorts Casino Hotel, the first casino hotel in Atlantic City, New Jersey, opened in 1978, becoming the first legal casino outside of the state of Nevada. Resorts Casino Hotel is one of nine casinos operating in Atlantic City.

ilani Casino Resort

We developed and currently manage ilani Casino Resort in Clark County, Washington, a gaming and entertainment facility owned by the federally-recognized Cowlitz Indian Tribe and the Cowlitz Tribal Gaming Authority. ilani Casino Resort is located 45 minutes outside of the rapidly expanding Portland, Oregon, region on Interstate 5.

Paragon Casino Resort

We manage Paragon Casino Resort in Marksville, Louisiana, under a federally-approved management contract. The facility is located off of State Highway 1, which is 40 minutes outside of Alexandria, Louisiana. Paragon Casino Resort competes with casinos throughout the Louisiana and Mississippi gaming markets.

Mohegan Sun Casino at Virgin Hotels Las Vegas

We will operate the more than 60,000-square-foot Mohegan Sun Casino at Virgin Hotels Las Vegas following its anticipated opening in 2021. The integrated resort is a strategic alliance between the Curio Collection by Hilton, Virgin Hotels and JC Hospitality, LLC, the latter of which is currently redeveloping the former Hard Rock Hotel and Casino under the Virgin Hotels brand, which will include the Mohegan Sun Casino at Virgin Hotels Las Vegas. The integrated resort, including the Mohegan Sun Casino at Virgin Hotels Las Vegas, will compete primarily with resorts and casinos in Las Vegas.

MGE Niagara Resorts

In June 2019, we completed the acquisition of the MGE Niagara Resorts and assumed the day-to-day operations of the properties under the terms of a casino operating and services agreement. The facilities are the only two gaming and entertainment facilities in Niagara Falls, Canada. Niagara Fallsview Casino Resort overlooks the iconic Horseshoe Falls. The MGE Niagara Resorts compete with facilities in Toronto, Ontario and Niagara Falls, New York.

Project Inspire

In February 2016, we were awarded pre-approval for a foreigner-only gaming license to be issued upon completion of the construction of Project Inspire. In August 2016, we entered into an agreement with the Incheon International Airport Authority for the long-term lease and development of approximately 4.4 million square meters of land located directly adjacent to Terminal 2 of the Incheon International Airport in South Korea. The casino resort phase of Project Inspire is planned to open in late-2022. Project Inspire will compete with another casino resort located in Incheon and several other smaller casino-only operations located in downtown Seoul.

INSPIRE Athens

In October 2020, our joint venture was selected by the Hellenic Gaming Commission as the provisional contractor to develop the first integrated resort and casino in Greece at the Hellinikon, a large multi-purpose development project near Athens on the Athenian Riviera.

Seasonality

The gaming markets in the Northeastern United States and Niagara Falls, Canada, are seasonal in nature, with peak gaming activities often occurring during the months of May through August.

Mohegan Tribe of Indians of Connecticut

General

The Mohegan Tribe has lived in a cohesive community for hundreds of years in what is today southeastern Connecticut. The Mohegan Tribe became a federally-recognized Indian tribe in 1994 and currently has approximately 2,250 members, of which approximately 1,400 are of voting age.

Governance of the Mohegan Tribe

The Mohegan Tribe's Constitution provides for the governance of the Mohegan Tribe by the Mohegan Tribal Council, consisting of nine members, and a Council of Elders, consisting of seven members. Legislative and executive powers of the Mohegan Tribe are vested in the Mohegan Tribal Council, with the exception of enrollment of tribal members and cultural duties which are vested in the Council of Elders. The members of the Mohegan Tribal Council also serve as members and officers on our Management Board. The registered voters of the Mohegan Tribe elect all members of the Mohegan Tribal Council. Pursuant to the Mohegan Tribe's Constitution, the members of the Mohegan Tribal Council are elected on a four-year staggered term basis. The terms for five members of the Mohegan Tribal Council expire in October 2021, while the terms for the remaining four members expire in October 2023. Members of the Mohegan Tribal Council must be at least 21 years of age when elected.

The Mohegan Tribe may amend provisions of its Constitution that established us and the Gaming Disputes Court, which is described below. Such an amendment requires the approval of two-thirds of the members of the Mohegan Tribal Council and must be ratified by registered voters of the Mohegan Tribe by a two-thirds majority of all votes cast, with at least a 40% participation of registered voters of the Mohegan Tribe. In addition, the Mohegan Tribe's Constitution currently 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 tribal lands. An amendment to this provision requires the affirmative vote of 75% of registered voters of the Mohegan Tribe. Prior to the enactment of any such amendment by the Mohegan Tribal Council, any non-

tribal party would have the opportunity to seek a ruling from the Appellate Branch of the Gaming Disputes Court that the proposed amendment would constitute an impermissible impairment of contract.

Gaming Disputes Court

Under the Constitution and laws of the Mohegan Tribe, the Mohegan Tribe has established a Gaming Disputes Court, which is vested with exclusive jurisdiction over all disputes related to gaming and associated facilities on tribal lands, including appeals from certain final administrative agency decisions.

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

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

Mohegan Gaming & Entertainment

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

We have three major functions. The first function is to identify and evaluate, in conjunction with the Mohegan Tribe, and, where appropriate, pursue and execute upon various business opportunities in an effort to diversify our revenue base and cash flow streams. These opportunities primarily consist of development, consulting and/or management of, investment in or ownership of additional gaming and entertainment operations through direct investments, acquisitions, joint venture arrangements and loan or financial/credit support transactions. The second function is to direct the operation, management and promotion of gaming enterprises and all related activities on tribal lands. The third function is to regulate gaming activities on tribal lands. Our Management Board has appointed an independent Director of Regulation responsible for the regulation of gaming activities at Mohegan Sun. The Director of Regulation serves at the will of the Management Board and ensures the integrity of gaming operation through the promulgation and enforcement of appropriate regulations. The Director of Regulation and his staff are also responsible for performing background investigations and licensing of non-gaming employees, as well as vendors seeking to provide non-gaming products or services within the casino. Pursuant to the Mohegan Compact, the State of Connecticut is responsible for performing background investigations and licensing of gaming employees, as well as gaming vendors seeking to provide gaming products or services within the casino.

Government Regulation

General

Our operations at Mohegan Sun are subject to certain federal, state and tribal laws applicable to both general commercial relationships with Indians and specific to Indian gaming and the management and financing of Indian casinos. Our operations at Mohegan Sun Pocono are also subject to Pennsylvania laws and regulations applicable to harness racing, simulcasting, slot machine, table gaming, interactive online gaming and sports wagering. The following description of the regulatory environment in which gaming takes place and in which we operate is only a summary and not a complete recitation of all applicable law. Moreover, since this regulatory environment is susceptible to changes in public policy considerations, it is impossible to predict how particular provisions will be interpreted, from time to time, or whether they will remain intact. Changes in such laws could have a material adverse impact on our operations. See Part I. Item 1A. Risk Factors to this Annual Report on Form 10-K.

Tribal Law and Legal Systems

Applicability of State and Federal Law

Federally-recognized Indian tribes are independent governments, subordinate to the United States, with sovereign powers, except as those powers may have been limited by treaty or by Congress. The power of Indian tribes to enact their own laws to regulate gaming derives from the exercise of this tribal sovereignty. Indian tribes maintain their own governmental systems and

often their own judicial systems. Indian tribes have the right to tax persons and enterprises conducting business on

tribal lands, and also have the right to require licenses and to impose other forms of regulations and regulatory fees on persons and businesses operating on their lands.

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

Waiver of Sovereign Immunity; Jurisdiction; Exhaustion of Tribal Remedies

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

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

The Indian Gaming Regulatory Act of 1988

Regulatory Authority

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

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

Tribal Ordinances

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

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

Classes of Gaming

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

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

With the growth of the Internet and other modern advances, computers and other technology aids are increasingly used to conduct specific kinds of gaming, such as poker or wagering on horse racing. Several states, including Nevada, New Jersey and Pennsylvania, have passed legislation to license and tax on-line gaming conducted on an intra-state basis or with other states by compact, while new federal on-line gaming legislation has been introduced in Congress from time to time. To date, Congress has not passed amendments to the Unlawful Internet Gambling Enforcement Act of 2006 or new legislation to establish a licensing, taxing and enforcement framework for Internet gaming. Nor has Congress responded to the United States Supreme Court's decision in May 2018 which overturned the federal law on sports wagering.

Tribal-State Compacts

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

IGRA provides that if an Indian tribe and state fail to successfully negotiate a tribal-state compact, the United States Department of the Interior may approve gaming procedures pursuant to which Class III Gaming may be conducted on Indian lands. Gaming compacts or approved gaming procedures take effect upon notice of approval by the United States Secretary of the Interior published in the Federal Register. The Mohegan Compact, approved by the United States Secretary of the Interior in 1994, does not

have a specific term and will remain in effect until terminated by written agreement between both parties, or the provisions are modified as a result of a change in applicable law. Our gaming operations are subject to the requirements and restrictions contained in the Mohegan Compact, which authorizes the Mohegan Tribe to conduct most forms of Class III

Gaming. In July 2017, the Mohegan Tribe and the State of Connecticut entered into an agreement to amend the Mohegan Compact and the Memorandum of Understanding (the "MOU") to allow the Mohegan Tribe and the Mashantucket Pequot Tribal Nation ("MPT") to jointly and exclusively own a proposed off-reservation casino under development in East Windsor, Connecticut. While amendments to the Mohegan Compact and that of MPT have been approved by the United States Secretary of the Interior, recent lawsuits challenging that approval remain pending.

Tribal-state compacts have been the subject of litigation in a number of states. Tribes frequently sought to enforce the provision of IGRA which entitles tribes to bring suit in federal court against a state that fails to negotiate a tribal-state compact in good faith. The United States Supreme Court held that the Indian Commerce Clause does not grant Congress authority to abrogate sovereign immunity granted to the states under the Eleventh Amendment. Accordingly, IGRA does not grant jurisdiction over a state that did not consent to be sued.

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

In Connecticut, there has been no litigation challenging the Governor's authority to enter into tribal-state compacts. If such a suit was filed, however, the Mohegan Tribe does not believe that the precedent in the New Mexico or Kansas cases would apply. At the time of execution of the Mohegan Compact, the Connecticut Attorney General issued a formal opinion, which states that, "existing state statutes provide the Governor with the authority to negotiate and execute the Mohegan Compact." Thus, the Attorney General declined to follow the Kansas case. In addition, in a case brought by the MPT, the United States Court of Appeals for the Second Circuit has held that Connecticut law authorizes casino gaming. After execution of the Mohegan Compact, the Connecticut General Assembly passed a law requiring that future gaming compacts be approved by the legislature, but that law does not apply to previously executed compacts such as the Mohegan Compact, unless amended. As mentioned above, in July 2017, the Mohegan Tribe and the State of Connecticut entered into an agreement to amend the Mohegan Compact and the MOU to allow the Mohegan Tribe and MPT to jointly and exclusively own a proposed off-reservation casino in East Windsor, Connecticut. While amendments to the Mohegan Compact and that of MPT have been approved by the United States Secretary of the Interior, recent lawsuits challenging that approval remain pending.

Possible Changes in Federal Law

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

Pennsylvania Racing Regulations

Our harness racing operation at Mohegan Sun Pocono is subject to extensive regulation under the Pennsylvania Racing Act. Under that law, as amended in 2016, the previously separate thoroughbred and standardbred commissions were combined under the jurisdiction of the Pennsylvania State Horse Racing Commission (the "PSHRC"), which is responsible for, among other things:

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

As in most states, the regulations and oversight applicable to our operations in Pennsylvania are intended primarily to safeguard the legitimacy of the sport and its freedom from inappropriate or criminal influences. The PSHRC has broad authority to regulate in the best interests of racing and may disapprove the involvement of certain personnel in our operations, deny approval of certain acquisitions following their consummation or withhold permission for a proposed OTW site for a variety of reasons,

including community opposition. The Pennsylvania legislature has also reserved the right to revoke the power of the PSHRC to approve additional OTWs and could, at any time, terminate pari-mutuel wagering as a form of legalized gaming in Pennsylvania or subject such wagering to additional restrictive regulation or taxation.

Pennsylvania Gaming Regulations

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

- issuing and renewing slot machine licenses and table game certificates;
- approving, after a public hearing, the granting of additional slot machine licenses or table game certificates (to the extent allowed under the Pennsylvania Gaming Act);
- licensing all officers, directors, principals and certain other employees and vendors of a company with gaming operations;
- approving certain contracts entered into by a company affecting gaming operations; and
- implementing latest gaming expansion legislation signed by the Governor of Pennsylvania in October 2017.

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

Canadian Gaming Regulations

The MGE Niagara Resorts are subject to both Federal and Provincial legal and regulatory considerations. Federally, the Canadian Criminal Code stipulates that operations like MGE Niagara Resorts and certain other forms of gaming must be conducted and managed by the government of a province. As a service provider licensed by the Alcohol and Gaming Commission of Ontario ("AGCO"), we must provide gaming-related services in Ontario within this provincial conduct and management structure. That structure is made up of Ontario Lottery and Gaming Corporation ("OLG"), as the provincial entity that conducts and manages lottery schemes on behalf of the Province, and the AGCO, as the provincial regulator responsible for the administration of the Ontario Gaming Control Act (among other Acts).

OLG is the Crown Agency of the government of Ontario charged with overseeing the business of Ontario's gaming industry. Established pursuant to the Ontario Lottery and Gaming Corporation Act, 1999 (the "OLG Act"), OLG's purpose is to enhance Ontario's economic development, generate revenues for Ontario, promote responsible gaming with respect to lottery schemes, and ensure anything done regarding any or all of the foregoing is also done for the public good and in Ontario's best interests.

Included in OLG's objects are:

- To develop, undertake, organize, conduct and manage gaming on behalf of the Province of Ontario.
- To provide for the operation of gaming sites.
- To ensure gaming and gaming sites are conducted, managed and operated in accordance with the Criminal Code (Canada), the OLG Act and the Gaming Control Act, 1992 (the "GCA") and the regulations made under them.
- To provide for the operation of any business that OLG considers to be reasonably related to gaming operations, including any business that offers goods and services to persons who participate in gaming.

The AGCO is responsible for regulating various forms of gaming in Ontario pursuant to the broad powers granted to it under the GCA.

With respect to casino gaming such as carried out at MGE Niagara Resorts, the AGCO's overarching regulatory objective is to ensure that all such gaming is operated within the law and with honesty and integrity and in the broader public interest. The agency undertakes a number of key activities to fulfill its regulatory mandate including:

- Conducting eligibility assessments and registering operators, suppliers and gaming assistants who work in or supply the casino sector;
- Testing, approving and monitoring slot machines and gaming management systems;
- Establishing standards and requirements for the conduct, management and operation of lottery schemes, gaming sites and related businesses;
- Inspecting, auditing and monitoring casinos for compliance with the GCA and its regulation, licence/registration

requirements and the standards and requirements established by the Registrar of Alcohol, Gaming and Racing;

- Approving rules of play or changes to the rules of play for games conducted and managed by the OLG;

- Excluding persons from accessing gaming sites pursuant to the GCA; and
- Maintaining Ontario Provincial Police Casino Enforcement operations and presence to support a safe and secure environment at all gaming sites.

Human Capital

The competitive advantage that sets us apart is rooted in the long-standing tradition of the Mohegan Tribe - the Spirit of Aquai. This centuries-old guiding philosophy infuses our everyday lives with four key principles that truly define who we are and how we treat each other - welcoming, mutual respect, cooperation and building relationships. Living by these Mohegan Tribe principles and always striving to live up to our core values, we have created a unique culture at Mohegan Gaming & Entertainment that provides a strong, secure, solid foundation for future endeavors and a culture that is built on traditional principles in sync with modern values, not just for today's successes, but for tomorrow's growth.

This spirit of positivity lays the foundation for many long and special relationships with employees and guests, and is the bedrock of our human capital strategy. Delivering gaming and entertainment experiences in locations across the United States and Canada, with targeted expansion into Asia and Europe, our human capital is the reason for our long-term success.

We are also committed to the theory of the Service Profit Chain, which proposes that taking care of employees leads to employees taking care of guests which results in a more profitable business. Based on the 30% increase in our Guest Experience scores over the past 7 years, this commitment is having a positive impact recognized by our guests.

We aim to attract, retain and develop diverse and high quality talent who can emulate the Spirit of Aquai. To support these objectives, we have designed human resources programs to:

- Enhance the company culture through employee experiences, policies and practices aimed at making the workplace more healthy, diverse and inclusive;
- Align leader and team member behaviors to our purpose, deliver exceptional customer experiences and drive business success;
- Facilitate talent acquisition and mobility to create a high-performing and diverse workforce;
- Reward employees through competitive pay and benefits;
- Develop employees at all levels through effective learning strategies focused on new skills required to support operational excellence; and
- Evolve and invest in technology and other resources that enable employees to work more effectively.

Overall Statistics

As of September 30, 2020, we employed approximately 11,000 people comprised of approximately 70% full time and 30% seasonal, part time, and on-call employees worldwide. This was about a 10% decrease from the 12,000 employees we had on September 30, 2019 and reflects the significant impact of the COVID-19 pandemic on our business.

Due to the current economic climate and changing environment in which we are operating, we have generated efficiencies in our staffing, including limiting hiring to critical business roles, reducing work hours, redeployment of staff, and initiating furloughs. The number of employees who were furloughed in fiscal 2020 was more than is typical and fluctuated based on the government restrictions on casino, hotel and restaurant capacity and the resulting changing needs of the business and operations.

The approximate number of employees as of September 30, 2020 by location was as follows: Mohegan Sun: 5,790; Mohegan Sun Pocono: 1,035; and MGE Niagara Resorts: 4,015 (of which approximately 95% are on furlough). Certain employees at Mohegan Sun Pocono are represented under collective bargaining agreements between Downs Racing and either the International Union of Operating Engineers Local Union 542C or Teamsters Local No. 401. The agreement with Local Union 542C expires on March 31, 2023 and relates to equipment and heavy equipment operators. The agreement with Local No. 401 expires on January 31, 2022 and relates to truck drivers and maintenance employees.

Of the employees at MGE Niagara Resorts, approximately 175 are represented under a collective bargaining agreement between Unifor Canada and Complex Services Inc. (d/b/a Casino Niagara and Niagara Fallsview Casino Resort). This agreement expires March 28, 2021 and relates to employees classified as security officers. Negotiations will begin in January for a new agreement.

We have experienced no material interruptions of operations due to disputes with our employees.

Diversity and Inclusion

We believe that a diverse and inclusive workforce produces better overall decision-making for employees and guests, which benefits the organization. In hiring decisions, we look for appropriate skills as well as diversity of the team and candidate to ensure that we are including an appropriate mix of race, gender and other factors in hiring, promoting and succession planning decisions. Ongoing diversity and inclusion initiatives from committees to training and communication campaigns build awareness of the rich diversity of our team members and customers. We also sponsor a vocational inclusion program for individuals with disabilities or other disadvantages. Since 2012, over 500 individuals have participated in this program and over 85% of graduates have successfully been hired by Mohegan Sun.

We have received multiple forms of recognition for our employment practices. Awards include:

- 2020 Best-In-State Employer - Forbes/Statista
- Canada Best Employers 2019 - Forbes/Statista
- Top 10 in Best Workplaces for Diversity 2019 - Fortune Magazine
- Employer of the Year 2019 - Viability
- Top Employer Hamilton/Niagara 2020 (10th consecutive year)
- 2019 Business that Gives Back Award GNCC - Women in Business Award

A diverse and inclusive vendor base is also important in meeting our diversity and inclusion goals. Therefore, we have put plans in place to track the diversity of vendors and support inclusion of vendors with minority or female ownership on preferred vendor lists.

Talent Acquisition, Development and Retention

Hiring, developing and retaining employees is critically important to our operations. We focus on creating experiences and programs that attract new hires and foster growth, performance and retention. Pursuant to the Tribal Employment Rights Ordinance, when recruiting and hiring personnel, except key personnel, our Connecticut operations are obligated to give first preference to qualified members of The Mohegan Tribe, and then to enrolled members of other Indian tribes.

Creating opportunities to help employees grow and build their careers is a priority for us. We sponsor numerous training, education, apprenticeships and development programs to enhance leadership and managerial capability, expand skillsets, drive guest satisfaction and support the Spirit of Aquai. In 2020, these programs helped transition some furloughed employees into new positions. The corporate office has also begun offering development courses on various topics such as reading financial statements and the basics of contracts to expand our employees' knowledge base. Succession planning at all sites has been completed to identify talent risk, gaps and high potential employees for development.

Compensation, Benefits, Safety and Wellness

In addition to offering market competitive salaries and wages, we offer comprehensive health and retirement benefits to eligible full-time and part-time employees. The core health and welfare benefits are supplemented with discount programs for health-related goods and services, a variety of voluntary benefits and paid time off programs. We also partner with Yale New Haven Health to provide medical treatment to the employees in the Connecticut location at low out-of-pocket costs, provide an onsite pharmacy and offer employees access to health and nutritional counselors free of charge. The core health plan provides low cost telehealth services as well as free mental and behavioral health resources, including on-demand access to an Employee Assistance Program (EAP) for employees and their dependents. Pre-pandemic, we also offered on-site dry cleaning services and operated an employee fitness center. With the COVID pandemic, we have begun offering mental, physical and financial wellness workshops to help employees better manage stress and anxiety.

With the Mohegan Tribe Safety Department, we use a proactive approach to managing workplace safety and health based on incident management, inspections, job safety analysis and safety meetings. This approach has led to almost a 20% decrease in incidents in the Connecticut location alone over the last two years. We also provide training in emergency evacuation, active shooter, blood borne pathogens, hazard communications and back safety.

In addition, the pandemic provided an opportunity to demonstrate our commitment to guests and staff. To better minimize the impact of COVID, we installed infrared air treatment processors in the casinos in addition to hand sanitizer and cleaning wipes stations, plexi-glass dividers and proper signage for CDC guideline distancing and other reminders. We also installed temperature

check stations at all entrances to monitor all guests and staff who enter the facilities and instituted mandatory face mask wearing, unless the guest/staff member is eating. Stringent absence management protocols are in place to

ensure transmission risk is controlled. Significant training and communication efforts reinforce the critical importance of all health and safety measures. The Tribal Health Council for Mohegan Sun in Connecticut has also issued regular guidelines regarding COVID that exceed those of the CDC and has managed testing and quarantining procedures for the staff.

Technology and Other Resources

We offer and maintain various apps and systems to communicate with and engage our employees. There are also daily email blasts to inform employees of what is happening in the casinos and various other resources to enable all employees to stay connected and enhance the guest experience. In response to COVID, we partnered with PwC to introduce a contact tracing app for all staff, which reduces the time to advise employees if they have been exposed to someone with a positive COVID test result.

Item 1A. Risk Factors.

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

Risks Related to Our Indebtedness

Our substantial indebtedness could adversely affect our financial condition.

We currently have and will continue to have a substantial amount of indebtedness. As of September 30, 2020, our debt totaled approximately \$2 billion.

Our substantial indebtedness could have significant adverse effects on our business. Such adverse effects could include, without limitation, the following:

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

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

On July 27, 2017, the U.K. Financial Conduct Authority announced that it intends to stop requiring banks to submit LIBOR rates after 2021. As a result, LIBOR will be discontinued after 2021 and contracts and hedging relationships that use LIBOR as a reference rate will have to be modified to allow for an alternative benchmark rate. Although our senior secured credit facilities provide for application of successor rates based on prevailing market conditions, it is not currently possible to predict the effect of any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere.

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

We, the Mohegan Tribe and our wholly-owned subsidiaries that are tribal entities may or may not be subject to, or permitted to seek protection under, federal bankruptcy laws since an Indian tribe and we, as an instrumentality of the Mohegan Tribe, may or may not be eligible to be a debtor under the United States Bankruptcy Code. Therefore, our creditors may not be able to seek liquidation of our or any of the other tribal entities' assets or other action under federal bankruptcy laws. Also, the Mohegan Tribe's Constitution and laws have established a special court which is vested with exclusive jurisdiction, in the absence of a contractual agreement otherwise, over all disputes related to gaming and associated facilities on tribal lands, including appeals from certain final administrative agency decisions, known as the Gaming Disputes Court. The Gaming Disputes Court may lack powers typically associated with a federal bankruptcy court, such as the power to non-consensually alter liabilities, direct the priority of creditors' claims and liquidate certain assets. The Gaming Disputes Court is a court of limited jurisdiction and may not have jurisdiction over all creditors of ours or our subsidiaries or over all of the territories in which we and our subsidiaries carry on

business.

Risks Related to Our Business

The effect of the COVID-19 pandemic on our operations has had a material adverse impact on our businesses, results of operations, liquidity and financial condition, and we expect that it will continue to do so.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and the United States federal government declared it a national emergency. The spread of COVID-19 has affected most segments of the global economy, including our operations. On March 18, 2020, we announced the temporary suspension of operations at our North American owned, operated and managed properties to ensure the health and safety of our employees, guests and the surrounding communities in which we operate, consistent with directives from various government bodies. While most of our properties have reopened, we cannot predict when our remaining closed properties will be able to reopen or the conditions upon which additional reopenings may occur, and we expect that business disruptions relating to COVID-19 will continue even after all of our owned, operated and managed properties are reopened. The extent to which COVID-19 further impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of COVID-19 or the extent of the current resurgence of COVID-19, the manner in which our guests, suppliers and other third parties respond to COVID-19, including perception of safety and health measures taken by us, new information which may emerge concerning its severity and the actions to contain it or treat its impact, as well as general economic conditions and consumer confidence.

COVID-19 is a widespread health crisis that could continue to adversely affect our results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, we cannot reasonably estimate the extent to which COVID-19 will impact our future financial condition, results of operations and cash flows.

Our business is subject to extensive governmental gaming regulation by multiple governmental and tribal authorities. Changes to the regulatory regime governing our business, our inability to renew or obtain new contracts governing our existing gaming operations or our inability to obtain new casino licenses could adversely affect us.

Our gaming operations are highly regulated. Changes in applicable laws and regulations could limit or materially affect the types of gaming that may be conducted, or services provided, by us and the revenues realized therefrom.

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

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

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

in applicable laws or regulations or the enforcement thereof, could, and any

failure to renew or revocation of our liquor license would, have a material adverse effect on our business, financial condition and results of operations.

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

With respect to our operations at the MGE Niagara Resorts, we are regulated by both national and provincial authorities. The Criminal Code of Canada mandates that dice games and games operated on or through a computer, video device or slot machine may only be conducted through and managed by provincial governments, and, as a licensed service provider we must provide gaming-related services in accordance with applicable provincial laws and regulations. Gaming in Ontario, where the MGE Niagara Resorts are located, is highly regulated. The OLG is empowered to conduct and manage gaming in Ontario and has the power and authority to oversee and/or regulate the gaming industry.

If we are not able to compete successfully with existing and future competitors, we may not be able to generate sufficient cash flows from our operations to fulfill our financial obligations.

The gaming industry is highly competitive for both customers and employees, including those at the management level. We compete with numerous casinos and hotel casinos of varying quality and size in market areas where our properties are located. We also compete with other non-gaming resorts and vacation destinations, and with various other casino and other entertainment businesses, including online gaming websites, and could compete with any new forms of gaming that may be legalized in the future. The casino entertainment business is characterized by competitors that vary considerably in their size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. In most markets, we compete directly with other casino facilities operating in the immediate and surrounding market areas. In some markets, we face competition from nearby markets in addition to direct competition within our market areas. Also, our business may be adversely impacted by the additional gaming and room capacity in places where we operate or intend to operate.

With fewer other new markets opening for development, competition in existing markets has intensified in recent years. We and our competitors have invested in expanding existing facilities, developing new facilities, and acquiring established facilities in existing markets. Competition may intensify if our competitors commit additional resources to aggressive pricing and promotional activities in order to attract customers.

In addition, we also compete to some extent with other forms of gaming on both a local and national level, including state-sponsored lotteries, charitable gaming, video gaming terminals at bars, restaurants, taverns and truck stops, on-and off-track wagering, and other forms of entertainment, including motion pictures, sporting events and other recreational activities. It is possible that these secondary competitors could reduce the number of visitors to our facilities or the amount they are willing to wager, which could have a material adverse effect on our ability to generate revenue or maintain our profitability and cash flows.

If our competitors operate more successfully than we do, if they attract customers away from us as a result of aggressive pricing and promotion, if they are more successful than us in attracting and retaining employees, if their properties are enhanced or expanded, if they operate in jurisdictions that give them operating advantages due to differences or changes in gaming regulations or taxes, or if additional hotels and casinos are established in and around the locations in which we conduct business, we may lose market share or the ability to attract or retain employees. In particular, the expansion of casino gaming in or near any geographic area from which we attract or expect to attract a significant number of our customers could have a significant adverse effect on our business, financial condition and results of operations.

In addition, increased competition may require us to make substantial capital expenditures to maintain and enhance the competitive positions of our properties, including updating slot machines to reflect changing technology, refurbishing public service areas periodically, replacing obsolete equipment on an ongoing basis and making other expenditures to increase the attractiveness and add to the appeal of our facilities. Because we are highly leveraged, after satisfying our obligations under our outstanding indebtedness, there can be no assurance that we will have sufficient funds to undertake these expenditures or that we will be able to obtain sufficient financing to fund such expenditures. If we are unable to make such expenditures, our competitive position could be materially adversely affected.

The gaming industry in the Northeastern United States and Niagara Falls, Canada has experienced seasonal fluctuations in the past and, as such, we may also experience seasonal variations in our revenues and operating results that could adversely affect our cash flows.

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

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

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

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

There are significant risks associated with our construction projects, which could have a material adverse effect on our financial condition, results of operations and cash flows.

We have previously announced our integrated resort and casino project, called Project Inspire, which is under construction at Incheon International Airport in South Korea. This development project and any other construction projects, including renovations to existing facilities we undertake, will entail significant risks.

Construction activity requires us to obtain qualified contractors and subcontractors, the availability of which may be uncertain. Construction projects are subject to cost overruns and delays caused by events outside of our control or, in certain cases, our contractors' control, such as shortages of materials or skilled labor, unforeseen engineering, environmental and/or geological problems, work stoppages, weather interference, unanticipated cost increases and unavailability of construction materials or equipment, fire, flood and other natural disasters. Construction, equipment or staffing problems or difficulties in obtaining any of the requisite materials, licenses, permits, allocations and authorizations from governmental or regulatory authorities could increase the total cost, delay, jeopardize, prevent the construction or opening of our projects, or otherwise affect the design and features. Construction contractors or counterparties for our projects may be required to bear certain cost overruns for which they are contractually liable, and if such counterparties are unable to meet their obligations, we may incur increased costs for such developments. In addition, the location of projects like Project Inspire, including other projects which we may pursue throughout the world, present unique challenges and risks to manage and execute. If our management is unable to manage successfully such international construction projects, it could have a material adverse effect on our financial condition, results of operations and cash flows.

The anticipated costs and completion dates for our current projects are based on budgets, designs, development and construction documents and schedule estimates are prepared with the assistance of architects and other construction development consultants and are subject to change as the design, development and construction documents are finalized and as actual construction work is performed. A failure to complete our projects on budget or on schedule may have a material adverse effect on our financial condition, results of operations and cash flows.

Furthermore, while construction activities may be planned to minimize disruption, construction noise and debris and the temporary closing of some of the facility, such activities may disrupt our current operations. Unexpected construction

delays could exacerbate or magnify these disruptions. We can provide no assurance that any construction, renovation or expansion projects will not have a material adverse effect on our results of operations.

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

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

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

We may expand our facilities from time to time. We can provide no assurance that we will be successful in integrating the new amenities from such expansions into our current operations or in managing the expanded facility. Failure to successfully integrate and manage new services and amenities could have a material adverse effect on our results of operations and our ability to meet our financial obligations.

A person or entity's ability to enforce its rights against us is limited by our sovereign immunity and that of the Mohegan Tribe, Mohegan Basketball Club, LLC, Mohegan Golf, LLC, Mohegan Ventures-Northwest, LLC, Mohegan Expo Center, LLC and, to the extent applicable, the Pocono subsidiaries.

Although we, the Mohegan Tribe, Mohegan Basketball Club, LLC, Mohegan Golf, LLC, Mohegan Ventures-Northwest, LLC, Mohegan Expo Center, LLC and, to the extent applicable, the Pocono subsidiaries, or collectively, the tribal entities, each have sovereign immunity and generally may not be sued without our and their respective consents, a limited waiver of sovereign immunity and consent to suit has been granted in connection with substantially all of our outstanding indebtedness. Each such waiver includes suits against us to enforce our obligation to repay certain outstanding indebtedness. Generally, duly authorized express waivers of sovereign immunity have been held to be enforceable against Indian tribes. In the event that any waiver of sovereign immunity is held to be ineffective, a claimant could be precluded from judicially enforcing its rights and remedies. With limited exceptions, the tribal entities have not waived sovereign immunity for claims under federal or state securities laws and therefore a claimant may not have any remedy based on such claims.

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

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

If an event of default occurs in connection with our indebtedness, no assurance can be given that a forum will be available to creditors other than arbitration with enforcement of arbitration awards in the Gaming Disputes Court. In such court, there are presently limited precedents for the interpretation of tribal law with respect to insolvency. Any execution of a judgment of the

Gaming Disputes Court or any other court on tribal lands will require the cooperation of the 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 tribal lands, the practical realization of any benefit of such a judgment will be dependent upon the willingness and ability of tribal officials to carry out such judgment. In addition, the land on which Mohegan Sun is located is owned by the United States in trust for the Mohegan Tribe, and our creditors and the creditors of the Mohegan Tribe may not foreclose upon or obtain title to the land. Additionally, although we do not presently hold any material fee interest in real property, if we did in the future, federal law may not allow for real property interest to be mortgaged or, if mortgaged, transferred as a result of foreclosure.

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

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

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

Our ability to generate cash flows is subject to financial, economic, political, competitive, regulatory and other factors beyond our control. If we are unable to generate sufficient cash flows from operations, or if future borrowings are not available to us, we may be unable to meet our debt service obligations with respect to our outstanding indebtedness. In addition, we can provide no assurance that we will be able to obtain additional debt for refinancing or to fund our growth, or that financing options available, if any, will be on favorable or acceptable terms.

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

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

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

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

Our senior secured credit facilities require us to maintain a fixed charge coverage ratio and not to exceed certain ratios of total leverage and secured leverage. If these ratios are not maintained or are exceeded, as applicable, it may not be possible for us to borrow additional funds to meet our financial obligations. Additionally, our failure to comply with covenants in our senior secured credit facilities, including the fixed charge coverage and leverage ratios described above, could result in an event of default under the senior secured credit facilities, which, if not cured or waived, could have a material adverse effect on us and could result in the acceleration of required repayments of some or all of then-outstanding debt thereunder and an inability to make debt service payments. However, we can provide no assurance that we would be able to obtain such waivers.

In addition, our indentures place certain limitations on our ability to incur indebtedness. Under these indentures, we are generally able to incur indebtedness that otherwise may be restricted, provided we meet a minimum fixed charge coverage ratio, as defined. If we were to fall below the minimum fixed charge coverage ratio, our ability to incur additional indebtedness could be limited and subject to other applicable exceptions contained in the indentures, and the options available to us to refinance our existing indebtedness could be restricted. At September 30, 2020, we were below the minimum fixed charge coverage ratio.

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

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

Based on current interpretation of the Internal Revenue Code of 1986, as amended, we, the Mohegan Tribe and certain of our subsidiaries are not subject to United States federal income taxes. However, we can provide no assurance that Congress

or the Internal Revenue Service will not reverse or modify the exemption for Indian tribes from United States federal income taxation. A change in the tax law could have a material adverse effect on our financial performance.

Weakness or downturn in the United States or Canadian economies could negatively impact our financial performance.

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

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

Our diversification efforts may not be successful.

We receive and evaluate various opportunities to diversify our business interests. These opportunities primarily include the development and/or management of, investment in, or ownership of other gaming or other entertainment enterprises through direct investments, acquisitions, joint venture arrangements and loan transactions. In addition to the opportunities we are currently pursuing, we are evaluating other opportunities in various jurisdictions. These efforts may require various levels of regulatory or legislative approval, and may require the commitment of financial and capital resources, and a failure to achieve any such approval or to obtain or generate sufficient funds to meet such financial or capital requirements may result in the termination of the respective project. In addition, our diversification initiatives may not generate the expected (or any) returns on our investments. Additionally, there can be no assurance that we will continue to pursue any of the diversification initiatives we are pursuing or evaluating, or that any of them will be consummated.

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

Unlike states, the Mohegan Tribe is not subject to the United States Constitution's provision restricting governmental impairment of contracts. The Mohegan Tribe's Constitution currently has a provision that 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 tribal lands. However, this provision could be amended by a vote of 75% of the Mohegan Tribe's registered voters to rescind the restriction on impairment of the obligation of such contracts.

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

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

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

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

such contamination may also impair the use or value of the affected property. Liability

for contamination could be joint and several in nature, and in many instances can be imposed on the owner or operator of property regardless of whether it is responsible for creating the contamination or is otherwise at fault.

At both our Mohegan Sun and Mohegan Sun Pocono properties, investigations and remedial actions have been successfully undertaken to address significant site contamination resulting from historical operations. The site on which Mohegan Sun is located was formerly occupied by United Nuclear Corporation, a naval products manufacturer of, among other things, nuclear reactor fuel components. Prior to the decommissioning of the United Nuclear Corporation facilities on the site, extensive investigations were completed and contaminated soils were remediated to applicable standards. Prior to us taking possession of the property and the development of Mohegan Sun, the site was determined to be safe for general public use. In addition, prior to acquiring Mohegan Sun Pocono, we conducted an extensive environmental investigation of the Pocono facilities. During the course of that investigation, we identified several environmental conditions that required corrective actions to bring the property into compliance with applicable laws and regulations. These remedial actions, including an ongoing monitoring program for the portion of the property that was formerly used as a solid waste landfill, were addressed as part of a comprehensive plan that was fully implemented by Downs Racing by July 2008.

Notwithstanding the foregoing, we can provide no assurance that:

- any environmental reports or studies prepared with respect to these sites, or any other properties owned or operated by us, revealed all environmental liabilities;
- prior owners or tenants did not create any material environmental condition not presently known to us that may be discovered in the future;
- future laws, ordinances or regulations will not impose any material environmental liability with regard to existing conditions or operations; or
- a material environmental condition does not otherwise exist on any site.

Any of the above could have a material adverse effect on our operating results and ability to meet our financial obligations.

Our business could be affected by weather-related factors.

Our results of operations could be adversely affected by weather-related factors, such as hurricanes and blizzards and other unfavorable winter weather conditions. Such weather conditions may discourage potential patrons from traveling or may deter or prevent patrons from reaching our facilities. If this occurs, it could have a material adverse effect on our operating results and ability to meet our financial obligations.

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

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

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

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

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

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

impact our business and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm.

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

In accordance with authoritative guidance issued by the Financial Accounting Standards Board pertaining to intangible assets, we assess our intangible assets at least annually for impairment by comparing their fair value to their carrying value. Fair value is estimated utilizing a discounted cash flow method. During our second quarter of fiscal 2020, we identified an indicator of impairment on Mohegan Sun Pocono's intangible assets due to COVID-19. As a result, we revised our cash flow projections to reflect the current business climate, including the uncertainty surrounding the nature, timing and extent of reopening Mohegan Sun Pocono. The estimated fair value of these intangible assets was determined by using discounted cash flow models, which utilized Level 3 inputs. The primary unobservable input utilized in estimating the fair value of these intangible assets was the discount rate, which was 10.5%. As a result of this interim assessment, we recorded an impairment charge related to Mohegan Sun Pocono's intangible assets of \$126.6 million in our second quarter of fiscal 2020. As of September 30, 2020, we assessed our intangible assets for impairment and determined that no further impairment existed. The evaluation of intangible assets for impairment requires the use of estimates about future cash flows to determine the estimated fair value of the reporting unit. Such estimates are, by their nature, subjective. Actual results may differ materially from our estimates and could result in impairment charges in the future. In the event that the carrying value of our intangible assets exceeds their fair value in a future period, the intangible assets would be impaired and subject to a non-cash write-down, which could have a material adverse impact on our financial condition. We describe the process for testing intangible assets for impairment and the results of our testing for fiscal 2020 more thoroughly within Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Critical Accounting Policies and Estimates to this Annual Report on Form 10-K.

We are subject to risks associated with doing business outside of the United States.

With the MGE Niagara Resorts, Project Inspire and other potential projects outside of the United States, we have operations outside of the United States that are subject to risks that are inherent in conducting business under non-United States laws, regulations and customs. In particular, the risks associated with the MGE Niagara Resorts, Project Inspire or other operations that we may engage in other foreign jurisdictions, include:

- changes in laws and policies that govern operations of companies in Canada, South Korea or other foreign jurisdictions;
- changes in non-United States government programs;
- possible failure by our employees or agents to comply with anti-bribery laws such as the United States Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- general economic conditions and policies in such jurisdictions, including restrictions on travel and currency movements;
- difficulty in establishing, staffing and managing non-United States operations;
- different labor regulations;
- changes in environmental, health and safety laws;
- outbreaks of diseases or epidemics;
- potentially negative consequences from changes in or interpretations of tax laws;
- political instability and actual or anticipated military and political conflicts;
- economic instability and inflation, recession or interest rate fluctuations; and
- uncertainties regarding judicial systems and procedures.

Any of the above could have an adverse effect on our results of operations and financial condition. We are also exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates. If the United States dollar strengthens in relation to the currencies of other countries, our United States dollar reported income from sources where revenue is denominated in the currencies of other such countries will decrease.

Any violation of the United States Foreign Corrupt Practices Act or any other similar anti-corruption laws could have a negative impact on us.

A portion of our revenue may be derived from operations outside the United States, which exposes us to complex United States and foreign regulations inherent in doing cross-border business and in each of the countries in which we transact business. We are subject to compliance with the United States Foreign Corrupt Practices Act and other similar anti-corruption laws, which generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. While our employees and agents are required to comply with these laws, we can provide no assurance that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics. Violations of these laws by us or our ventures may result in severe criminal and civil sanctions and other penalties against us, as the Securities and Exchange Commission and United States Department of

Justice continue to vigorously pursue enforcement of the United States Foreign Corrupt Practices Act. The occurrence or allegation of any such violation may adversely affect our business, performance, prospects, value, financial condition and results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.***Mohegan Sun***

Mohegan Sun is located on an approximately 196-acre site on the Mohegan Tribe's reservation in southeastern Connecticut, adjacent to Uncasville, Connecticut. The land upon which Mohegan Sun is located is held in trust for the Mohegan Tribe by the United States. Mohegan Sun has its own exit from Connecticut Route 2A, providing patrons with direct access to Interstates 395 and 95, the main highways connecting New York City, New York, Boston, Massachusetts, and Providence, Rhode Island. Mohegan Sun is approximately 125 miles from New York City, 100 miles from Boston and 50 miles from Providence. The land upon which Mohegan Sun is located is leased from the Mohegan Tribe. The term of the lease, which commenced in October 2016, is 25 years with an option, exercisable by us, to extend the term for one additional 25-year period provided that we are not in default under the lease. Upon termination of the lease, we will be required to surrender to the Mohegan Tribe possession of the property and improvements, excluding any equipment, furniture, fixtures or other personal property. The lease requires us to pay the Mohegan Tribe a nominal annual rental fee and assume all costs and expenses of owning, operating, constructing, maintaining, repairing, replacing and insuring the property.

Mohegan Sun Pocono

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

MGE Niagara Resorts

We are the service provider for the Niagara Fallsview Casino Resort, Casino Niagara and the Niagara Falls Entertainment Centre, all in Niagara Falls, Canada. We have entered into lease arrangements for these properties which expire on March 31, 2040. Niagara Fallsview Casino Resort is located on an approximately 21-acre site, located on Fallsview Boulevard, overlooking both the Horseshoe (Canadian) and American Falls. Casino Niagara is located on an approximately 11-acre site, located on Falls Avenue.

Item 3. Legal Proceedings.

In July 2017, the Mohegan Tribe and the State of Connecticut entered into an agreement to amend the Mohegan Compact and the MOU with regard to the proposed joint and exclusive ownership by the Mohegan Tribe and MPT of a proposed off-reservation casino in East Windsor, Connecticut. In August 2017, that agreement, along with a substantially similar agreement between the MPT and the State of Connecticut, were submitted to the United States Secretary of the Interior for approval pursuant to IGRA and its implementing regulations. In September 2017, the United States Secretary of the Interior returned both agreements without approving or disapproving them. In November 2017, the State of Connecticut, joined by the Mohegan Tribe and the MPT, filed suit in United States District Court for the District of Columbia to compel the United States Secretary of the Interior to publish notice of approval. In June 2018, the Department of the Interior published notice in the Federal Register that no action had been taken on the amendments in the agreement between the Mohegan Tribe and the State of Connecticut within the prescribed 45 days and that the amendments were therefore deemed approved under IGRA. By stipulation, the Mohegan Tribe and its related claims in the federal lawsuit were subsequently dismissed. In March 2019, the Department of the Interior published notice of approval of the MPT amendments. In August 2019, a lawsuit was filed in federal court by a gaming operator in a neighboring state against the United States Department of the Interior, the Secretary and other staff, challenging those approvals. In October 2019, the federal defendants moved to dismiss, and the Mohegan Tribe, State of Connecticut and MPT filed to intervene in that lawsuit. The motions to intervene have been granted and various motions to dismiss remain pending.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

We have not issued or sold any equity securities.

Item 6. Selected Financial Data.

The following selected consolidated financial and operating data for the five-year period ended September 30, 2020 are derived from our audited financial statements and should be read in conjunction with Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and related notes beginning on page F-1 and the other financial information to this Annual Report on Form 10-K.

(in thousands)	As of or for the Fiscal Years Ended September 30,				
	2020	2019	2018	2017	2016
Operating Results:					
Net revenues	\$ 1,114,962	\$ 1,388,810	\$ 1,355,632	\$ 1,380,003	\$ 1,334,794
Income (loss) from operations (1)	\$ (33,217)	\$ 136,462	\$ 244,534	\$ 257,235	\$ 261,143
Other expenses, net (2)	(135,493)	(137,809)	(112,451)	(180,818)	(128,066)
Income (loss) before income tax	(168,710)	(1,347)	132,083	76,417	133,077
Income tax benefit (provision)	6,694	(1,029)	(475)	—	—
Net income (loss)	(162,016)	(2,376)	131,608	76,417	133,077
Income attributable to non-controlling interests	(139)	(169)	(1,054)	(972)	(427)
Net income (loss) attributable to Mohegan Tribal Gaming Authority	<u>\$ (162,155)</u>	<u>\$ (2,545)</u>	<u>\$ 130,554</u>	<u>\$ 75,445</u>	<u>\$ 132,650</u>
Other Data:					
Interest expense, net of capitalized interest	\$ 134,925	\$ 144,130	\$ 126,653	\$ 114,319	\$ 136,194
Capital expenditures incurred	\$ 176,674	\$ 80,994	\$ 122,802	\$ 101,533	\$ 48,962
Net cash flows provided by (used in) operating activities	\$ 48,212	\$ 200,399	\$ 214,710	\$ 234,236	\$ 201,384
Balance Sheet Data:					
Total assets	\$ 2,707,188	\$ 2,511,596	\$ 2,312,119	\$ 2,235,681	\$ 2,227,962
Long-term debt and finance leases, net of current portions	\$ 1,922,864	\$ 1,860,809	\$ 1,740,923	\$ 1,576,078	\$ 1,656,073

- (1) Income (loss) from operations includes a \$126.6 million impairment charge related to Mohegan Sun Pocono's intangible assets in fiscal 2020 and a \$39.5 million impairment charge related to Mohegan Sun Pocono's goodwill in fiscal 2019.
- (2) Other expenses, net include loss on modification and early extinguishment of debt of \$74.9 million in fiscal 2017. Other expenses, net also include interest expense, net of capitalized interest.

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

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

For a discussion of our results of operations comparison for the fiscal years ended 2019 and 2018, refer to our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, filed with the Securities and Exchange Commission on December 20, 2019.

Impact of the COVID-19 Pandemic and Our Response

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and the United States federal government declared it a national emergency. The spread of COVID-19 has affected most segments of the global economy, including our operations. On March 18, 2020, we announced the temporary suspension of operations at our North American owned, operated and managed properties to ensure the health and safety of our employees, guests and the surrounding communities in which we operate, consistent with directives from various government bodies. Following these closures, we reopened our properties as follows: (i) Paragon Casino Resort on May 20, 2020, (ii) ilani Casino Resort on May 28, 2020, (iii) Mohegan Sun on June 1, 2020, (iv) Mohegan Sun Pocono on June 22, 2020 and (v) Resorts Casino Hotel on July 2, 2020. On December 11, 2020, Mohegan Sun Pocono was again temporarily closed due to the current resurgence of COVID-19. As of the date of the filing of this Annual Report on Form 10-K, Mohegan Sun Pocono and the MGE Niagara Resorts remain temporarily closed. Like other integrated resort operators, these business disruptions have had a material adverse impact on our financial condition, results of operations and cash flows.

We cannot predict when our remaining closed properties will be able to reopen or the conditions upon which additional reopenings may occur, and while our reopened properties have experienced some level of continued business disruption, we expect that these disruptions will gradually dissipate, and remain confident in our ability to mitigate the impact of any such disruption through expense management. The impact of COVID-19 on our operations through the date of the filing of this Annual Report on Form 10-K has been significant, though the full extent of its impact will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of COVID-19 or the extent of the current resurgence of COVID-19, the manner in which our guests, suppliers and other third parties respond to COVID-19, including the perception of safety and health measures taken by us, new information which may emerge concerning the severity of COVID-19 and the actions to contain or treat it, as well as general economic conditions and consumer confidence. Accordingly, we cannot reasonably estimate the extent to which COVID-19 will further impact our future financial condition, results of operations and cash flows.

In response to COVID-19, we completed a series of transactions to ensure maximum financial flexibility, including (i) on March 13, 2020, we drew the remaining balance of our senior secured revolving credit facility, in the amount of approximately \$125 million and (ii) on August 28, 2020, we entered into an amendment to our senior secured credit facilities which, among other things, waived non-compliance with certain of our financial covenants through June 30, 2020 and modified the financial covenants applicable to periods subsequent to June 30, 2020.

In March 2020, we also took various actions to reduce costs in an effort to mitigate the operating and financial impact of COVID-19, including (i) furloughing approximately 98% of our workforce immediately following the closure of our properties for the period of such closure, (ii) enacting meaningful compensation reductions to our remaining property and corporate personnel, including executive leadership, during the closure period, (iii) obtaining relief from certain threshold payments otherwise due to the Ontario Lottery and Gaming Corporation for the duration of the closure of the MGE Niagara Resorts, to be followed by a phased-in approach to such payments thereafter, (iv) obtaining a three month forbearance of gaming tax payments due to Connecticut and Pennsylvania, (v) deferring rental payments due under certain of MGE Niagara's lease agreements and (vi) executing other substantial reductions in operating expenses, capital expenditures and overall costs. In addition, in November 2020, we implemented a reduced hours initiative in an effort to align staffing levels with a recent reduction in business volumes.

We could experience other potential adverse impacts as a result of COVID-19, including, but not limited to, charges from further adjustments to the carrying value of our intangible assets, as well as other long-lived asset impairment charges. Actual results may differ materially from our current estimates as the scope of COVID-19 evolves, depending largely, but not exclusively, on the duration and extent of our business disruptions.

In accordance with Accounting Standards Update ("ASU") No. 2014-15, Presentation of Financial Statements- Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, substantial

doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate,

indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the entity's financial statements are issued. In this connection, we note that certain tranches of our senior secured credit facilities mature on October 13, 2021. We have determined that we will need to refinance these near-term maturities in order to meet the debt obligations at maturity, and we expect that without such a refinancing it is probable we will not have sufficient liquidity to meet those debt obligations, and we may not be able to satisfy our financial covenants under the senior secured credit facilities. These conditions raise substantial doubt about our ability to continue as a going concern within one year after the date that our consolidated financial statements are issued. If we are not able to refinance our near-term maturities, we would need to seek additional sources of liquidity and/or obtain waivers or amendments under the senior secured credit facilities. However, we can provide no assurance that we will be successful in these pursuits. If we are unable to obtain such liquidity and/or waivers or amendments, we would be in default under the senior secured credit facilities, which may result in cross-defaults under our other outstanding indebtedness. If such defaults or cross-defaults were to occur, it would allow our lenders to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the repayment of outstanding indebtedness. If such acceleration were to occur, we can provide no assurance that we would be able to obtain the financing necessary to repay such accelerated indebtedness.

As discussed above, our operations were adversely impacted by COVID-19. It was the first time that we completely suspended our operations for any period of time or opened to the public in a limited capacity. We have undertaken several proactive measures to ensure maximum financial flexibility and to mitigate the operating and financial impact of COVID-19. However, there is continued uncertainty surrounding the evolving nature of COVID-19 and its impact on our operations. As a result, we are unable to predict our future operating results with reasonable certainty. If we are unable to (i) execute our business plan, (ii) sufficiently offset declines in revenues with appropriate cost reductions or (iii) execute certain cost containment initiatives, we may not have sufficient liquidity to meet distributions to the Mohegan Tribe, capital expenditures and working capital requirements.

Our consolidated financial statements and related notes beginning on page F-1 to this Annual Report on Form 10-K have been prepared on a basis that assumes we will continue as a going concern and, accordingly, do not include any adjustments relating to the realization of assets and satisfaction of liabilities and commitments that may be necessary should we be unable to continue as a going concern.

Results of Operations

Summary Operating Results

The following table summarizes our results on a segment basis (in thousands):

	For the Fiscal Years Ended September 30,				
	2020	2019	2018	Variance 20 vs. 19	Percentage Variance 20 vs. 19
Net revenues:					
Mohegan Sun	\$ 715,674	\$ 992,043	\$ 1,068,892	\$ (276,369)	(27.9)%
Mohegan Sun Pocono	181,160	251,054	265,691	(69,894)	(27.8)%
MGE Niagara Resorts	180,025	112,525	—	67,500	60.0 %
Management, development and other	37,189	33,349	19,806	3,840	11.5 %
Corporate	741	1,001	1,483	(260)	(26.0)%
Inter-segment	173	(1,162)	(240)	1,335	N.M.
Total	\$ 1,114,962	\$ 1,388,810	\$ 1,355,632	\$ (273,848)	(19.7)%
Income (loss) from operations:					
Mohegan Sun	\$ 128,449	\$ 156,276	\$ 230,890	\$ (27,827)	(17.8)%
Mohegan Sun Pocono (1)	(115,073)	(5,253)	37,541	(109,820)	N.M.
MGE Niagara Resorts	(24,676)	7,368	—	(32,044)	N.M.
Management, development and other	1,585	1,152	(686)	433	37.6 %
Corporate	(23,439)	(22,161)	(23,211)	(1,278)	(5.8)%
Inter-segment	(63)	(920)	—	857	93.2 %
Total	\$ (33,217)	\$ 136,462	\$ 244,534	\$ (169,679)	(124.3)%
Net income (loss) attributable to Mohegan Tribal Gaming Authority (1)	\$ (162,155)	\$ (2,545)	\$ 130,554	\$ (159,610)	N.M.

(1) Includes a \$126.6 million impairment charge related to Mohegan Sun Pocono's intangible assets in fiscal 2020 and a \$39.5 million impairment charge related to Mohegan Sun Pocono's goodwill in fiscal 2019.
N.M. - Not Meaningful.

The most significant factors and trends that impacted our operating and financial performance in fiscal 2020 were as follows:

- the outbreak of COVID-19 and the resulting temporary closures of our owned, operated and managed properties;
- cost saving and expense management initiatives to mitigate the operating and financial impact of COVID-19;
- the acquisition of the MGE Niagara Resorts;
- competitive gaming markets; and
- a \$126.6 million impairment charge related to Mohegan Sun Pocono's intangible assets.

The most significant factors and trends that impacted our operating and financial performance in fiscal 2019 were as follows:

- increasingly competitive gaming markets;
- lower gaming volumes;
- lower overall table game hold percentage;
- a stronger entertainment calendar at Mohegan Sun;
- higher management fees earned;
- the acquisition of the MGE Niagara Resorts;
- a \$39.5 million impairment charge related to Mohegan Sun Pocono's goodwill;
- higher depreciation expense; and
- higher interest expense.

Mohegan Sun

Revenues

Net revenues declined by \$276.3 million, or 27.9%, to \$715.7 million for the fiscal year ended September 30, 2020 compared to \$992.0 million in the prior fiscal year. The decline in net revenues was principally due to the temporary closure of Mohegan Sun in March following the outbreak of COVID-19, combined with capacity restrictions subsequent to reopening.

Operating Costs and Expenses

Operating costs and expenses declined by \$248.6 million, or 29.7%, to \$587.2 million for the fiscal year ended September 30, 2020 compared to \$835.8 million in the prior fiscal year. This reduction primarily reflected lower overall operating costs and expenses commensurate with the decline in net revenues, combined with various cost saving and expense management initiatives to mitigate the operating and financial impact of COVID-19.

Mohegan Sun Pocono

Revenues

Net revenues declined by \$69.9 million, or 27.8%, to \$181.2 million for the fiscal year ended September 30, 2020 compared to \$251.1 million in the prior fiscal year. The decline in net revenues was principally due to the temporary closure of Mohegan Sun Pocono in March following the outbreak of COVID-19, combined with capacity restrictions subsequent to reopening.

Operating Costs and Expenses

Operating costs and expenses increased by \$39.9 million, or 15.6%, to \$296.2 million for the fiscal year ended September 30, 2020 compared to \$256.3 million in the prior fiscal year. The increase in operating costs and expenses was driven by a \$126.6 million impairment charge in our second quarter of fiscal 2020 related to Mohegan Sun Pocono's various gaming licenses, partially offset by various cost saving and expense management initiatives to mitigate the operating and financial impact of COVID-19. Mohegan Sun Pocono's gaming licenses are not subject to amortization, but are assessed at least annually for impairment by comparing their fair value to their carrying value. However, these intangible assets may be assessed more frequently for impairment if events or changes in circumstances, such as declines in revenues, earnings and cash flows, or material adverse changes in business climate, indicate that their carrying value may be impaired. During our second quarter of fiscal 2020, we identified an indicator of impairment on Mohegan Sun Pocono's intangible assets due to COVID-19. As a result, we revised our cash flow projections to reflect the current business climate, including the uncertainty surrounding the nature, timing and extent of reopening Mohegan Sun Pocono. The estimated fair value of these intangible assets was determined by using discounted cash flow models, which utilized Level 3 inputs. The primary unobservable input utilized in estimating the fair value of these intangible assets was the discount rate, which was 10.5%. As a result of this interim assessment, we recorded the impairment charge.

MGE Niagara Resorts

Revenues

Net revenues totaled \$180.0 million for the fiscal year ended September 30, 2020 compared to \$112.5 million in the prior fiscal year. We assumed the day-to-day operations of the MGE Niagara Resorts on June 11, 2019. These results also reflect the closure of the MGE Niagara Resorts on March 18, 2020, following the outbreak of COVID-19. As of the date of the filing of this Annual Report on Form 10-K, the MGE Niagara Resorts remain closed.

Operating Costs and Expenses

Operating costs and expenses totaled \$204.7 million for the fiscal year ended September 30, 2020 compared to \$105.2 million in the prior fiscal year. We assumed the day-to-day operations of the MGE Niagara Resorts on June 11, 2019. These results also reflect reduced overall operating costs and expenses due to the temporary closure of the MGE Niagara Resorts, combined with various cost saving and expense management initiatives to mitigate the operating and financial impact of COVID-19.

Management, Development and Other

Revenues

Net revenues increased by \$3.9 million, or 11.7%, to \$37.2 million for the fiscal year ended September 30, 2020 compared to \$33.3 million in the prior fiscal year. The increase in net revenues was due to higher management fees from ilani Casino Resort driven by strong performance at the property prior to its temporary closure following the outbreak of COVID-19 and subsequent to its reopening. ilani Casino Resort was temporary closed on March 16, 2020 and reopened to the public on May 28, 2020.

Operating Costs and Expenses

Operating costs and expenses increased by \$3.4 million, or 10.6%, to \$35.6 million for the fiscal year ended September 30, 2020 compared to \$32.2 million in the prior fiscal year. The increase in operating costs and expenses was primarily driven by higher pre-opening costs and expenses associated with Project Inspire.

Corporate

Revenues

Net revenues declined by \$0.3 million, or 30.0%, to \$0.7 million for the fiscal year ended September 30, 2020 compared to \$1.0 million in the prior fiscal year. The decrease in net revenues was primarily driven by lower revenues generated by our "Play 4 Fun" on-line gaming platform.

Operating Costs and Expenses

Operating costs and expenses increased by \$1.0 million, or 4.3%, to \$24.2 million for the fiscal year ended September 30, 2020 compared to \$23.2 million in the prior fiscal year. The increase in operating costs and expenses primarily reflected higher professional and consulting fees, partially offset by various cost saving and expense management initiatives to mitigate the operating and financial impact of COVID-19.

Other Expenses

Other expenses declined by \$2.3 million, or 1.7%, to \$135.5 million for the fiscal year ended September 30, 2020 compared to \$137.8 million in the prior fiscal year. The decline in other expenses was primarily driven by a reduction in interest expense, net of capitalized interest, partially offset by lower interest income. Other expenses are comprised primarily of interest expense, net of capitalized interest. Interest expense, net of capitalized interest decreased by \$9.2 million, or 6.4%, to \$134.9 million for the fiscal year ended September 30, 2020 compared to \$144.1 million in the prior fiscal year. The reduction in interest expense, net of capitalized interest was due to the capitalization of interest related to Project Inspire and lower weighted average interest rate. Weighted average interest rate was 6.8% for the fiscal year ended September 30, 2020 compared to 7.4% in the prior fiscal year. Weighted average outstanding debt was \$2.08 billion for the fiscal year ended September 30, 2020 compared to \$1.94 billion in the prior fiscal year.

Liquidity and Capital Resources

Impact of the COVID-19 Pandemic and Our Response

On March 18, 2020, we announced the temporary suspension of operations at our owned, operated and managed properties to ensure the health and safety of our employees, guests and the surrounding communities in which we operate,

consistent with directives from various government bodies. Following these closures, we reopened our properties as follows: (i) Paragon Casino Resort on May 20, 2020, (ii) ilani Casino Resort on May 28, 2020, (iii) Mohegan Sun on June 1, 2020, (iv) Mohegan Sun Pocono on June 22, 2020 and (v) Resorts Casino Hotel on July 2, 2020. On December 11, 2020, Mohegan Sun Pocono was again temporarily closed due to the current resurgence of COVID-19. As of the date of the filing of this Annual Report on Form 10-K, Mohegan Sun Pocono and the MGE Niagara Resorts remain temporarily closed. These business disruptions have had a material adverse impact on our financial condition, results of operations and cash flows.

In response to COVID-19, we completed a series of transactions to ensure maximum financial flexibility, including (i) on March 13, 2020, we drew the remaining balance of our senior secured revolving credit facility, in the amount of approximately \$125 million and (ii) on August 28, 2020, we entered into an amendment to our senior secured credit facilities which, among other things, waived non-compliance with certain of our financial covenants through June 30, 2020 and modified the financial covenants applicable to periods subsequent to June 30, 2020.

In March 2020, we also took various actions to reduce costs in an effort to mitigate the operating and financial impact of COVID-19, including (i) furloughing approximately 98% of our workforce immediately following the closure of our properties for the period of such closure, (ii) enacting meaningful compensation reductions to our remaining property and corporate personnel, including executive leadership, during the closure period, (iii) obtaining relief from certain threshold payments otherwise due to the Ontario Lottery and Gaming Corporation for the duration of the closure of the MGE Niagara Resorts, to be followed by a phased-in approach to such payments thereafter, (iv) obtaining a three month forbearance of gaming tax payments due to Connecticut and Pennsylvania, (v) deferring rental payments due under certain of MGE Niagara's lease agreements and (vi) executing other substantial reductions in operating expenses, capital expenditures and overall costs. In addition, in November 2020, we implemented a reduced hours initiative in an effort to align staffing levels with a recent reduction in business volumes.

Liquidity

As of September 30, 2020 and 2019, we held cash and cash equivalents of \$112.7 million and \$130.1 million, respectively, of which the MGE Niagara Resorts held \$15.1 million and \$53.5 million, respectively. Inclusive of letters of credit, which reduce borrowing availability, we had \$50.8 million of borrowing capacity under our senior secured revolving facility and line of credit as of September 30, 2020. As a result of the cash based nature of our business, operating cash flow levels tend to follow trends in our operating income, excluding the effects of non-cash charges, such as depreciation and amortization and impairment charges.

Cash provided by operating activities declined by \$152.2 million, or 75.9%, to \$48.2 million for the fiscal year ended September 30, 2020 compared to \$200.4 million in the prior fiscal year. The reduction in cash provided by operating activities was driven by a significant reduction in net income after factoring in non-cash items resulting from the temporary closure of our properties due to COVID-19 and additional working capital requirements associated with the MGE Niagara Resorts, combined with the impact of a \$74.6 million payment received in the prior fiscal year from the Cowlitz Tribal Gaming Authority related to accrued interest on funds previously advanced to ilani Casino Resort.

Cash provided by operating activities declined by \$14.3 million, or 6.7%, to \$200.4 million for the fiscal year ended September 30, 2019 compared to \$214.7 million in the prior fiscal year. The decrease in cash provided by operating activities was primarily driven by a reduction in net income after factoring in non-cash items and higher working capital requirements, including additional working capital requirements associated with the MGE Niagara Resorts. These results were partially offset by the receipt of \$74.6 million from the Cowlitz Tribal Gaming Authority related to accrued interest on funds previously advanced to ilani Casino Resort.

Cash used in investing activities increased by \$29.8 million, or 20.8%, to \$173.4 million for the fiscal year ended September 30, 2020 compared to \$143.6 million in the prior fiscal year. The increase in cash used in investing activities primarily reflected higher capital expenditures and the impact of an approximately \$32 million payment received in the prior fiscal year from the Cowlitz Tribal Gaming Authority related to funds previously advanced to ilani Casino Resort, partially offset by the acquisition of the MGE Niagara Resorts for \$72.3 million in the prior fiscal year.

Cash used in investing activities decreased by \$1.2 million, or 0.8%, to \$143.6 million for the fiscal year ended September 30, 2019 compared to \$144.8 million in the prior fiscal year. The decline in cash used in investing activities was primarily driven by lower capital expenditures and the receipt of approximately \$32 million from the Cowlitz Tribal Gaming Authority related to funds previously advanced to ilani Casino Resort, partially offset by the acquisition of the MGE Niagara Resorts for \$72.3 million.

Cash used in financing activities totaled \$14.4 million for the fiscal year ended September 30, 2020 compared to cash provided by financing activities of \$2.0 million in the prior fiscal year. These results primarily reflected the payment of transaction costs associated with the fourth amendment to our senior secured credit facilities and the impact of borrowings in the prior fiscal year to fund the acquisition of the MGE Niagara Resorts, partially offset by additional borrowings under our senior secured revolving credit facility in the current fiscal year to fund losses incurred during the suspension of our operations due to COVID-19.

Cash provided by financing activities totaled \$2.0 million for the fiscal year ended September 30, 2019 compared to cash used in financing activities of \$84.0 million in the prior fiscal year. These results primarily reflected the impact of a \$106.7 million membership interest redemption relating to Project Inspire in the prior fiscal year. Cash provided by financing activities for the fiscal year ended September 30, 2019 reflects additional borrowings to fund the acquisition of the MGE Niagara Resorts.

Amendment to Senior Secured Credit Facilities

On August 28, 2020, we entered into a fourth amendment to our senior secured credit facilities (the “Fourth Amendment”). Pursuant to the Fourth Amendment, we will, during the period beginning on August 28, 2020, and ending upon the achievement of certain financial ratios specified in the Fourth Amendment (such period, the “Financial Covenant Restricted Period”), be subject to, among other things: (i) a minimum liquidity covenant that requires cash and cash equivalents and available borrowings under our revolving facility to be at least \$70.0 million as of the last day of each calendar month, (ii) a covenant that requires us be in pro forma compliance with such minimum liquidity covenant in order to make any interest payment on our 2016 7 7/8% senior unsecured notes and (iii) certain additional reporting covenants.

The Fourth Amendment also waives our obligation to comply with our financial covenants for the fiscal quarters ending March 31, 2020 and June 30, 2020, and modifies the financial covenants applicable during the Financial Covenant Restricted Period to provide us with greater flexibility in light of the impact of COVID-19 on our business, in particular during the March 2020 through May 2020 period, all as set forth in the Fourth Amendment.

In addition, the Fourth Amendment provides that, commencing on August 24, 2020: (i) loans under our term loan A facility will bear interest at either an adjusted LIBOR rate or a base rate, in each case, plus an applicable margin equal to 6.125% per annum for adjusted LIBOR rate loans and 5.125% per annum for base rate loans, and (ii) loans under our term loan B facility will bear interest at either an adjusted LIBOR rate or a base rate, in each case, plus an applicable margin equal to 6.375% per annum for adjusted LIBOR rate loans and 5.375% per annum for base rate loans, provided that the applicable rate for loans under the term loan B facility are subject to certain ratings-based step downs and “most-favored-nation” protections as set forth in the Fourth Amendment. The Fourth Amendment also provides for a 1.00% per annum LIBOR floor applicable to adjusted LIBOR rate loans under the term loan A facility and a 0.75% per annum LIBOR floor applicable to adjusted LIBOR rate loans under the revolving facility. Lastly, the Fourth Amendment: (i) carves out COVID-19 related effects from certain terms of the senior secured credit facilities and (ii) makes certain other changes to the covenants and other provisions of the senior secured credit facilities.

In accordance with the Fourth Amendment, our minimum fixed charge coverage ratio (as defined under the senior secured credit facilities) must not be less than:

Fiscal Quarters Ending:	During the Financial Covenant Restricted Period
December 31, 2020 and thereafter	1.05:1.00
Fiscal Quarters Ending:	From and After the Financial Covenant Restricted Period
December 31, 2020 and thereafter	1.05:1.00

In accordance with the Fourth Amendment, our maximum total leverage ratio (as defined under the senior secured credit facilities) must not be greater than:

Fiscal Quarters Ending:	During the Financial Covenant Restricted Period
December 31, 2020 and March 31, 2021	7.00:1.00
June 30, 2021	6.75:1.00
September 30, 2021	6.50:1.00
December 31, 2021	6.25:1.00
March 31, 2022 and June 30, 2022	5.75:1.00
September 30, 2022 through June 30, 2023	5.50:1.00
September 30, 2023 and thereafter	5.25:1.00

Fiscal Quarters Ending:	From and After the Financial Covenant Restricted Period
December 31, 2020 through June 30, 2021	6.00:1.00
September 30, 2021 through June 30, 2022	5.75:1.00
September 30, 2022 through June 30, 2023	5.50:1.00
September 30, 2023 and thereafter	5.25:1.00

In accordance with the Fourth Amendment, our maximum senior secured leverage ratio covenant (as defined under the senior secured credit facilities) must not be greater than:

Fiscal Quarters Ending:	During the Financial Covenant Restricted Period
December 31, 2020 and March 31, 2021	4.75:1.00
June 30, 2021	4.25:1.00
September 30, 2021 through June 30, 2022	4.00:1.00
September 30, 2022 and thereafter	3.75:1.00

Fiscal Quarters Ending:	From and After the Financial Covenant Restricted Period
December 31, 2020 through June 30, 2021	4.25:1.00
September 30, 2021 through June 30, 2022	4.00:1.00
September 30, 2022 and thereafter	3.75:1.00

Amendment to Line of Credit

On November 18, 2020, we entered into a third amendment to our line of credit and a first amendment to our autoborrow service agreement pursuant to which the line of credit was amended to: (i) reduce the Facility Limit (as defined under the line of credit) from \$25.0 million to \$20.0 million and (ii) add a 0.75% per annum LIBOR floor.

Amendments and Waivers with Respect to MGE Niagara Resorts Credit Facilities

On March 16, 2020, the Ontario Lottery and Gaming Corporation (the “OLG”) directed the MGE Niagara Resorts to close due to COVID-19. On May 15, 2020, MGE Niagara entered into a Limited Waiver (the “Limited Waiver”) with respect to the MGE Niagara Resorts Credit Facilities. The Limited Waiver, among other things: (i) waived the occurrence of an event of default that would have been caused under the MGE Niagara Resorts Credit Facilities due to the closure of the MGE Niagara Resorts for a period of 60 consecutive days or more and (ii) extended the waiver period through June 15, 2020 (the “Initial Waiver Period”). In exchange for the waivers granted under the Limited Waiver, MGE Niagara agreed not to make any request for advances under the MGE Niagara Resorts Credit Facilities during the Initial Waiver Period.

Because the MGE Niagara Resorts were required to continue to remain closed as directed by the OLG through the Initial Waiver Period, MGE Niagara entered into an Amended and Restated Limited Waiver (the “Amended and Restated Limited Waiver”) on June 15, 2020 which, among other things, extended the Initial Waiver Period to July 15, 2020 (the “Extended Waiver Period”).

On June 30, 2020, MGE Niagara entered into a Second Amended and Restated Limited Waiver (the “Second Waiver”) which, among other things: (i) waived anticipated breaches of certain financial covenants under the MGE Niagara Resorts Credit Facilities as a result of the closure of the MGE Niagara Resorts until July 31, 2020 (the “Covenant Waiver”), (ii) waived the requirement for MGE Niagara to deliver a compliance certificate under the MGE Niagara Resorts Credit Facilities for the fiscal quarter ending June 30, 2020 (the “Certificate Waiver”) and (iii) extended the Extended Waiver Period to July 31, 2020 (the “Second Extended Waiver Period”). In connection with the Second Waiver, MGE Niagara agreed, among other things, during the Second Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) an increase in the Applicable Margin (as defined under the MGE Niagara Resorts Credit Facilities)

to pricing level 4, a 50 basis point increase over pricing level 3 and (iii) not make certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

On July 31, 2020, MGE Niagara entered into a Third Amended and Restated Limited Waiver (the "Third Waiver") which, among other things, extended: (i) the Covenant Waiver, (ii) the Certificate Waiver and (iii) the Second Extended Waiver Period to September 30, 2020 (the "Third Extended Waiver Period"). In connection with the Third Waiver, MGE Niagara agreed, among other things, during the Third Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) replace the Applicable Margin schedule in the MGE Niagara Resorts Credit Facilities, which replacement schedule adds a new pricing level 5 increasing the Applicable Margin by 100 basis points over pricing level 4 and apply pricing level 5 as the current Applicable Margin, (iii) require MGE Niagara to maintain minimum liquidity of 15.0 million Canadian dollars, (iv) deliver to the administrative agent a weekly liquidity report and (v) refrain from making certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

On September 30, 2020, MGE Niagara entered into a Fourth Amended and Restated Limited Waiver (the "Fourth Waiver") which, among other things: (i) waived anticipated breaches of certain financial covenants under the MGE Niagara Resorts Credit Facilities as a result of the closure of the MGE Niagara Resorts until November 30, 2020, (ii) waived the requirement for MGE Niagara to deliver (a) compliance certificates under the MGE Niagara Resorts Credit Facilities for the fiscal quarters ending June 30, 2020 and September 30, 2020 and (b) an annual business plan for the year ending March 31, 2020 and (iii) extended the waiver of the occurrence of an event of default that would have been caused under the MGE Niagara Resorts Credit Facilities due to the closure of the MGE Niagara Resorts, through November 30, 2020 (the "Extended Waiver Period").

In connection with the Fourth Waiver, MGE Niagara agreed, among other things, during the Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) continue pricing under the MGE Niagara Resorts Credit Facilities at pricing level 5, which increased the Applicable Margin (as defined under the MGE Niagara Resorts Credit Facilities) by 100 basis points over pricing level 4, (iii) continue to require MGE Niagara to maintain minimum liquidity of 15.0 million Canadian dollars, (iv) continue to deliver to the administrative agent a weekly liquidity report and (v) refrain from making certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

On November 30, 2020, MGE Niagara entered into a Fifth Amended and Restated Limited Waiver (the "Fifth Waiver") which, among other things: (i) waived anticipated breaches of certain financial covenants under the MGE Niagara Resorts Credit Facilities as a result of the closure of the MGE Niagara Resorts until March 31, 2021, (ii) waived the requirement for MGE Niagara to deliver (a) compliance certificates under the MGE Niagara Resorts Credit Facilities for the fiscal quarters ending June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 and (b) an annual business plan for the year ending March 31, 2020 and (iii) extended the waiver of the occurrence of an event of default that would have been caused under the MGE Niagara Resorts Credit Facilities due to the closure of the MGE Niagara Resorts, through March 31, 2021 (the "Extended Waiver Period").

In connection with the Fifth Waiver, MGE Niagara agreed, among other things, during the Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) continue pricing under the MGE Niagara Resorts Credit Facilities at pricing level 5, (iii) continue to require MGE Niagara to maintain minimum liquidity of 15.0 million Canadian dollars, (iv) continue to deliver to the administrative agent a weekly liquidity report and (v) refrain from making certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

New Main Street Term Loan Facility

On December 1, 2020, we entered into a loan agreement (the "Loan Agreement") among us, the Mohegan Tribe and Liberty Bank, as lender (the "Lender") in connection with the Main Street Priority Loan Facility (the "MSPLF") established by the Board of Governors of the Federal Reserve System (the "Federal Reserve") under Section 13(3) of the Federal Reserve Act. The Loan Agreement provides for a senior secured term loan facility (the "Term Loan Facility") in aggregate principal amount of \$50.0 million, subject to approval by the Federal Reserve, which was received on December 15, 2020. On December 15, 2020 (the "Closing Date"), we borrowed the full \$50.0 million in principal amount of the Term Loan Facility, which matures on December 1, 2025.

The proceeds from the Term Loan Facility will be used: (i) to repay amounts outstanding under the revolving facility, (ii) to fund transaction costs in connection with the Loan Agreement and (iii) for working capital and general corporate purposes.

The Loan Agreement contains customary covenants applicable to us and our restricted subsidiaries, including covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments,

asset sales, affiliate transactions and mergers or consolidations. The Loan Agreement also includes financial maintenance covenants pertaining to total leverage, secured leverage, fixed charge coverage and liquidity. In addition, the Loan Agreement contains customary events of default relating to, among other things, failure to make required payments, breach of covenants and breach of representations. The financial and non-financial covenants contained in the Loan Agreement are substantially identical to the covenants contained in the senior secured credit facilities. The Loan Agreement also requires us to comply with all terms and conditions of the MSPLF.

Borrowings under the Loan Agreement will bear interest at a rate equal to the three-month LIBOR plus 3.00%, payable quarterly in arrears, provided that interest paid on or prior to December 1, 2021 may be paid in-kind and added to the principal amount of the loans outstanding under the Term Loan Facility. We are required to repay 15% of the aggregate principal amount of loans under the Term Loan Facility on each of the third and fourth anniversary of the Closing Date.

Our obligations under the Term Loan Facility are guaranteed by certain of our restricted subsidiaries, as defined under the Loan Agreement. The Term Loan Facility is secured by substantially all of our and our restricted subsidiaries' assets. The liens securing the obligations under the Loan Agreement are pari passu pursuant to an intercreditor agreement between the Lender and the agent of the senior secured credit facilities.

Sufficiency of Resources

We believe that existing cash balances and financing arrangements, including the Term Loan Facility, along with operating cash flows will provide us with sufficient resources to meet our existing debt obligations, distributions to the Mohegan Tribe, capital expenditures and working capital requirements, including threshold payments relating to the MGE Niagara Resorts, for at least the next twelve months; however, we can provide no assurance in this regard. Please refer to Part I. Item 1A. Risk Factors to this Annual Report on Form 10-K for further details regarding risks relating to our sufficiency of resources.

Contractual Obligations and Commitments

The following table presents estimated future payment obligations related to our debt and certain other material contractual obligations and the timing of those payments as of September 30, 2020 (in thousands):

<u>Contractual Obligations</u>	Total	Payments due by period			
		Less than 1 year (1)	1-3 years	3-5 years	More than 5 years
Long-term debt, including current portions (excludes unamortized debt issuance costs and discounts)	\$ 2,021,280	\$ 75,355	\$ 499,403	\$ 1,416,260	\$ 30,262
Interest payments on long-term debt	452,596	132,157	215,487	69,283	35,669
Finance leases	45,419	4,261	6,020	4,693	30,445
Operating leases	1,012,951	48,623	76,119	76,143	812,066
Purchase and other contractual obligations	63,716	36,178	20,556	2,865	4,117
Mohegan Sun Casino at Virgin Hotels Las Vegas Obligations (2)	180,000	—	14,250	18,000	147,750
Total	\$ 3,775,962	\$ 296,574	\$ 831,835	\$ 1,587,244	\$ 1,060,309

(1) Represents payment obligations from October 1, 2020 to September 30, 2021.

(2) Represents payment obligations to the landlord of the integrated resort at Virgin Hotels Las Vegas.

In addition to the above listed contractual obligations, we had certain other contractual commitments as of September 30, 2020. The amounts presented in the following table are estimates, and, while certain agreements have perpetual terms, for the purposes of calculating these amounts, we have assumed that the table contains information for only ten years (in thousands):

<u>Contractual Commitments</u>	Payments due by period			
	Less than 1 year (1)	1-3 years	3-5 years	5-10 years
Priority distributions (2)	\$ 40,000	\$ 80,000	\$ 80,000	\$ 200,000
Pennsylvania slot machine operation fee (3)	10,000	20,000	20,000	50,000
Town of Montville (4)	500	1,000	1,000	2,500
Total	\$ 50,500	\$ 101,000	\$ 101,000	\$ 252,500

(1) Represents payment obligations from October 1, 2020 to September 30, 2021.

(2) Represents priority distribution payments to the Mohegan Tribe, which are limited to a minimum annual amount of \$40.0 million.

(3) Represents an annual \$10.0 million slot machine operation fee that must be paid to the Pennsylvania Department of Revenue.

(4) Represents an annual \$500,000 that must be paid to the Town of Montville to minimize the impact of Mohegan Tribe's reservation being held in trust.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities.

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

Property and Equipment

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

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

The costs of significant improvements are capitalized. Costs of normal repairs and maintenance are expensed as incurred.

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

Other Intangible Assets

Other intangible assets include Mohegan Sun Pocono's various gaming licenses. These intangible assets all have indefinite lives. Intangible assets with indefinite lives are assessed at least annually for impairment by comparing their fair value to their carrying value. However, these intangible assets may be assessed more frequently for impairment if events or changes in circumstances, such as declines in revenues, earnings and cash flows, or material adverse changes in the business climate, indicate that their carrying value may be impaired.

During our second quarter of fiscal 2020, we identified an indicator of impairment on Mohegan Sun Pocono's intangible assets due to COVID-19. As a result, we revised our cash flow projections to reflect the current business climate, including the uncertainty surrounding the nature, timing and extent of reopening Mohegan Sun Pocono. The estimated fair value of these intangible assets was determined by using discounted cash flow models, which utilized Level 3 inputs. The primary unobservable input utilized in estimating the fair value of these intangible assets was the discount rate, which was 10.5%. As a result of this interim assessment, we recorded an impairment charge related to Mohegan Sun Pocono's intangible assets of \$126.6 million in our second quarter of fiscal 2020.

The evaluation of intangible assets for impairment requires the use of estimates about future cash flows. Such estimates are, by their nature, subjective. Actual results may differ materially from our estimates and could result in impairment charges in the future.

As of September 30, 2020, following the aforementioned impairment charge, Mohegan Sun Pocono's intangible assets totaled \$171.9 million. As of September 30, 2020, the estimated fair value of these intangible assets exceeded the carrying value by approximately \$15 million. The decline in gaming revenues, a higher weighted average cost of capital utilized for the cash flow valuation and lower operating income growth rates have all lowered the estimated fair value of these intangible assets. Further deterioration in these assumptions could result in the carrying value of these intangible assets exceeding their estimated fair value in the future. In the event that the carrying value of these intangible assets exceeds their fair value in a future period, these intangible assets would be impaired and subject to additional non-cash write-downs, which could have a material adverse impact on our financial condition.

A 1% reduction in the estimated revenue growth rate would decrease the fair value of Mohegan Sun Pocono's intangible assets by approximately \$11 million and a 1% increase in the discount rate would decrease the fair value of Mohegan Sun Pocono's intangible assets by approximately \$44 million.

Revenues from Casino Operating and Services Agreement

We operate the MGE Niagara Resorts under the terms of a 21-year Casino Operating and Services Agreement (the

“COSA”) with the OLG. Pursuant to the laws of Canada and Ontario, the OLG retains legal authority to conduct and manage lottery schemes on behalf of the Ontario government. We are acting as a service provider to the OLG under the COSA and,

therefore, recognize gaming revenues net of amounts due to the OLG. We retain all non-gaming revenues and recognize these amounts on a gross basis. The COSA represents a series of distinct goods and services and, therefore, is deemed to be a single performance obligation. The transaction price under the COSA includes both fixed and variable consideration. The fixed consideration is comprised of an annual service provider fee and additional consideration for permitted capital expenditures up to an annual cap. The fixed consideration is recognized as revenue on a straight line basis over the term of the COSA. The variable consideration consists of 70% of gaming revenues (as defined under the COSA), in excess of a guaranteed annual minimum amount payable to the OLG (the "Threshold"). Annual Threshold amounts are contractually established and vary from year to year. If gaming revenues are less than the Threshold for any given year, we are obligated to make a payment to cover the related shortfall. The variable consideration is recognized as revenue as services are rendered under the terms of the COSA. We measure our progress in satisfying this performance obligation based on the output method, which aligns with the benefits provided to the OLG. Projected revenues are estimated based on the most likely amount within a range of possible outcomes to the extent that a significant reversal in the amount of cumulative revenues recognized is not probable of occurring. The difference between revenues recognized and cash received is recorded as an asset or a liability. In the event an asset is recorded, such asset is assessed at least annually for impairment.

Business Acquisitions

We account for business acquisitions using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recognized at fair value as of the acquisition date. The purchase price of business acquisitions is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on estimated fair values and any excess purchase price over the tangible and identifiable assets acquired and liabilities assumed, if any, is recorded as goodwill. We may use independent valuation specialists to assist in determining the estimated fair values of assets acquired and liabilities assumed, which could require certain significant management assumptions and estimates.

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

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. As of September 30, 2020, our primary exposure to market risk was interest rate risk associated with our credit facilities which accrued interest on the basis of base rate, Eurodollar rate and Bankers' Acceptance rate formulas, plus applicable rates, as defined under the credit facilities.

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

The following table presents information about our debt obligations as of September 30, 2020 that were sensitive to changes in interest rates. The table presents principal payments and related weighted average interest rates by expected maturity dates. Weighted average variable interest rates were based on implied forward rates in respective yield curves, which should not be considered to be precise indicators of actual future interest rates. Fair values for our debt obligations were based on quoted market prices or prices of similar instruments as of September 30, 2020.

	Expected Maturity Date					Total	Fair Value	
	2021	2022	2023	2024	2025			Thereafter
Liabilities (in thousands)								
Long-term debt obligations, including current portions (1):								
Fixed rate	\$ 24,435	\$ 24,712	\$ 23,151	\$ 15,986	\$ 505,041	\$ 334	\$ 593,659	\$ 546,083
Average interest rate	0.1 %	0.1 %	—	—	7.9 %	—	6.7 %	
Variable rate	\$ 50,920	\$ 436,493	\$ 15,047	\$ 895,233	\$ —	\$ 29,928	\$ 1,427,621	\$ 1,300,082
Average interest rate (2)	6.7 %	5.7 %	6.1 %	7.1 %	—	8.0 %	6.6 %	

(1) Excludes unamortized debt issuance costs and discounts.

(2) A 100 basis point change in average interest rate would impact annual interest expense by approximately \$14.3 million.

Item 8. Financial Statements and Supplementary Data.

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

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

None.

Item 9A. Controls and Procedures.**Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2020. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosures. Management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on an evaluation of our disclosure controls and procedures as of September 30, 2020, our Chief Executive Officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Remediation of Material Weakness

To address the previously reported material weakness in our internal control over financial reporting discussed in Part II, Item 9A. Controls and Procedures to our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, we designed and implemented new controls and enhanced existing controls. Based on the actions taken, as well as the evaluation of the design and operating effectiveness of the new and enhanced controls, we determined that the previously reported material weakness has been remediated as of September 30, 2020.

Management Report on Internal Control Over Financial Reporting

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

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

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

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2020. In making this assessment, our management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in “2013 Internal Control-Integrated Framework.”

Based on this assessment, management concluded that, as of September 30, 2020, our internal control over financial reporting is effective.

This Annual Report on Form 10-K does not include an attestation report from our registered public accounting firm

regarding internal control over financial reporting. Our internal control over financial reporting was not subject to such attestation as we are a non-accelerated filer.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended September 30, 2020, we tested and adopted changes in our internal control over financial reporting related to our remediation actions discussed above that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We did not make any other changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the fiscal year ended September 30, 2020.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We are governed by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Mohegan Tribe. Any change in the composition of the Mohegan Tribal Council results in a corresponding change in our Management Board. As of the date of this filing, the members of the Management Board and their terms are as follows: Ralph James Gessner, Jr., Sarah E. Harris, Kathleen M. Regan-Pyne, William Quidgeon, Jr. and Kenneth Davison are each serving terms expiring in October 2021, while Patricia A. LaPierre, Thayne D. Hutchins, Jr., Joseph M. Soper and John G. Harris are each serving terms expiring in October 2023. Members of the Mohegan Tribal Council are elected by the registered voters of the Mohegan Tribe through competitive general elections. Vacancies on the Mohegan Tribal Council, to the extent they arise, are likewise filled by similar special elections. Upon expiration of Mohegan Tribal Council members' terms, registered voters of the Mohegan Tribe may re-elect current Mohegan Tribal Council members who choose to run for re-election or elect new Mohegan Tribal Council members. Incumbent members of the Mohegan Tribal Council do not nominate or otherwise identify candidates for election. Accordingly, the Mohegan Tribal Council and Management Board do not screen candidates for election nor do they maintain a nominating committee. The terms of office of our named executive officers, and the periods during which they have served as such, are described in Part III. Item 11. Executive Compensation to this Annual Report on Form 10-K.

Management Board and Named Executive Officers

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ralph James Gessner, Jr.	51	Chairman and Member, Management Board
Sarah E. Harris	42	Vice Chairwoman and Member, Management Board
Kathleen M. Regan-Pyne	64	Recording Secretary and Member, Management Board
Patricia A. LaPierre	69	Corresponding Secretary and Member, Management Board (1)
Thayne D. Hutchins, Jr.	49	Treasurer and Member, Management Board (1)
William Quidgeon, Jr.	58	Member, Management Board
Joseph M. Soper	41	Member, Management Board (1)
John G. Harris	66	Member, Management Board
Kenneth Davison	57	Member, Management Board
Mario C. Kontomerkos	44	Chief Executive Officer
Raymond Pineault	54	Chief Operating Officer

(1) Audit Committee member.

Ralph James Gessner, Jr.—Mr. Gessner was first seated on the Mohegan Tribal Council and Management Board in October 2005. He was elected Chairman in October 2019, after serving as Vice Chairman since October 2010. Mr. Gessner previously held multiple positions at Mohegan Sun, including Director of Executive Hosts and Vice President of Casino Marketing. Mr. Gessner holds a Bachelor of Science in Hotel and Restaurant Management from the University of Southwestern Louisiana.

Sarah E. Harris—Ms. Harris was first seated on the Mohegan Tribal Council and Management Board in October 2017. Ms. Harris was elected Vice Chairwoman in October 2019. She previously worked as an attorney at various law firms in the Washington, D.C. area, representing Native American tribes and tribal entities and organizations. Ms. Harris received a presidential appointment to serve as Chief of Staff to the Assistant Secretary-Indian Affairs and, prior to that, served as Special Assistant to the Solicitor in the Office of the Secretary of the Interior. Ms. Harris holds a Juris Doctor from American University Washington College of Law and a Bachelor of Arts in Native American Studies from Dartmouth College.

Kathleen M. Regan-Pyne—Ms. Regan-Pyne was first seated on the Mohegan Tribal Council and Management Board in October 2009 after serving as Manager of Tribal Career Development for the Mohegan Tribe and Mohegan Sun for three years. Prior to her employment with the Mohegan Tribe and Mohegan Sun, Ms. Regan-Pyne held multiple positions in the insurance/financial services industry, including Director of Life Claims at Lincoln Life & Annuity. Ms. Regan-Pyne is a graduate of Eastern Connecticut State University.

Patricia A. LaPierre—Ms. LaPierre is currently serving her first term on the Mohegan Tribal Council and Management Board, having been seated in October 2019. She previously spent over 17 years in various roles within the Human Resources Department at Mohegan Sun. Her most recent position was Vice President of Human Resources. Ms. LaPierre also

has a wide range of civic involvement with both her community and the Mohegan Tribe. Over the past 12 years she has served on the Board of Directors for the Norwich Arts Center, the Board of Safe Futures, the Public Health and Safety Committee for the Town of Griswold and as a Board of Education Member of the Mohegan Tribe. Ms. LaPierre holds a Bachelor of Arts in Liberal Studies from Providence College and a Master of Arts in Organizational Management from the University of Phoenix.

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

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

Joseph M. Soper—Mr. Soper is currently serving his first term on the Mohegan Tribal Council and Management Board, having been seated in October 2019. Mr. Soper previously spent over 15 years working at both Mohegan Sun and Mohegan Gaming & Entertainment, first as a Senior Financial Analyst and later as the Director of Sports and Entertainment, where he managed the day-to-day financial operations for the Sports and Entertainment Department. Mr. Soper holds a Bachelor of Science in Business Administration with a major in Finance from Western New England University.

John G. Harris—Mr. Harris is currently serving his first term on the Mohegan Tribal Council and Management Board, having been seated in October 2019. Mr. Harris previously worked as the Engineering Grounds Supervisor at Mohegan Sun for approximately 6 years. Prior to his employment with Mohegan Sun, Mr. Harris served in a wide variety of managerial operational roles in his 30-year career with Pfizer Inc. Mr. Harris has also served as the Chairman of the Mohegan Tribal Housing Authority for nearly 25 years, a Site Operations Director for the Preston Redevelopment Agency for the past 10 years and the Chairman of the Preston Housing Authority from 2007 to 2017.

Kenneth Davison—Mr. Davison is currently serving his first term on the Mohegan Tribal Council and Management Board, having been seated in March 2020. Mr. Davison was previously a lawyer focusing on consumer law. He also has a background in finance having served as the Finance and Logistics Manager at The HALO Trust and as an independent Finance Consultant. Mr. Davison is also a retired officer of the United States Army Reserve and the Connecticut National Guard. Mr. Davison holds a Law Degree from Arizona Summit Law School and a Bachelor of Science in Finance from the University of Connecticut.

Mario C. Kontomerkos—Mr. Kontomerkos was appointed Chief Executive Officer of the Company on October 16, 2017. Mr. Kontomerkos previously served as Chief Financial Officer of the Company, a position he held since September 2011. Prior to his employment with the Company, Mr. Kontomerkos served as Corporate Vice President of Finance at Penn National Gaming, Inc. from March 2010 to July 2011. Mr. Kontomerkos previously served as an analyst at Magnetar Capital, LLC, an investment management company, from July 2007 to May 2009, and a research analyst for the gaming and lodging industries at J.P. Morgan Securities from May 2005 to May 2007. Mr. Kontomerkos holds a Bachelor of Science in Operations Research and Industrial Engineering from Cornell University.

Raymond Pineault—Mr. Pineault was appointed Chief Operating Officer of the Company on July 17, 2020. Mr. Pineault previously served as Regional President of the Company since January 2020 and, prior to that, served as President and General Manager of the Company's flagship property, Mohegan Sun, since April 2015. He joined the Company in 2005 as Senior Vice President of Administration at Mohegan Sun. Mr. Pineault holds a Bachelor of Science in Psychology from the University of Connecticut.

Audit Committee

We have established a separately-designated standing Audit Committee in accordance with applicable provisions of the Securities Exchange Act of 1934, as amended. The Audit Committee is comprised of certain members of the Management Board and two independent ex-officio (non-voting) members appointed by the Management Board, Daniel A. Cassella and Daniel H. Scott. Members of our Audit Committee are capable of reading and understanding financial statements, including balance sheets and statements of income, changes in capital and cash flows. In addition, each of the two ex-officio members satisfies the criteria to qualify as an Audit Committee Financial Expert in accordance with Item 407(d)(5) under Regulation S-K. The Audit Committee may additionally be advised on financial matters through a Financial Advisory Committee comprised of one or more financial experts independent from us.

Code of Ethics

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

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

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Executive Compensation Objectives

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

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

Role of the Compensation Committee and Senior Management

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

Elements of Compensation

Compensation offered to our named executive officers, or NEOs, primarily consists of annual compensation in the form of base salaries and employee benefits/perquisites. We also offer our NEOs cash-based incentive opportunities. In addition, we offer our NEOs the opportunity to defer all or a portion of their annual compensation under a deferred compensation plan, or DCP, and to participate in the Mohegan Retirement and 401(k) Plan, both of which are sponsored by the Mohegan Tribe. The following presents additional information relating to the elements of compensation offered to our NEOs for the fiscal year ended September 30, 2020:

Annual Compensation

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

Base Salary

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

In determining base salary levels, we take into consideration economic and industry conditions and company performance. We do not assign relative weights to individual and company performance, but instead make a subjective determination after

considering such measures collectively. Base salary is also evaluated relative to other components of our

executive compensation program to ensure that each NEO's total compensation and mix of components are consistent with our overall compensation objectives and philosophies.

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

Employee Benefits

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

Incentive Compensation

We also have a discretionary incentive compensation plan covering certain of our employees. As it pertains to our NEOs, the plan sets aside approximately 25% of our Adjusted EBITDA in excess of a target established prior to the beginning of the fiscal year as part of our budgeting process. Adjusted EBITDA eliminates certain items from net income, such as interest, depreciation and amortization and impairment charges. Adjusted EBITDA is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States of America, or US GAAP. However, we have historically evaluated our operating performance with the non-US GAAP measure Adjusted EBITDA. Under the plan, the base incentive compensation target for our NEOs was set at 35% of base salary, with a maximum payout of 52.5% of base salary. For the fiscal year ended September 30, 2020, Adjusted EBITDA did not exceed our established targets and, as such, no incentive compensation was paid to our NEOs. For the fiscal year ended September 30, 2019, Adjusted EBITDA for certain business segments exceeded our established targets, however, the Compensation Committee elected not to pay any incentive compensation. For the fiscal year ended September 30, 2018, the payout rate to our NEOs was approximately 34%.

Compensation Committee Report

Our nine-member Management Board serves as our Compensation Committee. The Management Board met with us to review and discuss the preceding Compensation Discussion and Analysis. Based on such review and discussion, the Management Board approved this Compensation Discussion and Analysis and authorized its inclusion in this Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

Management Board

The members of the Management Board, as of the date of this filing, are as follows: Ralph James Gessner, Jr., Sarah E. Harris, Kathleen M. Regan-Pyne, Patricia A. LaPierre, Thayne D. Hutchins, Jr., William Quidgeon, Jr., Joseph M. Soper, John G. Harris and Kenneth Davison.

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Base Salary</u>	<u>Cash Bonus</u>	<u>Non-Equity Incentive Compensation</u>	<u>All Other Compensation (4)</u>	<u>Total</u>
Mario C. Kontomerkos Chief Executive Officer	2020	\$ 948,598	—	—	690	\$ 949,288
	2019	\$ 1,049,825	—	—	714	\$ 1,050,539
	2018	\$ 990,409	342,733	—	712	\$ 1,333,854
Raymond Pineault (1) Chief Operating Officer	2020	\$ 679,650	—	—	4,965	\$ 684,615
Drew M. Kelley (2) Chief Financial Officer	2020	\$ 437,120	—	—	41,824	\$ 478,944
	2019	\$ 713,657	—	—	14,960	\$ 728,617
	2018	\$ 199,981	300,000	—	—	\$ 499,981
Michael Silberling (3) Chief Operating Officer	2020	\$ 562,119	—	—	143,598	\$ 705,717
	2019	\$ 673,525	225,000	—	39,179	\$ 937,704

(1) Appointed Chief Operating Officer on July 17, 2020.

(2) Commenced employment in June 2018 and resigned on March 21, 2020.

(3) Commenced employment in October 2018 and resigned on July 17, 2020.

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

All Other Compensation Details

<u>Name</u>	<u>Fiscal Year</u>	<u>401(k) (1)</u>	<u>Long-Term Disability (2)</u>	<u>Moving, Traveling and Living Allowance (3)</u>	<u>Post-Employment Payout (4)</u>	<u>Total</u>
Mario C. Kontomerkos	2020	\$ —	690	—	—	\$ 690
	2019	\$ —	714	—	—	\$ 714
	2018	\$ —	712	—	—	\$ 712
Raymond Pineault	2020	\$ 4,275	690	—	—	\$ 4,965
Drew M. Kelley	2020	\$ 2,925	427	38,472	—	\$ 41,824
	2019	\$ 5,273	687	9,000	—	\$ 14,960
	2018	\$ —	—	—	—	\$ —
Michael Silberling	2020	\$ 3,238	571	—	139,789	\$ 143,598
	2019	\$ 4,200	458	34,521	—	\$ 39,179

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

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

(3) Payments of moving, traveling and living expenses.

(4) Payments pertaining to post-employment benefits.

Non-Qualified Deferred Compensation

We offer our NEOs the opportunity to participate in the DCP. The DCP is a non-qualified plan that allows our executives the opportunity to defer all or a portion of their annual compensation. We do not make contributions to the DCP on behalf of our NEOs. None of our NEOs participate in the DCP.

Mohegan Benefit Plan

We offer our NEOs the opportunity to participate in the Mohegan Benefit Plan. The Mohegan Benefit Plan is sponsored by the Mohegan Tribe for the benefit of participants who authorize the purchase of life insurance policies as a means of providing certain life insurance benefits to the participants and their spouses as joint insured. Mr. Kontomerkos does not participate in the Mohegan Benefit Plan. For the fiscal year ended September 30, 2020, contributions to the Mohegan Benefit Plan on behalf of Mr. Pineault totaled \$67,831.

Potential Payments and Benefits upon Termination or Change in Control

The following table presents potential payments to our NEOs in the event of a termination of employment, based on the terms of their employment agreements, as described below. Due to our sovereignty, potential payments upon change in control are not included within the table below, as these are not applicable. The amounts presented represent our estimate of potential payments to our NEOs upon their termination, assuming, in each case, that termination occurred on September 30, 2020, the last day of fiscal 2020. Actual payments can only be determined at the time of each NEO's separation from the Company.

	<u>Base Salary</u>	<u>Medical Benefits</u>	<u>Other Payment</u>	<u>Total</u>
Mario C. Kontomerkos				
Termination without cause (1)	\$ 1,092,727	24,186	15,000	\$ 1,131,913
Termination due to medical disability (2)	\$ 546,364	1,092,727	—	\$ 1,639,091
Change of Control	\$ —	—	—	\$ —
Raymond Pineault				
Termination without cause (3)	\$ 775,000	—	25,000	\$ 800,000
Termination due to medical disability	\$ —	—	—	\$ —
Change of Control	\$ —	—	—	\$ —

- (1) Under Mr. Kontomerkos' employment agreement, upon termination without cause, we are required to continue to pay his base salary for 12 months and a \$15,000 relocation benefit and provide medical benefits for a period of one year following such termination.
- (2) Under Mr. Kontomerkos' employment agreement, upon termination due to medical disability, we are required to continue to pay his base salary and provide medical benefits for a period of 180 days; thereafter, if we choose to suspend his employment or he is deemed permanently disabled, we are required to provide disability insurance coverage of 50% of his annual base salary for a period of up to two years in the case of an injury or to the age of 65 in the case of an illness.
- (3) Under Mr. Pineault's employment agreement, upon termination without cause, we are required to continue to pay his base salary for 12 months and a \$25,000 relocation benefit.

Executive Employment Agreements

Mr. Kontomerkos. Mr. Kontomerkos' employment agreement commenced as of October 16, 2017, with an initial term ending on March 31, 2021. The agreement provides for a base annual salary of \$1,000,000. The agreement is subject to automatic renewals for additional one-year terms unless either party provides notice, at least one year prior to the end of the initial or any renewal terms, of an intention not to renew or otherwise terminate the agreement. The agreement provides that if Mr. Kontomerkos is terminated for cause, as defined under his agreement, or if Mr. Kontomerkos voluntarily terminates his employment, he will not be entitled to any further compensation from and after the termination date.

Mr. Pineault. Mr. Pineault's employment agreement commenced on May 7, 2005. The agreement provides for an original base annual salary of \$178,499.98. We may terminate Mr. Pineault for cause, as defined under his agreement. In the event that we terminate Mr. Pineault for cause, he will not be entitled to any further compensation from and after the date of termination.

CEO Pay Ratio

We calculated our CEO Pay Ratio, or the ratio of the pay of our Chief Executive Officer to that of our median employee, as permitted under Securities and Exchange Commission rules. To determine the compensation for our median employee, we included the base salary and any incentive compensation of employees employed by us during the fiscal year ended September 30, 2020, excluding our Chief Executive Officer. For full-time and part-time employees, we annualized their hourly pay rates, and, for seasonal and on-call employees, we utilized payroll compensation consistent with what would have been reported on each employee's W-2, Box 1 as of September 30, 2020. Based on the above, for fiscal 2020, our Chief Executive Officer's compensation was \$949,288 and our median employee's compensation was \$25,646, resulting in a CEO Pay Ratio ratio of 37:1.

Compensation of Management Board

The following table presents data related to compensation of members of the Management Board, as of the date of this filing, for the fiscal year ended September 30, 2020.

<u>Name</u>	<u>Compensation</u>	<u>Other (1)</u>	<u>Total</u>
Ralph James Gessner, Jr.	\$ 216,604	297	\$ 216,901
Sarah E. Harris	\$ 193,790	234	\$ 194,024
Kathleen M. Regan-Pyne	\$ 149,067	192	\$ 149,259
Patricia A. LaPierre (2)	\$ 154,450	142	\$ 154,592
Thayne D. Hutchins, Jr.	\$ 130,051	175	\$ 130,226
William Quidgeon, Jr.	\$ 160,424	219	\$ 160,643
Joseph M. Soper (2)	\$ 154,450	219	\$ 154,669
John G. Harris (2)	\$ 154,450	140	\$ 154,590
Kenneth Davison (3)	\$ 69,199	108	\$ 69,307
Mark F. Brown (4)	\$ 27,792	105	\$ 27,897

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

(2) Terms commenced on October 7, 2019.

(3) Term commenced on March 25, 2020.

(4) Term expired on January 31, 2020.

Members of the Management Board are paid annual salaries by the Mohegan Tribe for their services as members of the Mohegan Tribal Council. Due to the dual roles of these individuals in our governance and the Mohegan Tribe's, we are obligated to fund a portion of their compensation pursuant to an arrangement established at the time of Mohegan Sun's inception. For the fiscal year ended September 30, 2020, we were obligated to fund 60% of each member's annual compensation. This allocation was determined based on the amount of time members acted in their capacity as the Management Board as opposed to their capacity as the Mohegan Tribal Council. We believe that members' activities in fiscal 2021 will be consistent with their fiscal 2020 activities and, as such, we expect to fund 60% of their fiscal 2021 compensation.

Compensation Committee Interlocks and Insider Participation

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

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

We have no outstanding equity securities.

Item 13. Certain Relationships and Related Transactions, and Director Independence.**Procedure for Review of Related Party Transactions**

Potential conflicts of interest, including related party transactions reportable under Securities and Exchange Commission rules, must be approved in advance. We have a code of ethics which applies to our principal executive officer, principal financial officer and all other executive officers, whom we collectively refer to as our principal officers. Our code of ethics addresses, among other things, conflicts of interest and is available on our website at "www.mohegaming.com". Under our code of ethics, actual, potential or perceived conflicts of interest must be disclosed to our Management Board, and only the Management Board may waive provisions of our code of ethics.

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

Transactions between the Company and the Company's Subsidiaries and the Mohegan Tribe

Please refer to Part IV. Note 13—Related Party Transactions to this Annual Report on Form 10-K.

Corporate Governance and Management Board Independence

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

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

Item 14. Principal Accounting Fees and Services.

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

	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>
Audit fees (1)	\$ 1,102,600	\$ 1,173,000
Tax fees	243,600	95,000
All other fees	—	27,000
Total	<u>\$ 1,346,200</u>	<u>\$ 1,295,000</u>

(1) Audit fees include fees for our annual audit, quarterly reviews and services rendered in connection with regulatory filings with the Securities and Exchange Commission.

The Audit Committee's independent registered public accounting firm independence policy provides for pre-approval of all services performed by our independent registered public accounting firm. All above services were pre-approved by the Audit Committee. The Audit Committee considered whether the provision of these services was compatible with maintaining independent registered public accounting firm independence.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

A(1). Financial Statements

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

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets of the Mohegan Tribal Gaming Authority as of September 30, 2020 and 2019	F-3
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2020, 2019 and 2018	F-4
Consolidated Statements of Changes in Capital of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2020, 2019 and 2018	F-5
Consolidated Statements of Cash Flows of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2020, 2019 and 2018	F-6
Notes to Consolidated Financial Statements of the Mohegan Tribal Gaming Authority	F-8

A(2). Financial Statement Schedules

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

Schedule II—Valuation and Qualifying Accounts and Reserves for the fiscal years ended September 30, 2020, 2019 and 2018.

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

A(3). Exhibits

Exhibit No.	Description
2.1*	Amended and Restated Transition and Asset Purchase Agreement, dated May 1, 2019, among MGE Niagara Entertainment Inc., Ontario Lottery and Gaming Corporation and Ontario Gaming Assets Corporation (filed as Exhibit 2.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on June 14, 2019 (the "June 2019 Form 8-K") and incorporated by reference herein).**
2.2*	First Amendment to Amended and Restated Transition and Asset Purchase Agreement, dated June 6, 2019, among MGE Niagara Entertainment Inc., Ontario Lottery and Gaming Corporation and Ontario Gaming Assets Corporation (filed as Exhibit 2.2 to the June 2019 Form 8-K and incorporated by reference herein).
2.3*	Second Amendment to Amended and Restated Transition and Asset Purchase Agreement, dated June 7, 2019, among MGE Niagara Entertainment Inc., Ontario Lottery and Gaming Corporation and Ontario Gaming Assets Corporation (filed as Exhibit 2.3 to the June 2019 Form 8-K and incorporated by reference herein).**
3.1*	Constitution of the Mohegan Tribe of Indians of Connecticut, as amended (filed as Exhibit 3.1 to the Mohegan Tribal Gaming Authority's Registration Statement on Form S-4, filed with the SEC on January 27, 2014 (the "2014 Form S-4") and incorporated by reference herein).
3.2	Ordinance No. 95-2 of the Tribe for Gaming on Tribal Lands, enacted on July 15, 1995 (filed as Exhibit 3.2 to the Mohegan Tribal Gaming Authority's Amendment No. 1 to its Registration Statement on Form S-1, filed with the SEC on February 29, 1996 (the "1996 Form S-1") and incorporated by reference herein).
4.1*	Indenture, dated as of October 14, 2016, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the Guarantors party thereto and U.S. Bank National Association, as Trustee, relating to the 7.875% Senior Notes due 2024 of the Mohegan Tribal Gaming Authority (filed as Exhibit 4.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on October 20, 2016 (the "October 2016 Form 8-K") and incorporated by reference herein).
4.2*	Promissory Note, dated as of December 15, 2017, by and between Salishan-Mohegan, LLC and Salishan Company, LLC (filed as Exhibit 4.2 to the Mohegan Tribal Gaming Authority's Annual Report on Form 10-K for the fiscal year ended September 30, 2017, filed with the SEC on December 22, 2017 (the "2017 Form 10-K") and incorporated by reference herein).
4.2*	Waiver, dated as of June 11, 2020, by and among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut and U.S. Bank National Association, as Trustee (filed as Exhibit 4.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on June 18, 2020 and incorporated by reference herein).
10.1	The Mohegan Tribe—State of Connecticut Gaming Compact between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut (filed as Exhibit 10.1 to the 1996 Form S-1 and incorporated by reference herein).
10.2	Agreement, dated as of April 25, 1994, between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut resolving certain land claims (filed as Exhibit 10.2 to the 1996 Form S-1 and incorporated by reference herein).
10.3	Memorandum of Understanding, dated as of April 25, 1994, between the Mohegan Tribe of Indians of Connecticut and the State of Connecticut regarding implementation of the Compact and the Resolution Agreement (filed as Exhibit 10.3 to the 1996 Form S-1 and incorporated by reference herein).
10.4	Agreement, dated as of June 16, 1994, between the Mohegan Tribe of Indians of Connecticut and the Town of Montville, Connecticut (filed as Exhibit 10.4 to the 1996 Form S-1 and incorporated by reference herein).
10.5*	Amended and Restated Land Lease, dated as of October 14, 2016, between the Mohegan Tribe of Indians of Connecticut and the Mohegan Tribal Gaming Authority (filed as Exhibit 10.2 to the October 2016 Form 8-K and incorporated by reference herein).
10.6*	The Merrill Lynch Non-Qualified Deferred Compensation Plan Trust Agreement, dated as of September 1, 1998, between the Mohegan Tribal Gaming Authority and Merrill Lynch Trust (filed as Exhibit 10.16 to the Mohegan Tribal Gaming Authority's Form 10-K405 for the fiscal year ended September 30, 1998, filed with the SEC on December 29, 1998 and incorporated by reference herein).***
10.7*	Priority Distribution Agreement, dated as of August 1, 2001, between the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Quarterly Report on Form 10-Q for the period ended June 30, 2001, filed with the SEC on August 10, 2001 and incorporated by reference herein).
10.8*	First Amendment to the Priority Distribution Agreement, dated as of December 31, 2014, by and between the Mohegan Tribal Gaming Authority and the Mohegan Tribe of Indians of Connecticut (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Quarterly Report on Form 10-Q for the period ended December 31, 2014, filed with the SEC on February 17, 2015 and incorporated by reference herein).
10.9*	Management Agreement, dated as of September 21, 2004, between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC (filed as Exhibit 10.30 to the Mohegan Tribal Gaming Authority's Registration Statement on Form S-4, filed with the SEC on November 1, 2004 (the "2004 Form S-4") and incorporated by reference herein).
10.10*	Development Agreement, dated as of September 21, 2004, between The Cowlitz Indian Tribe and Salishan-Mohegan, LLC (filed as Exhibit 10.31 to the 2004 Form S-4 and incorporated by reference herein).
10.11*	Credit Agreement, dated as of October 14, 2016, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, Citizens Bank, N.A. as administrative agent, and the other lenders and financial institutions party thereto (filed as Exhibit 10.1 to the October 2016 Form 8-K and incorporated by reference herein).
10.12*	First Amendment to Credit Agreement, dated April 14, 2017, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, Citizens Bank, N.A. as Administrative and Collateral Agent, and the other lenders and financial institutions party thereto (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on April 17, 2017 and incorporated by reference herein).
10.13*	Incremental Joinder and Second Amendment to Credit Agreement, dated April 12, 2018, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut, the other Loan Parties party thereto, Citizens Bank, N.A., as administrative agent and L/C Issuer, and the other lenders party thereto (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on April 13, 2018 and incorporated by reference herein).

Exhibit No.	Description
10.14*	Amended and Restated Employment Agreement, executed October 16, 2015, between the Mohegan Tribal Gaming Authority and Mario C. Kontomerkos (filed as Exhibit 10.2 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on October 22, 2015 and incorporated by reference herein).***
10.15*	Employment Agreement, dated as of October 20, 2017, and effective as of October 16, 2017, by and between the Mohegan Tribal Gaming Authority d/b/a Mohegan Gaming & Entertainment and Mario C. Kontomerkos (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Form 8-K/A, filed with the SEC on October 26, 2017 and incorporated by reference herein).***
10.16*	Membership Interest Redemption and Withdrawal Agreement, dated as of April 14, 2017, by and between Salishan-Mohegan, LLC and Salishan Company, LLC (filed as Exhibit 10.23 to the 2017 Form 10-K and incorporated by reference herein).
10.17*	Credit Agreement, dated June 10, 2019, among MGE Niagara Entertainment Inc., the lenders named therein, Bank of Montreal, as administrative agent, and the other parties thereto (filed as Exhibit 10.1 to the June 2019 Form 8-K and incorporated by reference herein).
10.18*	Third Amendment to Credit Agreement, dated as of August 13, 2020, by and among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut and the other parties signatory thereto (filed as Exhibit 10.2 to the Mohegan Tribal Gaming Authority's Quarterly Report on Form 10-Q for the period ended March 31, 2020, filed with the SEC on August 28, 2020 (the "March 31, 2020 Form 10-Q") and incorporated by reference herein).
10.19*	Fourth Amendment to Credit Agreement, dated as of August 28, 2020, by and among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut and the other parties signatory thereto (filed as Exhibit 10.3 to the March 31, 2020 Form 10-Q and incorporated by reference herein).
10.20*	Limited Waiver, dated as of May 15, 2020, granted by Bank of Montreal, as Administrative Agent, on behalf of and at the direction of the Required Lenders in favor of MGE Niagara Entertainment Inc. (filed as Exhibit 10.4 to the March 31, 2020 Form 10-Q and incorporated by reference herein).
10.21*	Amended and Restated Limited Waiver, dated as of June 15, 2020, granted by Bank of Montreal, as Administrative Agent, on behalf of and at the direction of the Required Lenders in favor of MGE Niagara Entertainment Inc. (filed as Exhibit 10.5 to the March 31, 2020 Form 10-Q and incorporated by reference herein).
10.22*	Second Amended and Restated Limited Waiver, dated as of June 30, 2020, granted by Bank of Montreal, as Administrative Agent, on behalf of and at the direction of the Required Lenders in favor of MGE Niagara Entertainment Inc. (filed as Exhibit 10.6 to the March 31, 2020 Form 10-Q and incorporated by reference herein).
10.23*	Third Amended and Restated Limited Waiver, dated as of July 31, 2020, granted by Bank of Montreal, as Administrative Agent, on behalf of and at the direction of the Required Lenders in favor of MGE Niagara Entertainment Inc. (filed as Exhibit 10.7 to the March 31, 2020 Form 10-Q and incorporated by reference herein).
10.24*	Fourth Amended and Restated Limited Waiver, dated as of September 30, 2020, granted by Bank of Montreal, as Administrative Agent, on behalf of and at the direction of the Required Lenders in favor of MGE Niagara Entertainment Inc. (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on October 6, 2020 and incorporated by reference herein).
10.25*	Fifth Amended and Restated Limited Waiver, dated as of September 30, 2020, granted by Bank of Montreal, as Administrative Agent, on behalf of and at the direction of the Required Lenders in favor of MGE Niagara Entertainment Inc. (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on December 10, 2020 and incorporated by reference herein).
10.26*	Loan Agreement, dated as of December 1, 2020, among the Mohegan Tribal Gaming Authority, the Mohegan Tribe of Indians of Connecticut and Liberty Bank (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on December 16, 2020 and incorporated by reference herein).
10.27*	Separation Agreement, Waiver and Release, dated as of March 21, 2020, by and between the Mohegan Tribal Gaming Authority and Drew M. Kelley (filed as Exhibit 10.1 to the Mohegan Tribal Gaming Authority's Form 8-K, filed with the SEC on March 25, 2020 and incorporated by reference herein).***
10.28*	Employment Agreement, dated as of May 4, 2005, and effective as of May 7, 2005, by and between the Mohegan Tribal Gaming Authority d/b/a Mohegan Gaming & Entertainment and Raymond Pineault (filed herewith).***
21.1*	Subsidiaries of the Registrant (filed herewith).
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith).
32.1*	Section 1350 Certification of Chief Executive Officer (filed herewith).
32.2*	Section 1350 Certification of Chief Financial Officer (filed herewith).
101.INS*	XBRL Instance Document (filed herewith).****
101.SCH*	XBRL Taxonomy Extension Schema (filed herewith).****
101.CAL*	XBRL Taxonomy Calculation Linkbase (filed herewith).****
101.DEF*	XBRL Taxonomy Extension Definition Linkbase (filed herewith).****
101.LAB*	XBRL Taxonomy Extension Label Linkbase (filed herewith).****
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase (filed herewith).****

* Exhibits transmitted via EDGAR.

- ** Certain portions of this exhibit have been omitted pursuant to Item 601 of Regulation S-K. Upon request by the Securities and Exchange Commission, the Company hereby undertakes to furnish supplementary to the Securities and Exchange Commission a copy of any omitted information.
- *** Management contract or compensatory plan or arrangement.
- **** Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibits 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Mohegan Tribal Gaming Authority has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized on December 29, 2020.

MOHEGAN TRIBAL GAMING AUTHORITY

By: /S/ RALPH JAMES GESSNER JR.

Ralph James Gessner Jr.
Chairman, Management Board

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons on behalf of the Mohegan Tribal Gaming Authority and in the capacities indicated on December 29, 2020.

<u>SIGNATURE</u>	<u>TITLE</u>
<u> /S/ RALPH JAMES GESSNER JR. </u> Ralph James Gessner Jr.	Chairman and Member, Management Board
<u> /S/ SARAH E. HARRIS </u> Sarah E. Harris	Vice Chairwoman and Member, Management Board
<u> /S/ MARIO C. KONTOMERKOS </u> Mario C. Kontomerkos	Chief Executive Officer, Mohegan Tribal Gaming Authority (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)
<u> /S/ KATHLEEN M. REGAN-PYNE </u> Kathleen M. Regan-Pyne	Recording Secretary and Member, Management Board
<u> /S/ PATRICIA A. LAPIERRE </u> Patricia A. LaPierre	Corresponding Secretary and Member, Management Board
<u> /S/ THAYNE D. HUTCHINS JR. </u> Thayne D. Hutchins Jr.	Treasurer and Member, Management Board
<u> /S/ WILLIAM QUIDGEON JR. </u> William Quidgeon Jr.	Member, Management Board
<u> /S/ JOSEPH M. SOPER </u> Joseph M. Soper	Member, Management Board
<u> /S/ JOHN G. HARRIS </u> John G. Harris	Member, Management Board
<u> /S/ KENNETH DAVISON </u> Kenneth Davison	Member, Management Board

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

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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets of the Mohegan Tribal Gaming Authority as of September 30, 2020 and 2019	F-3
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2020, 2019 and 2018	F-4
Consolidated Statements of Changes in Capital of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2020, 2019 and 2018	F-5
Consolidated Statements of Cash Flows of the Mohegan Tribal Gaming Authority for the Fiscal Years Ended September 30, 2020, 2019 and 2018	F-6
Notes to Consolidated Financial Statements of the Mohegan Tribal Gaming Authority	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management Board of Mohegan Tribal Gaming Authority:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mohegan Tribal Gaming Authority and subsidiaries (the "Company") as of September 30, 2020 and 2019, the related consolidated statements of income (loss) and comprehensive income (loss), changes in capital, and cash flows for the years then ended, the related notes and the schedule as listed in the Index at Item 15(a)(2) for the years ended September 30, 2020 and 2019 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, certain tranches of the Company's senior secured credit facilities mature on October 13, 2021, and the Company has determined that it will need to refinance these near-term maturities in order to meet the debt obligations at maturity, and the Company expects that without such a refinancing it is probable that it will not have sufficient liquidity to meet those debt obligations, and it may not be able to satisfy its financial covenants under the senior secured credit facilities. These conditions and events, when considered in the aggregate raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, effective October 1, 2019, the Company adopted FASB ASC Topic 842, *Leases*, using the modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP
Hartford, Connecticut
December 29, 2020

We have served as the Company's auditor since 2018.

F-2

MOHEGAN TRIBAL GAMING AUTHORITY
CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Current assets:		
Cash and cash equivalents	\$ 112,665	\$ 130,138
Restricted cash and cash equivalents	934	4,960
Accounts receivable, net of allowance for doubtful accounts of \$16,313 and \$11,715, respectively	43,602	52,764
Inventories	16,773	18,248
Due from Ontario Lottery and Gaming Corporation	2,854	10,946
Casino Operating and Services Agreement customer contract asset	24,843	3,004
Other current assets	46,362	47,276
Total current assets	<u>248,033</u>	<u>267,336</u>
Restricted cash and cash equivalents	28,470	145,631
Property and equipment, net	1,498,047	1,520,687
Right-of-use operating lease assets	408,434	—
Other intangible assets, net	327,841	455,265
Casino Operating and Services Agreement customer contract asset, net of current portion	104,405	50,192
Notes receivable	2,514	2,514
Other assets, net	89,444	69,971
Total assets	<u>\$ 2,707,188</u>	<u>\$ 2,511,596</u>
LIABILITIES AND CAPITAL		
Current liabilities:		
Current portion of long-term debt	\$ 75,355	\$ 76,909
Current portion of finance lease obligations	2,802	1,133
Current portion of right-of-use operating lease obligations	19,939	—
Trade payables	22,469	16,672
Accrued payroll	32,705	53,225
Construction payables	40,932	11,888
Accrued interest payable	26,349	19,804
Due to Ontario Lottery and Gaming Corporation	25,405	30,662
Other current liabilities	157,910	174,231
Total current liabilities	<u>403,866</u>	<u>384,524</u>
Long-term debt, net of current portion	1,894,655	1,832,248
Finance lease obligations, net of current portion	28,209	28,561
Right-of-use operating lease obligations, net of current portion	411,698	—
Accrued payroll	3,978	—
Build-to-suit liability	—	90,292
Other long-term liabilities	32,771	38,538
Total liabilities	<u>2,775,177</u>	<u>2,374,163</u>
Commitments and Contingencies		
Capital:		
Retained earnings (deficit)	(75,692)	137,124
Accumulated other comprehensive income (loss)	223	(6,633)
Total capital attributable to Mohegan Tribal Gaming Authority	<u>(75,469)</u>	<u>130,491</u>
Non-controlling interests	7,480	6,942
Total capital	<u>(67,989)</u>	<u>137,433</u>
Total liabilities and capital	<u>\$ 2,707,188</u>	<u>\$ 2,511,596</u>

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

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

	For the Fiscal Year Ended September 30, 2020	For the Fiscal Year Ended September 30, 2019	For the Fiscal Year Ended September 30, 2018
Revenues:			
Gaming	\$ 799,647	\$ 936,412	\$ 1,162,300
Food and beverage	103,678	157,544	88,247
Hotel	69,113	97,235	62,378
Retail, entertainment and other	142,524	197,619	144,055
Gross revenues	<u>1,114,962</u>	<u>1,388,810</u>	<u>1,456,980</u>
Less-Promotional allowances	—	—	(101,348)
Net revenues	<u>1,114,962</u>	<u>1,388,810</u>	<u>1,355,632</u>
Operating costs and expenses:			
Gaming, including related party transactions of \$2,265, \$2,809 and \$4,766, respectively	444,875	551,738	655,956
Food and beverage	91,662	123,814	41,102
Hotel, including related party transactions of \$8,644, \$8,645 and \$8,823, respectively	35,578	42,476	27,756
Retail, entertainment and other	54,020	93,335	50,402
Advertising, general and administrative, including related party transactions of \$28,873, \$43,826 and \$42,663, respectively	226,588	223,716	200,786
Corporate, including related party transactions of \$7,221, \$5,825 and \$6,344, respectively	44,177	45,880	40,087
Depreciation and amortization	109,067	122,657	81,789
Impairment of Mohegan Sun Pocono's intangible assets	126,596	—	—
Impairment of Mohegan Sun Pocono's goodwill	—	39,459	—
Other, net, including related party transactions of \$0, \$0 and \$1,343, respectively	15,616	9,273	13,220
Total operating costs and expenses	<u>1,148,179</u>	<u>1,252,348</u>	<u>1,111,098</u>
Income (loss) from operations	<u>(33,217)</u>	<u>136,462</u>	<u>244,534</u>
Other income (expense):			
Interest income	1,754	6,803	15,468
Interest expense, net of capitalized interest	(134,925)	(144,130)	(126,653)
Loss on modification of debt	(2,888)	—	—
Other, net	566	(482)	(1,266)
Total other expense	<u>(135,493)</u>	<u>(137,809)</u>	<u>(112,451)</u>
Income (loss) before income tax	<u>(168,710)</u>	<u>(1,347)</u>	<u>132,083</u>
Income tax benefit (provision)	6,694	(1,029)	(475)
Net income (loss)	<u>(162,016)</u>	<u>(2,376)</u>	<u>131,608</u>
Income attributable to non-controlling interests	<u>(139)</u>	<u>(169)</u>	<u>(1,054)</u>
Net income (loss) attributable to Mohegan Tribal Gaming Authority	<u>(162,155)</u>	<u>(2,545)</u>	<u>130,554</u>
Comprehensive income (loss):			
Foreign currency translation adjustment	7,303	(18,666)	9,362
Other	(48)	31	—
Other comprehensive income (loss)	<u>7,255</u>	<u>(18,635)</u>	<u>9,362</u>
Other comprehensive (income) loss attributable to non-controlling interests	<u>(399)</u>	<u>940</u>	<u>(7,374)</u>
Other comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	<u>6,856</u>	<u>(17,695)</u>	<u>1,988</u>
Comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	<u>\$ (155,299)</u>	<u>\$ (20,240)</u>	<u>\$ 132,542</u>

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

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

	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Capital Attributable to Mohegan Tribal Gaming Authority	Non-controlling Interests	Total Capital
Balance, September 30, 2017	\$ 196,645	\$ 1,125	\$ 197,770	\$ 111,399	\$ 309,169
Net income	130,554	—	130,554	1,054	131,608
Foreign currency translation adjustment	—	1,988	1,988	7,374	9,362
Distributions to Mohegan Tribe	(60,000)	—	(60,000)	—	(60,000)
Distributions to Mohegan Tribe related to the Cowlitz Project	(6,496)	—	(6,496)	—	(6,496)
Ownership rights settlement related to Project Inspire	—	271	271	(6,418)	(6,147)
Redemption of membership interest related to Project Inspire	(9,996)	7,678	(2,318)	(104,384)	(106,702)
Balance, September 30, 2018	<u>250,707</u>	<u>11,062</u>	<u>261,769</u>	<u>9,025</u>	<u>270,794</u>
Cumulative-effect adjustment for the adoption of ASC 606 "Revenue from Contracts with Customers"	(41,575)	—	(41,575)	—	(41,575)
Net income (loss)	(2,545)	—	(2,545)	169	(2,376)
Foreign currency translation adjustment	—	(17,726)	(17,726)	(940)	(18,666)
Distributions to Mohegan Tribe	(60,000)	—	(60,000)	—	(60,000)
Distributions to Mohegan Tribe related to the Cowlitz Project	(730)	—	(730)	—	(730)
Distributions to Salishan Company, LLC related to the Cowlitz Project	(120)	—	(120)	—	(120)
Redemption of Mohegan Tribe membership interest related to the Cowlitz Project	(4,114)	—	(4,114)	(5,886)	(10,000)
Redemption of membership interest related to the New England Black Wolves franchise	(4,499)	—	(4,499)	4,574	75
Other	—	31	31	—	31
Balance, September 30, 2019	<u>137,124</u>	<u>(6,633)</u>	<u>130,491</u>	<u>6,942</u>	<u>137,433</u>
Net income (loss)	(162,155)	—	(162,155)	139	(162,016)
Foreign currency translation adjustment	—	6,904	6,904	399	7,303
Contribution from Mohegan Tribe	10,000	—	10,000	—	10,000
Distributions to Mohegan Tribe	(60,000)	—	(60,000)	—	(60,000)
Distributions to Salishan Company, LLC related to the Cowlitz Project	(661)	—	(661)	—	(661)
Other	—	(48)	(48)	—	(48)
Balance, September 30, 2020	<u>\$ (75,692)</u>	<u>\$ 223</u>	<u>\$ (75,469)</u>	<u>\$ 7,480</u>	<u>\$ (67,989)</u>

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

F-5

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

	For the Fiscal Year Ended September 30, 2020	For the Fiscal Year Ended September 30, 2019	For the Fiscal Year Ended September 30, 2018
Cash flows provided by operating activities:			
Net income (loss)	\$ (162,016)	\$ (2,376)	\$ 131,608
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	109,067	122,657	81,789
Non-cash operating lease expense	12,465	—	—
Accretion of discounts	1,109	1,188	2,163
Amortization of discounts and debt issuance costs	19,205	19,562	15,485
Provision for (recovery of) losses on receivables	4,592	976	(5,937)
Impairment of Mohegan Sun Pocono's intangible assets	126,596	—	—
Impairment of Mohegan Sun Pocono's goodwill	—	39,459	—
Deferred income taxes	(7,049)	637	—
Other, net	1,585	(888)	609
Changes in operating assets and liabilities, net of effect of the MGE Niagara Resorts acquisition:			
Accounts receivable	4,423	(6,558)	(4,859)
Accrued interest on notes receivable related to the Cowlitz Project	—	71,579	(12,857)
Inventories	1,435	461	(405)
Due from Ontario Lottery and Gaming Corporation	7,571	(10,943)	—
Casino Operating and Services Agreement customer contract asset	(77,026)	(53,191)	—
Other assets	7,797	(3,646)	(5,050)
Trade payables	5,125	1,992	725
Accrued interest	6,550	387	391
Due to Ontario Lottery and Gaming Corporation	(1,983)	29,122	—
Operating lease liabilities	3,105	—	—
Other liabilities	(14,339)	(10,019)	11,048
Net cash flows provided by operating activities	<u>48,212</u>	<u>200,399</u>	<u>214,710</u>
Cash flows used in investing activities:			
Purchases of property and equipment	(149,031)	(77,613)	(136,551)
Acquisition of the MGE Niagara Resorts, net of cash acquired	(1,666)	(72,287)	—
Proceeds from notes receivable related to the Cowlitz Project	—	32,026	—
Investment in Mohegan Hotel Holding, LLC	(10,750)	—	—
Investments related to Project Inspire	(7,980)	(18,601)	—
Other, net	(3,929)	(7,105)	(8,265)
Net cash flows used in investing activities	<u>(173,356)</u>	<u>(143,580)</u>	<u>(144,816)</u>
Cash flows provided by (used in) financing activities:			
Senior secured credit facility borrowings - revolving and line of credit	650,525	1,258,939	1,382,631
Senior secured credit facility repayments - revolving and line of credit	(555,525)	(1,222,939)	(1,316,631)
Senior secured credit facility borrowings - term loan B, net of discount	—	—	79,800
Senior secured credit facility repayments - term loans A and B	(47,618)	(64,307)	(86,064)
MGE Niagara Resorts credit facility borrowings - revolving and line of credit	80,247	—	—
MGE Niagara Resorts credit facility repayments - revolving and line of credit	(53,820)	—	—
MGE Niagara Resorts credit facility borrowings - term loan	—	75,220	—
MGE Niagara Resorts credit facility repayments - term loan	(3,716)	(944)	—
Proceeds from Mohegan Tribe subordinated loan	5,000	—	—
Payments on redemption note payable	(20,434)	(3,969)	—
Proceeds from MGE Niagara Resorts convertible debenture	—	30,088	—
Other borrowings	2,845	11,335	42,264
Other repayments	(4,690)	(5,450)	(269)
Payments on finance lease obligations	(1,298)	(292)	—

Contribution from Mohegan Tribe	10,000	—	—
Distributions to Mohegan Tribe	(60,000)	(60,000)	(60,000)
Distributions to Mohegan Tribe related to the Cowlitz Project	—	(730)	(6,496)
Distributions to Salishan Company, LLC related to the Cowlitz Project	(661)	(120)	—
Redemption of Mohegan Tribe membership interest related to the Cowlitz Project	—	(10,000)	—
Redemption of membership interest related to Project Inspire	—	—	(106,702)
Payments of financing fees	(13,752)	(3,263)	(10,996)
Other, net	(1,527)	(1,527)	(1,527)
Net cash flows provided by (used in) financing activities	<u>(14,424)</u>	<u>2,041</u>	<u>(83,990)</u>
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	(139,568)	58,860	(14,096)
Effect of exchange rate on cash, cash equivalents, restricted cash and restricted cash equivalents	908	(12,757)	9,666
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	280,729	234,626	239,056
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	<u>\$ 142,069</u>	<u>\$ 280,729</u>	<u>\$ 234,626</u>
Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents to the consolidated balance sheets:			
Cash and cash equivalents	\$ 112,665	\$ 130,138	\$ 103,944
Restricted cash and cash equivalents, current	934	4,960	1,036
Restricted cash and cash equivalents, non-current	28,470	145,631	129,646
Cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$ 142,069</u>	<u>\$ 280,729</u>	<u>\$ 234,626</u>
Supplemental disclosures:			
Cash paid for interest	\$ 114,873	\$ 123,731	\$ 111,172
Non-cash transactions:			
Right-of-use operating lease assets	\$ 426,403	\$ —	\$ —
Right-of-use operating lease obligations	\$ 426,548	\$ —	\$ —
Finance lease assets and obligations	\$ 2,879	\$ 29,986	\$ —
Construction payables	\$ 38,172	\$ 11,888	\$ 10,747
Senior secured credit facility reductions	\$ 10,514	\$ 13,295	\$ 18,858
MGE Niagara Resorts - recognition (derecognition) of build-to-suit asset and liability	\$ (90,675)	\$ 90,292	\$ —
MGE Niagara Resorts - recognition of parking license asset and liability	\$ —	\$ 5,242	\$ —
Payment by third-party for interactive gaming and sports wagering licenses	\$ —	\$ 18,000	\$ —
Conversion of redemption liability to redemption note payable	\$ —	\$ —	\$ 74,084
Ownership rights settlement related to Project Inspire	\$ —	\$ —	\$ 6,335

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

F-7

MOHEGAN TRIBAL GAMING AUTHORITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION:

Organization

The Mohegan Tribe of Indians of Connecticut (the “Mohegan Tribe”) established the Mohegan Tribal Gaming Authority in July 1995 with the exclusive authority to conduct and regulate gaming activities for the Mohegan Tribe on tribal lands and the non-exclusive authority to conduct such activities elsewhere. The Mohegan Tribe is a sovereign Indian nation with independent legal jurisdiction over its people and land. Like other sovereign governments, the Mohegan Tribe and its entities, including the Mohegan Tribal Gaming Authority, are generally not subject to federal, state or local income taxes. However, MGE Niagara Entertainment Inc. (“MGE Niagara”), a wholly-owned subsidiary, is subject to tax in Ontario, Canada, and certain non-tribal entities are subject to state or local income taxes in the United States.

The Mohegan Tribal Gaming Authority d/b/a Mohegan Gaming & Entertainment (the “Company”) is primarily engaged in the ownership, operation and development of integrated entertainment facilities, both domestically and internationally. This ownership, operation and development includes the following: (i) ownership and operation of Mohegan Sun, a gaming and entertainment complex located on an approximately 196-acre site in Uncasville, Connecticut, (ii) ownership and operation of Mohegan Sun Pocono, a gaming and entertainment facility located on an approximately 400-acre site in Plains Township, Pennsylvania, (iii) operation of the Niagara Fallsview Casino Resort, Casino Niagara and the 5,000-seat Niagara Falls Entertainment Centre, all in Niagara Falls, Canada (collectively, the “MGE Niagara Resorts”), (iv) development and management of ilani Casino Resort in Clark County, Washington (the “Cowlitz Project”), and development rights to any future development at ilani Casino Resort, (v) management of Resorts Casino Hotel in Atlantic City, New Jersey and ownership of 10% of the casino’s holding company and its subsidiaries, including those conducting or licensing online gaming and retail sports wagering in New Jersey, (vi) management of Paragon Casino Resort in Marksville, Louisiana, (vii) development and construction of an integrated resort and casino project to be located adjacent to the Incheon International Airport in South Korea (“Project Inspire”), (viii) operation of the casino at Virgin Hotels Las Vegas in Las Vegas, Nevada (the “Mohegan Sun Casino at Virgin Hotels Las Vegas”), following the completion of planned renovations, and (ix) development and construction of an integrated resort and casino project to be located near Athens, Greece (“INSPIRE Athens”).

Impact of the COVID-19 Pandemic and Company Response

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and the United States federal government declared it a national emergency. The spread of COVID-19 has affected most segments of the global economy, including the Company’s operations. On March 18, 2020, the Company announced the temporary suspension of operations at its North American owned, operated and managed properties to ensure the health and safety of its employees, guests and the surrounding communities in which the Company operates, consistent with directives from various government bodies. Following these closures, we reopened our properties as follows: (i) Paragon Casino Resort on May 20, 2020, (ii) ilani Casino Resort on May 28, 2020, (iii) Mohegan Sun on June 1, 2020, (iv) Mohegan Sun Pocono on June 22, 2020 and (v) Resorts Casino Hotel on July 2, 2020. On December 11, 2020, Mohegan Sun Pocono was again temporarily closed due to the current resurgence of COVID-19. As of the date of the filing of this Annual Report on Form 10-K, Mohegan Sun Pocono and the MGE Niagara Resorts remain temporarily closed. Like other integrated resort operators, these business disruptions have had a material adverse impact on the Company’s financial condition, results of operations and cash flows.

The Company cannot predict when its remaining closed properties will be able to reopen or the conditions upon which additional reopenings may occur, and while the Company’s reopened properties have experienced some level of continued business disruption, the Company expects that these disruptions will gradually dissipate, and remains confident in its ability to mitigate the impact of any such disruption through expense management. The impact of COVID-19 on the Company’s operations through the date of the filing of this Annual Report on Form 10-K has been significant, though the full extent of its impact will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of COVID-19 or the extent of the current resurgence of COVID-19, the manner in which the Company’s guests, suppliers and other third parties respond to COVID-19, including the perception of safety and health measures taken by the Company, new information which may emerge concerning the severity of COVID-19 and the actions to contain or treat it, as well as general economic conditions and consumer confidence. Accordingly, the Company cannot reasonably estimate the extent to which COVID-19 will further impact its future financial condition, results of operations and cash flows.

In response to COVID-19, the Company completed a series of transactions to ensure maximum financial flexibility, including (i) on March 13, 2020, it drew the remaining balance of its senior secured revolving credit facility, in the amount of

F-8

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

approximately \$125 million and (ii) on August 28, 2020, it entered into an amendment to its senior secured credit facilities which, among other things, waived non-compliance with certain of its financial covenants through June 30, 2020 and modified the financial covenants applicable to periods subsequent to June 30, 2020 (refer to Note 11).

In March 2020, the Company also took various actions to reduce costs in an effort to mitigate the operating and financial impact of COVID-19, including (i) furloughing approximately 98% of its workforce immediately following the closure of its properties for the period of such closure, (ii) enacting meaningful compensation reductions to its remaining property and corporate personnel, including executive leadership, during the closure period, (iii) obtaining relief from certain threshold payments otherwise due to the Ontario Lottery and Gaming Corporation (the “OLG”) for the duration of the closure of the MGE Niagara Resorts, to be followed by a phased-in approach to such payments thereafter, (iv) obtaining a three month forbearance of gaming tax payments due to Connecticut and Pennsylvania, (v) deferring rental payments due under certain of MGE Niagara’s lease agreements and (vi) executing other substantial reductions in operating expenses, capital expenditures and overall costs. In addition, in November 2020, the Company implemented a reduced hours initiative in an effort to align staffing levels with a recent reduction in business volumes.

The Company could experience other potential adverse impacts as a result of COVID-19, including, but not limited to, charges from further adjustments to the carrying value of its intangible assets, as well as other long-lived asset impairment charges. Actual results may differ materially from the Company’s current estimates as the scope of COVID-19 evolves, depending largely, but not exclusively, on the duration and extent of the Company’s business disruptions.

In accordance with Accounting Standards Update (“ASU”) No. 2014-15, Presentation of Financial Statements- Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern, substantial doubt about an entity’s ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the entity’s financial statements are issued. In this connection, the Company notes that certain tranches of its senior secured credit facilities mature on October 13, 2021. The Company has determined that it will need to refinance these near-term maturities in order to meet the debt obligations at maturity, and expects that without such a refinancing it is probable that it will not have sufficient liquidity to meet those debt obligations, and it may not be able to satisfy its financial covenants under the senior secured credit facilities (refer to Note 11). These conditions raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the accompanying consolidated financial statements are issued. If the Company is not able to refinance its near-term maturities, the Company would need to seek additional sources of liquidity and/or obtain waivers or amendments under the senior secured credit facilities. However, it can provide no assurance that it will be successful in these pursuits. If the Company is unable to obtain such liquidity and/or waivers or amendments, it would be in default under the senior secured credit facilities, which may result in cross-defaults under its other outstanding indebtedness. If such defaults or cross-defaults were to occur, it would allow the Company’s lenders to exercise their rights and remedies as defined under their respective agreements, including their right to accelerate the repayment of outstanding indebtedness. If such acceleration were to occur, the Company can provide no assurance that it would be able to obtain the financing necessary to repay such accelerated indebtedness.

As discussed above, the Company’s operations were adversely impacted by COVID-19. It was the first time that the Company completely suspended its operations for any period of time or opened to the public in a limited capacity. The Company has undertaken several proactive measures to ensure maximum financial flexibility and to mitigate the operating and financial impact of COVID-19. However, there is continued uncertainty surrounding the evolving nature of COVID-19 and its impact on the Company’s operations. As a result, the Company is unable to predict its future operating results with reasonable certainty. If the Company is unable to (i) execute its business plan, (ii) sufficiently offset declines in revenues with appropriate cost reductions or (iii) execute certain cost containment initiatives, it may not have sufficient liquidity to meet distributions to the Mohegan Tribe, capital expenditures and working capital requirements.

The accompanying consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. Accordingly, the accompanying consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

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

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority and wholly-owned subsidiaries and entities. The accounts of MGE Niagara are consolidated into the accounts of the Company as

F-9

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

MGE Niagara is a variable interest entity and the Company is deemed to be the primary beneficiary of MGE Niagara. In consolidation, all inter-company balances and transactions are eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits that can be redeemed on demand and investments with original maturities of less than three months. Cash and cash equivalents include all operating cash and in-house funds.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of deposits that are restricted as to their withdrawal or use. Restricted cash and cash equivalents primarily include cash intended to be used for the development and construction of Project Inspire.

Accounts Receivable

Accounts receivable consists of casino receivables, which represent credit extended to approved casino patrons, and hotel and other non-gaming receivables. The Company maintains a reserve for doubtful collection of these receivables, which primarily relates to casino receivables.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist primarily of food and beverage, retail, hotel and operating supplies. Cost is determined using the average cost method.

Property and Equipment

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

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

The costs of significant improvements are capitalized. Costs of normal repairs and maintenance are expensed as incurred.

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

Goodwill

Goodwill related to the acquisition of Mohegan Sun Pocono and was not subject to amortization, but was assessed at least annually for impairment by comparing its fair value to its carrying value. As of September 30, 2019, the Company assessed the goodwill for impairment and determined that its fair value was less than its carrying value. The fair value was estimated utilizing a combination of the income approach (discounted cash flow method) and the market approach (guideline public company method). Accordingly, the Company determined that the goodwill was fully impaired and recorded an impairment charge of \$39.5 million in its fourth quarter of fiscal 2019. The amount of the impairment loss was calculated as the excess of the asset’s carrying value over its fair value. The impairment was primarily driven by a continued decline in gaming revenues, a higher weighted average cost of capital utilized for the cash flow valuation and lower operating income growth rates.

Other Intangible Assets

Other intangible assets consist primarily of Mohegan Sun's trademark and Mohegan Sun Pocono's various gaming licenses. These intangible assets all have indefinite lives. Intangible assets with indefinite lives are assessed at least annually for impairment by comparing their fair value to their carrying value. However, these intangible assets may be assessed more frequently for impairment if events or changes in circumstances, such as declines in revenues, earnings and cash flows or material adverse

changes in business climate, indicate that their carrying value may be impaired.

F-10

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

During the second quarter of its fiscal 2020, the Company identified an indicator of impairment on Mohegan Sun Pocono's intangible assets due to COVID-19. As a result, the Company revised its cash flow projections to reflect the current business climate, including the uncertainty surrounding the nature, timing and extent of reopening Mohegan Sun Pocono. The estimated fair value of these intangible assets was determined by using discounted cash flow models, which utilized Level 3 inputs. The primary unobservable input utilized in estimating the fair value of these intangible assets was the discount rate, which was 10.5%. As a result of this interim assessment, the Company recorded an impairment charge related to Mohegan Sun Pocono's intangible assets of \$126.6 million in the second quarter of its fiscal 2020. As of September 30, 2020, the Company assessed its intangible assets with indefinite lives for any further impairment and determined that no impairment existed.

Intangible assets with finite lives are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. If necessary, an impairment charge is recognized when the carrying value of the asset (asset group) exceeds the estimated undiscounted cash flows expected from the use and eventual disposition of the asset (asset group). The amount of the impairment charge, if any, is calculated as the excess of the asset's (asset group's) carrying value over their fair value. As of September 30, 2020, the Company assessed its intangible assets with finite lives for impairment and determined that no impairment existed.

The evaluation of intangible assets for impairment requires the use of estimates about future cash flows. Such estimates are, by their nature, subjective. Actual results may differ materially from the Company's estimates and could result in impairment charges in the future.

Debt Issuance Costs

Debt issuance costs are amortized to interest expense based on the effective interest method.

Self-insurance Reserves

The Company is self-insured up to certain limits for costs associated with workers' compensation, general liability and employee medical coverage. Insurance claims and reserves include estimated settlements of known claims, as well as estimates of incurred but not reported claims. These reserves are recorded within other current liabilities. In estimating self-insurance reserves, the Company considers historical loss experiences and expected levels of costs per claim. Claims are accounted for based on estimates of undiscounted claims, including claims incurred but not reported.

Leases

Effective October 1, 2019, the Company accounts for leases in accordance with guidance provided by ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), which requires, among other things, lessees to recognize a right-of-use ("ROU") asset and liability for leases with terms in excess of 12 months. Prior to October 1, 2019, the Company accounted for leases in accordance with guidance provided by Accounting Standards Codification ("ASC") Topic 840, "Leases" ("ASC 840"), which required that leases be evaluated and classified as operating leases or capital leases for financial reporting purposes. Leases that met one or more of the capital lease criteria under this guidance were recorded as capital leases. All other leases were recorded as operating leases. Capital leases were initially recorded at the lower of the fair value of the leased assets or the present value of future minimum lease payments and were amortized in accordance with guidance provided by ASC Topic 840-30, "Leases - Capital Leases".

The Company determines if a contract is, or contains, a lease at its inception or at the time of any modification. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset requires that the lessee has both: (i) the right to obtain substantially all of the economic benefits from the use of the asset and (ii) the right to direct the use of the asset.

ROU operating and finance lease assets and liabilities are recognized on the respective lease commencement date based on the present value of future lease payments over the expected lease term. An expected lease term includes any option to extend or terminate the lease if it is reasonably certain that the Company will exercise such option. The Company utilizes the incremental borrowing rate ("IBR") applicable to the lease as determined at the lease commencement date to calculate the present value of future lease payments. The applicable IBR is determined based on the treasury group to which the leasing entity belongs and that group's estimated interest rate for collateralized borrowings over a similar term as the future lease payments. Upon adoption of ASU 2016-02, the Company utilized IBRs as of October 1, 2019 to determine the present value of the remaining lease payments for operating leases that commenced prior to that date. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the expected lease term. ROU finance lease assets are recorded within property and equipment, net and are

amortized on a straight-line basis over the related lease term.

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

Revenue Recognition

The Company's revenues from contracts with customers consist of gaming, including racing and sports betting, food and beverage, hotel, retail, entertainment and convention related transactions, as well as management and development services related to management and development contracts with third-party facilities.

The transaction price in a gaming contract is the difference between gaming wins and losses, not the total amount wagered. The transaction price in a racing contract, inclusive of live racing at the Company's facilities, as well as import and export arrangements, is the commission received from the pari-mutuel pool less contractual fees and obligations, which primarily consist of purse funding requirements, simulcasting fees, tote fees and certain pari-mutuel taxes that are directly related to racing operations. The transaction price in sports betting is the share of the revenues the Company expects to collect as the agent. The transaction prices in food and beverage, hotel, retail, entertainment and convention contracts are the net amounts collected for such goods and services. Sales and other taxes collected on behalf of governmental authorities are accounted for on a net basis and are not recorded within revenues or expenses. The transaction prices in management and development service contracts are the amounts collected for services rendered in accordance with contractual terms, inclusive of reimbursable costs and expenses.

The Company recognizes gaming revenues as amounts wagered less prizes paid out. Gaming transactions involve two performance obligations for patrons participating in the Company's loyalty reward programs and a single performance obligation for patrons that do not participate. The Company applies a practical expedient by accounting for gaming contracts on a portfolio basis, as such contracts share similar characteristics. The effects on the Company's consolidated financial statements under this approach do not differ materially versus under an individual contract basis. The Company utilizes a deferred revenue model to reduce gaming revenues by the estimated fair value of loyalty points earned by patrons. Revenues allocated to gaming performance obligations are recognized when gaming occurs as such activities are settled immediately. Revenues allocated to the loyalty points deferred revenue liability are recognized when loyalty points are redeemed. The deferred revenue liability is based on the estimated stand-alone selling price of loyalty points earned after factoring in the likelihood of redemption.

Food and beverage, hotel, retail, entertainment and convention transactions have been determined to be separate, stand-alone performance obligations and revenues for such contracts are recognized when the related goods and services are transferred to patrons. Revenues from contracts which include a combination of these transactions are allocated on a pro rata basis based on the stand-alone selling price of the goods and services. Revenues from food and beverage, hotel, retail, entertainment and other services, including revenues associated with loyalty point redemptions, are recognized at the time such service is performed. Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Percentage rental revenues are recognized in the periods in which the tenants exceed their respective percentage rent thresholds.

Management and development services have been determined to be separate, stand-alone performance obligations and revenues for such contracts are recognized when the related services are performed. The Company recognizes management fees pursuant to the respective management agreement, usually as a percentage of the related project's earnings during the period. Development fees are recognized pursuant to the respective development agreement, typically as a percentage of construction costs incurred during the period. Management and development fees are recorded within retail, entertainment and other revenues.

MGE Niagara operates the MGE Niagara Resorts under the terms of a 21-year Casino Operating and Services Agreement (the "COSA") with the OLG. Pursuant to the laws of Canada and Ontario, the OLG retains legal authority to conduct and manage lottery schemes on behalf of the Ontario government. MGE Niagara is acting as a service provider to the OLG under the COSA and, therefore, recognizes gaming revenues net of amounts due to the OLG. MGE Niagara retains all non-gaming revenues and recognizes these amounts on a gross basis. The COSA represents a series of distinct goods and services and, therefore, is deemed to be a single performance obligation. The transaction price under the COSA includes both fixed and variable consideration. The fixed consideration is comprised of an annual service provider fee and additional consideration for permitted capital expenditures up to an annual cap. The fixed consideration is recognized as revenue on a straight line basis over the term of the COSA. The variable consideration consists of 70% of gaming revenues (as defined under the COSA), in excess of a guaranteed annual minimum amount payable to the OLG (the "Threshold"). Annual Threshold amounts are contractually established and vary from year to year. If gaming revenues are less than the Threshold for any given year, the Company is obligated to make a payment to cover the related shortfall. The variable consideration is recognized as revenue as services are rendered under the terms of the COSA. The Company measures its progress in satisfying this performance obligation based on the output method, which aligns with the benefits provided to the OLG. Projected revenues are estimated based on the most likely amount within a range of possible outcomes to the extent that a significant reversal in the amount of cumulative revenues recognized is not probable of occurring. The

difference between revenues recognized and cash

F-12

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

received is recorded as an asset or a liability and classified as short-term or long-term based upon the anticipated timing of reversal. In the event an asset is recorded, such asset is assessed at least annually for impairment.

Revenue Disaggregation

The Company is primarily engaged in the ownership, operation and development of integrated entertainment facilities both domestically and internationally. The Company's current wholly-owned operations are focused within Connecticut and Pennsylvania. The Company also currently manages other gaming facilities elsewhere within the United States and Canada. The Company generates revenues by providing the following types of goods and services: gaming, food and beverage, hotel, retail, entertainment and other and management and development.

Revenue disaggregation by geographic location and revenue type for the fiscal years ended September 30, 2020 and 2019 was as follows (in thousands):

	For the Fiscal Year Ended September 30, 2020			
	Connecticut (Mohegan Sun)	Pennsylvania (Mohegan Sun Pocono)	Canada (MGE Niagara Resorts) (1)	Other
Gaming	\$ 518,599	\$ 159,661	\$ 121,387	\$ —
Food and beverage	64,012	12,208	27,544	(86)
Hotel	58,219	4,578	6,319	(3)
Retail, entertainment and other	74,844	4,713	24,775	830
Management and development	—	—	—	37,189
Net revenues	<u>\$ 715,674</u>	<u>\$ 181,160</u>	<u>\$ 180,025</u>	<u>\$ 37,930</u>

(1) Gaming revenues represent revenues earned under the COSA.

	For the Fiscal Year Ended September 30, 2019			
	Connecticut (Mohegan Sun)	Pennsylvania (Mohegan Sun Pocono)	Canada (MGE Niagara Resorts) (1)	Other
Gaming	\$ 654,273	\$ 211,800	\$ 70,339	\$ —
Food and beverage	114,446	22,981	20,319	(202)
Hotel	84,543	8,246	4,451	(5)
Retail, entertainment and other	138,781	8,027	17,416	1,206
Management and development	—	—	—	32,429
Net revenues	<u>\$ 992,043</u>	<u>\$ 251,054</u>	<u>\$ 112,525</u>	<u>\$ 33,428</u>

(1) Gaming revenues represent revenues earned under the COSA.

Contract and Contract-related Assets

As of September 30, 2020 and 2019, contract assets related to the COSA totaled \$129.2 million and \$53.2 million, respectively.

Contract and Contract-related Liabilities

A difference may exist between the timing of cash receipts from patrons and the recognition of revenues, resulting in a contract or contract-related liability. In general, the Company has three types of such liabilities: (1) outstanding gaming chips and slot tickets liability, which represents amounts owed in exchange for outstanding gaming chips and slot tickets held by patrons, (2) loyalty points deferred revenue liability and (3) patron advances and other liability, which primarily represents funds deposited in advance by patrons for gaming and advance payments by patrons for goods and services such as advance ticket sales, deposits on rooms and convention space and gift card purchases. These liabilities are generally expected to be recognized as revenues within one year and are recorded within other current liabilities.

The following table summarizes these liabilities (in thousands):

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Outstanding gaming chips and slot tickets liability	\$ 7,623	\$ 7,968
Loyalty points deferred revenue liability	35,368	40,968
Patron advances and other liability	17,340	22,312
Total	<u>\$ 60,331</u>	<u>\$ 71,248</u>

F-13

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

As of September 30, 2020 and 2019, customer contract liabilities related to Mohegan Sun Pocono's revenue sharing agreement with Unibet Interactive Inc. ("Unibet") totaled \$16.8 million and \$18.0 million, respectively, and were primarily recorded within other long-term liabilities. Unibet, a subsidiary of the Kindred Group, paid certain interactive gaming license fees to the Pennsylvania Gaming Control Board (the "PGCB") on behalf of Mohegan Sun Pocono and became licensed as a sports wagering and interactive gaming operator by the PGCB. The Company recorded these license fees, which are reimbursable to Unibet under certain conditions, as intangible assets with corresponding customer contract liabilities as Unibet is deemed to be a customer of Mohegan Sun Pocono with respect to these gaming activities.

Due from/to Ontario Lottery and Gaming Corporation

On a bi-weekly basis, the OLG remits estimated amounts due to MGE Niagara pursuant to the terms of the COSA. Any such remittance that is due, but not yet received, is recorded within due from Ontario Lottery and Gaming Corporation. Differences between actual and estimated amounts due are separately settled with the OLG on an annual basis, however, a quarterly interim reconciliation process is available. Any settlement amount owed to the OLG is recorded within due to Ontario Lottery and Gaming Corporation.

Gaming Costs and Expenses

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

Advertising Costs and Expenses

Production costs are expensed the first time the advertisement takes place. Prepaid rental fees associated with billboard advertisements are capitalized and amortized over the terms of the related rental agreements. Advertising costs and expenses totaled \$22.5 million, \$27.7 million and \$27.5 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

Pre-opening Costs and Expenses

Costs of start-up activities, pre-opening costs and expenses are expensed as incurred. Pre-opening costs and expenses totaled \$15.6 million, \$8.5 million and \$5.5 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively, and were recorded within other, net.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes" ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities, and are measured at the prevailing enacted tax rates that will be in effect when these differences are settled or realized. ASC 740 requires that deferred tax assets be reduced by a valuation allowance if it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized.

ASC 740 also creates a single model to address uncertainty in tax positions and clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the entity's financial statements. In addition, ASC 740 provides guidance with respect to de-recognition, measurement, classification, interest and penalties, accounting in interim periods and disclosure requirements. As of September 30, 2020 and 2019, the Company's uncertain tax positions were insignificant.

Foreign Currency

The financial position and operating results of foreign operations are consolidated using the local currency as the functional currency. Local currency assets and liabilities are translated at the end-of-period rates, while local currency revenue and expenses are translated at average rates in effect during the period. Local currency equity is translated at historical rates and the resulting cumulative translation adjustments are recorded as a component of accumulated other comprehensive income or loss.

Business Acquisitions

The Company accounts for business acquisitions using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recognized at fair value as of the acquisition date. The purchase price of business acquisitions is allocated

to the tangible and identifiable intangible assets acquired and liabilities assumed based on estimated

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

fair values and any excess purchase price over the tangible and identifiable assets acquired and liabilities assumed, if any, is recorded as goodwill. The Company may use independent valuation specialists to assist in determining the estimated fair values of assets acquired and liabilities assumed, which could require certain significant management assumptions and estimates.

Earth Hotel Tower

On January 21, 2020, the Company, through a wholly-owned subsidiary, purchased a 45% interest in Mohegan Hotel Holding, LLC, the indirect owner of the Earth Hotel Tower, in exchange for \$15.8 million, which the Company believes represented the fair market value of the investment. A portion of the consideration paid, totaling \$5.0 million, was advanced to Mohegan Hotel Holding, LLC in fiscal 2019.

Fair Value of Financial Instruments

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

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

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

The carrying amount of cash and cash equivalents, restricted cash and cash equivalents, receivables and trade payables approximates fair value. The estimated fair values of the Company's long-term debt were as follows (in thousands):

	September 30, 2020	
	Carrying Value	Fair Value
Senior secured credit facility - revolving (1)	\$ 197,000	\$ 178,531
Senior secured credit facility - term loan A (1)	227,710	213,356
Senior secured credit facility - term loan B (1)	792,829	723,121
2016 7 7/8% senior unsecured notes (1)	491,821	468,125
MGE Niagara Resorts credit facility - revolving (1)	26,187	26,187
MGE Niagara Resorts credit facility - term loan (1)	69,297	70,144
MGE Niagara Resorts convertible debenture (2)	29,928	29,928
Mohegan Expo credit facility (3)	27,750	28,408
Guaranteed credit facility (3)	29,529	30,406
Mohegan Tribe subordinated loan (3)	5,000	5,000
Redemption note payable (3)	69,099	69,099
Other (3)	3,860	3,860
Long-term debt	<u>\$ 1,970,010</u>	<u>\$ 1,846,165</u>

(1) Estimated fair values were based on Level 2 inputs (quoted market prices or prices of similar instruments) as of September 30, 2020.

(2) Estimated fair value was based on Level 3 inputs (changes in market conditions) from date of issuance (June 11, 2019) to September 30, 2020.

(3) Estimated fair values were based on Level 3 inputs (present value of future payments discounted to carrying value) as of September 30, 2020.

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

NOTE 3—NEW ACCOUNTING STANDARDS:

The following accounting standard was adopted during the fiscal year ended September 30, 2020:

ASU 2016-02

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-02, which requires, among other things, lessees to recognize a ROU asset and liability for leases with terms in excess of 12 months and the disclosure of information about leasing arrangements. In July 2018, the FASB issued ASU No. 2018-11, “Leases (Topic 842): Targeted Improvements” and ASU No. 2018-10, “Codification Improvements to Topic 842, Leases”, which clarify various aspects of ASU 2016-02.

Effective October 1, 2019, the Company adopted ASU 2016-02 under a modified retrospective transition approach. Accordingly, comparative information as of September 30, 2019 and for the fiscal years ended September 30, 2019 and 2018 has not been restated and continues to be reported under accounting standards in effect for those periods. The Company elected the package of practical expedients included in ASU 2016-02, which allowed it to: (i) not reassess whether any expired or existing contracts contain leases, (ii) not reassess the lease classification for any expired or existing leases and (iii) not reassess the initial direct costs for existing leases. The Company also made an accounting policy election to not recognize leases with an initial term of 12 months or less on its balance sheet. In addition, the Company elected to not separate lease and non-lease components for all significant classes of underlying assets for which the Company is the lessee. For instances in which the Company is the lessor, and the class of underlying asset represents retail space, the Company accounts for both the lease and non-lease components as a single lease component. In all other instances, non-lease components are accounted for separately in accordance with applicable guidance, most commonly ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)”.

As of October 1, 2019, the adoption of ASU 2016-02 resulted in the recognition of ROU operating lease assets of \$359.2 million and related ROU operating lease liabilities of \$366.8 million, as well as the derecognition of a previously recognized build-to-suit asset and related liability of \$90.3 million. The difference between the ROU operating lease assets and liabilities reflects the reclassification of historical prepaid and deferred rent balances. The adoption of ASU 2016-02 did not impact the Company's retained earnings or the Company's compliance with its financial covenants under its current debt agreements.

The following accounting standards will be adopted in future reporting periods:

ASU 2016-13

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments” (“ASU 2016-13”), which sets forth a current expected credit loss model which requires a company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. This model replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those annual reporting periods, and must be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company is currently evaluating the impact ASU 2016-13 will have on its financial statements, but does not expect its adoption to have a material impact.

ASU 2018-13

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”), which adds, amends and removes certain disclosure requirements related to fair value measurements. ASU 2018-13 requires enhanced disclosures on valuation techniques and inputs that a reporting entity uses to determine its measures of fair value, including judgments and assumptions that the entity makes and the uncertainties in the fair value measurements as of the reporting date. ASU 2018-13 is effective for annual reporting periods beginning after December 15, 2019. Certain amended or eliminated disclosure requirements may be adopted earlier, while certain additional disclosure requirements can be adopted on its effective date. In addition, certain changes required by this new standard require retrospective adoption, while other changes must be adopted prospectively. The Company is currently evaluating the impact ASU 2018-13 will have on its financial statement disclosures.

ASU 2019-12

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes” (“ASU 2019-12”), which simplifies various aspects related to the accounting for income taxes. This new standard removes certain exceptions to the general principles in ASU 2019-12 and clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020. The

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

Company is currently evaluating the impact ASU 2019-12 will have on its financial statements, but does not expect its adoption to have a material impact.

ASU 2020-06

In August 2020, the FASB issued ASU 2020-06, “Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40)” (“ASU 2020-06”), which simplifies the accounting for convertible instruments by removing major separation models required under current guidance. ASU 2020-06 also removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for annual reporting periods beginning after December 15, 2021, including interim periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact ASU 2020-06 will have on its financial statements and related disclosures, but does not expect its adoption to have a material impact.

NOTE 4—MGE NIAGARA RESORTS:

In September 2018, MGE Niagara was selected by the OLG to be the service provider for the MGE Niagara Resorts. On June 11, 2019 (the “Closing Date”), MGE Niagara completed the acquisition of the MGE Niagara Resorts (the “Acquisition”), assumed the day-to-day operations of the properties under the terms of the COSA and engaged in a series of transactions related thereto, including:

- a lease agreement with the OLG to lease the Fallsview Casino Resort and related administrative office space. This lease agreement requires MGE Niagara to make monthly payments of 2.2 million Canadian dollars (\$1.6 million as of September 30, 2020) until the end of the lease term on March 31, 2040. This lease is classified as an operating lease.
- a lease agreement with a third-party investor to lease Casino Niagara and related license agreements to operate an adjacent parking lot and the right for patrons to use an adjacent parking garage. This lease agreement requires MGE Niagara to make monthly payments of approximately 500,000 Canadian dollars (approximately \$374,000 as of September 30, 2020) until the end of the lease term on March 31, 2040 in exchange for the rights under the lease and licenses. The present value of the future payments was allocated to the respective rights based upon their relative fair value as follows: (i) 36.9 million Canadian dollars (\$27.6 million as of September 30, 2020) towards the Casino Niagara lease, which is classified as a finance lease, (ii) 6.9 million Canadian dollars (\$5.2 million as of September 30, 2020) towards an intangible asset, which is being amortized over the term of the lease on a straight-line basis and (iii) the residual allocation of the payments is classified as an operating land lease.
- a commitment to enter into a lease agreement with a third-party to lease the Niagara Falls Entertainment Centre on a date after the completion of its construction. The Company was deemed, for accounting purposes only, to be the owner of this construction project, despite not being the legal owner prior to the completion of construction. Accordingly, the Company capitalized 119.6 million Canadian dollars (\$90.3 million as of September 30, 2019) for amounts paid as a build-to-suit asset within property and equipment, net and recorded a corresponding build-to-suit liability. As of October 1, 2019, the adoption of ASU 2016-02 resulted in the derecognition of the build-to-suit asset and related liability. On June 5, 2020, MGE Niagara received notice from the landlord of the Niagara Falls Entertainment Centre that construction of the facility had reached substantial completion. Accordingly, MGE Niagara entered into an agreement to lease the facility commencing on August 19, 2020. This agreement requires MGE Niagara to make monthly payments of 900,000 Canadian dollars (approximately \$673,000 as of September 30, 2020) until the end of the lease term on March 31, 2040. This lease is classified as an operating lease.

As of the Closing Date, the purchase price of the Acquisition was approximately 96 million Canadian dollars (approximately \$72 million), net of cash acquired of approximately 57 million Canadian dollars (approximately \$43 million). During the fiscal year ended September 30, 2020, the Company recorded adjustments to the purchase price of the Acquisition totaling 2.2 million Canadian dollars (\$1.7 million), net of cash acquired of approximately 518,000 Canadian dollars (approximately \$390,000). MGE Niagara funded the Acquisition with proceeds from borrowings under a 100.0 million Canadian dollar term loan facility, the issuance of a 40.0 million Canadian dollar convertible debenture to a third-party investor and a 60.0 million Canadian dollar investment by the Company. The Acquisition was accounted for as a purchase of a business under the acquisition method of accounting in accordance with guidance provided by ASC Topic 805, “Business Combinations”.

F-17

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

The following table summarizes the allocation of the total purchase price to the estimated fair values of the assets acquired and liabilities assumed (in thousands):

	<u>Purchase Price</u>
Accounts receivable	\$ 1,448
Inventories	3,410
Other current assets	15,983
Property and equipment	50,282
Intangible asset	16,689
Due to Ontario Lottery and Gaming Corporation	1,525
Other current liabilities	<u>(15,384)</u>
Total	<u>\$ 73,953</u>

As a result of the temporary suspension of operations that stemmed from Regulation 82/20, the Emergency Management and Civil Protection Act mandated the closure of all places of non-essential business in Ontario. In collaboration with the OLG, the following has been temporarily agreed to for a defined period, subject to further extension(s) on mutual agreement: (i) the continuation of the service provider base fixed fee payments as required by the COSA and (ii) the temporary suspension of the payment of the portion of gaming revenues that represents the threshold, such that threshold payments do not apply during the casino closure period while there are no gaming revenues. MGE Niagara has also agreed with the OLG to work on a graduated and commercially reasonable phase-in of threshold payments to accommodate the extended business ramp up periods once health concerns are curtailed and approvals are obtained to reopen the MGE Niagara Resorts. In addition, in collaboration and cooperation with the OLG, MGE Niagara will work on a casino restart plan to effect the safe, orderly, efficient and commercially reasonable restart of the MGE Niagara Resorts' operations at the end of the extended casino closure periods. Additionally, MGE Niagara was granted a deferral of rental payments due under certain of its lease agreements.

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

NOTE 5—COWLITZ PROJECT:

The Company owns 100% of Salishan-Mohegan, LLC (“Salishan-Mohegan”), which developed and currently manages the Cowlitz Project, a gaming and entertainment facility owned by the federally-recognized Cowlitz Indian Tribe and the Cowlitz Tribal Gaming Authority. The Cowlitz Project opened in April 2017. Through Salishan-Mohegan Development Company, LLC, Salishan-Mohegan, along with Salishan Company, LLC (“Salishan Company”), an unrelated entity, also holds the development rights to any future development at ilani Casino Resort.

Under the terms of Salishan-Mohegan's development agreements, development fees of \$1.8 million, \$976,000 and \$570,000 were earned for the fiscal years ended September 30, 2020, 2019 and 2018, respectively. Under the terms of Salishan-Mohegan's management agreement, Salishan-Mohegan manages, operates and maintains the casino resort through May 2024 for a fee representing 24% of net revenues, as defined under the management agreement. Management fees earned by Salishan-Mohegan totaled \$34.2 million, \$27.9 million and \$13.5 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

Salishan-Mohegan advanced funds for the Cowlitz Project before financing was obtained for the project. On December 4, 2018, the Company received \$106.6 million from the Cowlitz Tribal Gaming Authority. This amount represented the full repayment of then-outstanding advances and accrued interest, through the repayment date, totaling \$32.0 million and \$74.6 million, respectively.

In April 2017, pursuant to a membership interest redemption and withdrawal agreement, Salishan-Mohegan agreed to redeem the membership interest in Salishan-Mohegan that was previously held by Salishan Company for a redemption price of \$114.8 million (the “Redemption Price”), which was determined by binding arbitration. The Redemption Price represented a \$68.5 million redemption liability based on the present value of the Redemption Price, utilizing the Company's credit adjusted risk-free investment rate. The amount of the redemption liability approximated the carrying value of Salishan Company's membership interest at the redemption date and, accordingly, no gain or loss was recorded in connection with this transaction. The redemption liability is payable through a promissory note (the “Redemption Note Payable”) issued by Salishan-Mohegan. The Redemption Note Payable is payable in monthly installments of \$1.9 million over a five-year period, commencing in May 2019. The Company recognizes interest expense relating to the amortization of discount to the Redemption Price, utilizing the effective yield method.

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

NOTE 6—PROJECT INSPIRE:

The Company owns 100% of Inspire Integrated Resort Co., Ltd. (“Inspire Integrated Resort”) and MGA Korea, LLC, which were formed to develop and construct Project Inspire. In February 2016, Inspire Integrated Resort was awarded pre-approval for a foreigner-only gaming license to be issued upon completion of the construction of Project Inspire. In August 2016, Inspire Integrated Resort entered into an agreement with the Incheon International Airport Authority for the long-term lease and development of land at the project site adjacent to the airport. Portions of the parcel of land covered by the lease will be released to Inspire Integrated Resort for development as the various phases of the project are approved by local authorities. Rental payments for each phase commence upon their respective initial operation commencement date, as defined, and will be based upon the governmentally appraised value of the project at such time. The overall term of the lease ends on the date which is the fiftieth anniversary of the operation commencement date, with a renewal option for an additional 49 years.

In March 2019, the Company received the necessary approvals for the initial phase of the project and, as a result, it was granted control of the related portion of the overall parcel of land. Accordingly, for accounting purposes, the lease term for this portion of land commenced on such date and the Company began recognizing rental expense. Rental expense is being recognized on a straight-line basis over the lease term, as defined above. Rental expense totaled \$3.9 million and \$1.8 million for the fiscal years ended September 30, 2020 and 2019, respectively, and was recorded within pre-opening costs and expenses.

In May 2018, the Company redeemed the membership interest in Inspire Integrated Resort that was previously held by a third-party for a cash payment of \$106.7 million. In accordance with ASC Topic 810, “Consolidation”, the \$10.0 million difference between the carrying value of the non-controlling interest and the fair value of consideration paid was recorded as a reduction in retained earnings. The non-controlling interest portion of accumulated other comprehensive income related to foreign currency translation of \$7.7 million was recorded as an increase in accumulated other comprehensive income. No gain or loss was recorded in connection with this transaction.

NOTE 7—MOHEGAN SUN CASINO AT VIRGIN HOTELS LAS VEGAS:

The Company owns 100% of MGNV, LLC (“MGNV”), which was formed to operate the Mohegan Sun Casino at Virgin Hotels Las Vegas. In July 2019, MGNV entered into a casino lease agreement with JC Hospitality, LLC, which is currently redeveloping the former Hard Rock Hotel and Casino in Las Vegas, Nevada, into an integrated resort under the Virgin Hotels brand, which will include the Mohegan Sun Casino at Virgin Hotels Las Vegas. Pursuant to the lease agreement, MGNV will lease and operate the more than 60,000-square-foot Mohegan Sun Casino at Virgin Hotels Las Vegas, subject to the completion of planned renovations. During the initial term of this 20-year lease agreement, the Company is required to make annual minimum rent payments of \$9.0 million, subject to escalators which could result in annual minimum rent payments of up to \$15.0 million, plus consumer price index inflators and additional common area maintenance fees. Annual minimum rent payments commence upon the first anniversary of the Lease Commencement Date, as defined under the lease agreement, and continue until the end of the lease term, which is currently estimated to conclude in 2041, subject to additional extensions at MGNV's option. The lease agreement is contingent upon and subject to the Company obtaining necessary approvals from all regulatory authorities, including without limitation, the State of Nevada and Clark County, Nevada. As of September 30, 2020, MGNV had not obtained control of the premises as defined under the lease agreement, as the planned renovations had not yet been completed.

NOTE 8—INSPIRE ATHENS:

The Company indirectly owns 100% of MGE Hellinikon B.V., which was formed to own a majority of a joint venture to develop and construct INSPIRE Athens. In October 2020, the joint venture was selected by the Hellenic Gaming Commission as the provisional contractor to develop the first integrated resort and casino in Greece at the Hellinikon, a large multi-purpose development project near Athens on the Athenian Riviera.

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

NOTE 9—PROPERTY AND EQUIPMENT, NET:

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

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Land	\$ 44,848	\$ 44,848
Land improvements	101,746	100,879
Buildings and improvements	1,852,131	1,839,872
Build-to-suit asset	—	93,828
Furniture and equipment	655,529	660,936
Construction in process (1)	252,394	103,327
Subtotal	<u>2,906,648</u>	<u>2,843,690</u>
Less: accumulated depreciation	<u>(1,408,601)</u>	<u>(1,323,003)</u>
Property and equipment, net	<u>\$ 1,498,047</u>	<u>\$ 1,520,687</u>

(1) As of September 30, 2020 and 2019, Project Inspire related construction in process totaled \$230.4 million and \$99.3 million, respectively.

As of September 30, 2020 and 2019, ROU finance lease assets totaled \$29.1 million and \$29.4 million, respectively. Depreciation expense totaled \$107.6 million, \$121.8 million and \$81.3 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

In fiscal 2019, the Company made an out-of-period correction, which increased depreciation and amortization expense by \$6.3 million. This adjustment resulted from the assignment, in a prior year, of an incorrect useful life to depreciate a long lived asset related to tenant allowances. In fiscal 2019, the Company also committed to a plan to repurpose the recently closed Casino of the Wind section of Mohegan Sun. In connection with this decision, the Company determined that certain assets related to the Casino of the Wind had no alternative future use. Accordingly, depreciation on these assets was accelerated, which increased depreciation and amortization expense by \$21.6 million.

NOTE 10—OTHER INTANGIBLE ASSETS, NET:

Other intangible assets, net, consisted of the following (in thousands):

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Mohegan Sun trademark (1)	\$ 119,692	\$ 119,692
Mohegan Sun Pocono slot machine, table game, interactive gaming and sports wagering licenses (1)	171,904	298,500
MGE Niagara Resorts Casino Operating and Services Agreement rights (2)	16,751	16,753
Other	25,638	25,889
Subtotal	<u>333,985</u>	<u>460,834</u>
Less: accumulated amortization	<u>(6,144)</u>	<u>(5,569)</u>
Other intangible assets, net	<u>\$ 327,841</u>	<u>\$ 455,265</u>

(1) Indefinite lives.

(2) 21-year useful life.

Amortization expense totaled \$1.4 million, \$738,000 and \$413,000 for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

During the second quarter of its fiscal 2020, the Company identified an indicator of impairment on Mohegan Sun Pocono's intangible assets due to COVID-19. As a result, the Company revised its cash flow projections to reflect the current business climate, including the uncertainty surrounding the nature, timing and extent of reopening Mohegan Sun Pocono. The estimated fair value of these intangible assets was determined by using discounted cash flow models, which utilized Level 3 inputs. The primary unobservable input utilized in estimating the fair value of these intangible assets was the discount rate, which was 10.5%. As a result of this interim assessment, the Company recorded an impairment charge related to Mohegan Sun Pocono's intangible assets of \$126.6 million in the second quarter of its fiscal 2020.

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

NOTE 11—LONG-TERM DEBT:

Long-term debt consisted of the following (in thousands):

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Senior Secured Credit Facility - Revolving	\$ 197,000	\$ 102,000
Senior Secured Credit Facility - Term Loan A, net of discount and debt issuance costs of \$4,199 and \$4,236, respectively	227,710	263,829
Senior Secured Credit Facility - Term Loan B, net of discount and debt issuance costs of \$20,809 and \$16,925, respectively	792,829	805,394
2016 7 7/8% Senior Unsecured Notes, net of discount and debt issuance costs of \$8,179 and \$9,565, respectively	491,821	490,435
MGE Niagara Resorts Credit Facility - Revolving	26,187	—
MGE Niagara Resorts Credit Facility - Term Loan, net of debt issuance costs of \$847 and \$1,002, respectively	69,297	73,564
MGE Niagara Resorts Convertible Debenture	29,928	30,204
Mohegan Expo Credit Facility, net of debt issuance costs of \$658 and \$925, respectively	27,750	29,357
Guaranteed Credit Facility, net of debt issuance costs of \$877 and \$1,191, respectively	29,529	31,840
Mohegan Tribe Subordinated Loan	5,000	—
Redemption Note Payable, net of discount of \$15,701 and \$23,905, respectively	69,099	81,329
Other	3,860	1,205
Long-term debt	<u>1,970,010</u>	<u>1,909,157</u>
Less: current portion of long-term debt	<u>(75,355)</u>	<u>(76,909)</u>
Long-term debt, net of current portion	<u>\$ 1,894,655</u>	<u>\$ 1,832,248</u>

Maturities of long-term debt are as follows (in thousands):

<u>Fiscal Years</u>		
2021	\$	75,355
2022		461,205
2023		38,198
2024		911,219
2025		505,041
Thereafter		<u>30,262</u>
Total	<u>\$</u>	<u>2,021,280</u>

Senior Secured Credit Facilities

In October 2016, the Company entered into a Credit Agreement among the Company, the Mohegan Tribe, Citizens Bank, N.A., as Administrative and Collateral Agent, and the other lenders thereto, providing for \$1.4 billion of senior secured credit facilities (the “Senior Secured Credit Facilities”), comprised of a \$170.0 million senior secured revolving credit facility (the “Revolving Facility”), a \$445.0 million senior secured term loan A facility (the “Term Loan A Facility”) and a \$785.0 million senior secured term loan B facility (the “Term Loan B Facility”). The Revolving Facility and the Term Loan A Facility mature on October 13, 2021 and the Term Loan B Facility matures on October 13, 2023.

In April 2017, the Company entered into an amendment to the Senior Secured Credit Facilities. This amendment reduced the interest rate margins by 0.50%. In April 2018, the Company entered into a second amendment to the Senior Secured Credit Facilities primarily to increase the borrowing capacity under the Revolving Facility by \$80.0 million, to borrow an additional \$80.0 million under the Term Loan B Facility and to revise the covenants and interest rates under the Term Loan A Facility and the Term Loan B Facility.

On August 28, 2020, the Company entered into a fourth amendment to the Senior Secured Credit Facilities (the “Fourth Amendment”). Pursuant to the Fourth Amendment, the Company will, during the period beginning on August 28, 2020, and ending upon the achievement of certain financial ratios specified in the Fourth Amendment (such period, the “Financial Covenant Restricted Period”), be subject to, among other things: (i) a minimum liquidity covenant that requires cash and cash equivalents and available borrowings under the Revolving Facility to be at least \$70.0 million as of the last day of

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

each calendar month, (ii) a covenant that requires the Company be in pro forma compliance with such minimum liquidity covenant in order to make any interest payment on the 2016 7 ⁷/₈% Senior Unsecured Notes and (iii) certain additional reporting covenants. The Fourth Amendment also waives the Company's obligation to comply with its financial covenants for its fiscal quarters ending March 31, 2020 and June 30, 2020, and modifies its financial covenants applicable during the Financial Covenant Restricted Period to provide the Company with greater flexibility in light of the impact of COVID-19 on the Company's business, in particular during the March 2020 through May 2020 period, all as set forth in the Fourth Amendment. In addition, the Fourth Amendment provides that, commencing on August 24, 2020: (i) loans under the Term Loan A Facility will bear interest at either an adjusted LIBOR rate or a base rate, in each case, plus an applicable margin equal to 6.125% per annum for adjusted LIBOR rate loans and 5.125% per annum for base rate loans, and (ii) loans under the Term Loan B Facility will bear interest at either an adjusted LIBOR rate or a base rate, in each case, plus an applicable margin equal to 6.375% per annum for adjusted LIBOR rate loans and 5.375% per annum for base rate loans, provided that the applicable rate for loans under the Term Loan B Facility are subject to certain ratings-based step downs and "most-favored-nation" protections as set forth in the Fourth Amendment. The Fourth Amendment also provides for a 1.00% per annum LIBOR floor applicable to adjusted LIBOR rate loans under the Term Loan A Facility and a 0.75% per annum LIBOR floor applicable to adjusted LIBOR rate loans under the Revolving Facility. Lastly, the Fourth Amendment: (i) carves out COVID-19 related effects from certain terms of the Senior Secured Credit Facilities and (ii) makes certain other changes to the covenants and other provisions of the Senior Secured Credit Facilities. Substantially concurrently with entering into the Fourth Amendment, the Mohegan Tribe made a \$20.0 million cash payment to the Company, consisting of: (i) a \$10.0 million contribution, (ii) a \$5.0 million subordinated loan maturing on October 16, 2024 and bearing interest in-kind at 10% per annum and (iii) a \$5.0 million reimbursement commensurate with a reduction in governmental and administrative services provided by the Mohegan Tribe. The Company incurred approximately \$16.1 million in costs in connection with the Fourth Amendment. New transaction costs totaling \$2.8 million were expensed and recorded as a loss on modification of debt. New debt issuance costs totaling \$3.0 million were capitalized as an asset and will be amortized over the term of the related debt. The remaining \$10.3 million in new debt issuance costs was reflected as debt discount and will be amortized over the term of the related debt.

The Term Loan A Facility is repayable, in quarterly installments, at a rate of \$66.8 million per annum through December 2018, \$44.5 million per annum through December 2019 and \$33.4 million per annum thereafter, with the balance payable at maturity in October 2021. The Term Loan B Facility is repayable, in quarterly installments, at a rate of \$8.7 million per annum, with the balance payable at maturity in October 2023.

The Term Loan A Facility and the Term Loan B Facility require additional mandatory repayments based on a percentage of excess cash flow, as defined under the Senior Secured Credit Facilities. For the fiscal years ended September 30, 2020, 2019 and 2018, there were no mandatory repayments.

As of September 30, 2020, letters of credit issued under the Revolving Facility totaled \$2.2 million. The Company had \$50.8 million of borrowing capacity under its Revolving Facility as of September 30, 2020, after factoring in outstanding letters of credit.

As of September 30, 2020, the \$197.0 million outstanding under the Revolving Facility accrue interest at 4.50%. As of September 30, 2020, outstanding borrowings under the Term Loan A Facility and the Term Loan B Facility accrue interest at 7.13% and 7.38%, respectively. The Company is also required to pay leverage-based undrawn commitment fees of between 37.5 thousand and 50 basis points under the Revolving Facility. This fee was 50 basis points as of September 30, 2020.

The Company's obligations under the Senior Secured Credit Facilities are guaranteed by certain of the Company's restricted subsidiaries, as defined under the Senior Secured Credit Facilities. The Senior Secured Credit Facilities are secured by substantially all of the Company's and its restricted subsidiaries' assets.

The Senior Secured Credit Facilities contain covenants governing: incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions and mergers or consolidations. The Senior Secured Credit Facilities also include financial maintenance covenants pertaining to total leverage, senior secured leverage and minimum fixed charge coverage. In addition, the Senior Secured Credit Facilities contain events of default relating to, among other things, failure to make required payments, breach of covenants and breach of representations.

On September 30, 2020 and 2019, the bank that administers the Company's debt service payments for its Senior Secured Credit Facilities made required principal payments on behalf of the Company totaling \$10.5 million and \$13.3 million, respectively, but did not accordingly debit the Company's bank account for these payments. As of September 30, 2020 and 2019, the Company reflected these non-cash transactions as reductions to current portion of long-term debt and corresponding

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

increases to other current liabilities. On the respective following banking days, the bank withdrew the payments from the Company's bank account, resulting in reductions to the Company's cash and cash equivalents and other current liabilities.

Senior Unsecured Notes

2016 7⁷/₈% Senior Unsecured Notes

In October 2016, the Company issued \$500.0 million senior unsecured notes with interest at 7.875% per annum (the “2016 Senior Unsecured Notes”). The 2016 Senior Unsecured Notes mature on October 15, 2024. Interest on the 2016 Senior Unsecured Notes is payable semi-annually in arrears on April 15 and October 15.

At any time prior to October 15, 2019, the Company could have redeemed the 2016 Senior Unsecured Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2016 Senior Unsecured Notes redeemed plus accrued and unpaid interest, if any, to the date of redemption and a make-whole premium. The 2016 Senior Unsecured Notes are redeemable at the Company's option, in whole or in part, at any time on or after October 15, 2019, at specified redemption prices, plus accrued and unpaid interest, if any, to the date of redemption. If the Company experiences specific kinds of change-of-control triggering events, it is required to make an offer to repurchase the 2016 Senior Unsecured Notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest, if any. Additionally, if the Company undertakes specific kinds of asset sales and does not use the related sale proceeds for specified purposes, the Company may be required to offer to repurchase the 2016 Senior Unsecured Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any. In certain circumstances, if any gaming regulatory authority requires a holder or beneficial owner of the 2016 Senior Unsecured Notes to be licensed, qualified or found suitable under applicable gaming laws, and such holder or beneficial owner does not obtain such license, qualification or finding of suitability within a specified time, the Company can require such holder or beneficial owner to dispose of its 2016 Senior Unsecured Notes or call for redemption of the 2016 Senior Unsecured Notes held by such holder or beneficial owner at a price equal to accrued and unpaid interest, if any, plus the lesser of 100% of the principal amount thereof or the price paid for such notes by such holder or beneficial owner.

The 2016 Senior Unsecured Notes are unsecured, unsubordinated obligations of the Company, and are guaranteed by certain of the Company's restricted subsidiaries.

The 2016 Senior Unsecured Notes indenture contains certain covenants that, subject to certain significant exceptions, limit, among other things, the Company's and certain of its restricted subsidiaries' ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates, merge or consolidate with another company or transfer and sell assets. The 2016 Senior Unsecured Notes indenture also includes events of default, including, but not limited to, failure to make required payments, failure to comply with certain agreements or covenants, failure to pay certain other indebtedness the occurrence of which is caused by a failure to pay principal, premium or interest or results in the acceleration of such indebtedness, certain events of bankruptcy and insolvency and certain judgment defaults.

Line of Credit

In October 2016, in connection with the new Senior Secured Credit Facilities, the Company entered into a \$25.0 million revolving credit facility with Bank of America, N.A. (the “Line of Credit”). The Line of Credit is coterminous with the Senior Secured Credit Facilities. Pursuant to provisions of the Senior Secured Credit Facilities, under certain circumstances, the Line of Credit may be converted into loans under the Senior Secured Credit Facilities. Each advance accrues interest at a base rate plus a spread. As of September 30, 2020, no amounts were drawn on the Line of Credit. The Line of Credit contains negative covenants and financial maintenance covenants that are substantially the same as those contained in the Senior Secured Credit Facilities.

MGE Niagara Resorts Credit Facilities

In June 2019, MGE Niagara entered into a Credit Agreement with, among others, Bank of Montreal, as Administrative Agent, and the lenders party thereto (the “MGE Niagara Resorts Credit Agreement”), providing for senior secured credit facilities in the aggregate principal amount of 290.0 million Canadian dollars (\$217.0 million as of September 30, 2020) (the “MGE Niagara Resorts Credit Facilities”), comprised of a revolving credit facility in the amount of 190.0 million Canadian dollars (\$142.2 million as of September 30, 2020) (the “MGE Niagara Resorts Revolving Facility”) and a term loan facility in the amount of 100.0 million Canadian dollars (\$74.8 million as of September 30, 2020) (the “MGE Niagara Resorts Term Loan Facility”). The MGE Niagara Resorts Credit Facilities mature on June 10, 2024.

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

In July 2019, MGE Niagara entered into an amendment to the MGE Niagara Resorts Credit Facilities to increase the borrowing capacity under the MGE Niagara Resorts Revolving Facility by 10.0 million Canadian dollars (\$7.5 million as of September 30, 2020).

On March 16, 2020, the OLG directed the MGE Niagara Resorts to close due to COVID-19. On May 15, 2020, MGE Niagara entered into a Limited Waiver (the “Limited Waiver”) with respect to the MGE Niagara Resorts Credit Facilities. The Limited Waiver, among other things: (i) waived the occurrence of an event of default that would have been caused under the MGE Niagara Resorts Credit Facilities due to the closure of the MGE Niagara Resorts for a period of 60 consecutive days or more and (ii) extended the waiver period through June 15, 2020 (the “Initial Waiver Period”). In exchange for the waivers granted under the Limited Waiver, MGE Niagara agreed not to make any request for advances under the MGE Niagara Resorts Credit Facilities during the Initial Waiver Period.

Because the MGE Niagara Resorts were required to continue to remain closed as directed by the OLG through the Initial Waiver Period, MGE Niagara entered into an Amended and Restated Limited Waiver (the “Amended and Restated Limited Waiver”) on June 15, 2020 which, among other things, extended the Initial Waiver Period to July 15, 2020 (the “Extended Waiver Period”).

On June 30, 2020, MGE Niagara entered into a Second Amended and Restated Limited Waiver (the “Second Waiver”) which, among other things: (i) waived anticipated breaches of certain financial covenants under the MGE Niagara Resorts Credit Facilities as a result of the closure of the MGE Niagara Resorts until July 31, 2020 (the “Covenant Waiver”), (ii) waived the requirement for MGE Niagara to deliver a compliance certificate under the MGE Niagara Resorts Credit Facilities for the fiscal quarter ending June 30, 2020 (the “Certificate Waiver”) and (iii) extended the Extended Waiver Period to July 31, 2020 (the “Second Extended Waiver Period”). In connection with the Second Waiver, MGE Niagara agreed, among other things, during the Second Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) an increase in the Applicable Margin (as defined under the MGE Niagara Resorts Credit Facilities) to pricing level 4, a 50 basis point increase over pricing level 3 and (iii) not make certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

On July 31, 2020, MGE Niagara entered into a Third Amended and Restated Limited Waiver (the “Third Waiver”) which, among other things, extended: (i) the Covenant Waiver, (ii) the Certificate Waiver and (iii) the Second Extended Waiver Period to September 30, 2020 (the “Third Extended Waiver Period”). In connection with the Third Waiver, MGE Niagara agreed, among other things, during the Third Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) replace the Applicable Margin schedule in the MGE Niagara Resorts Credit Facilities, which replacement schedule adds a new pricing level 5 increasing the Applicable Margin by 100 basis points over pricing level 4 and apply pricing level 5 as the current Applicable Margin, (iii) require MGE Niagara to maintain minimum liquidity of 15.0 million Canadian dollars, (iv) deliver to the administrative agent a weekly liquidity report and (v) refrain from making certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

On September 30, 2020, MGE Niagara entered into a Fourth Amended and Restated Limited Waiver (the “Fourth Waiver”) which, among other things: (i) waived anticipated breaches of certain financial covenants under the MGE Niagara Resorts Credit Facilities as a result of the closure of the MGE Niagara Resorts until November 30, 2020, (ii) waived the requirement for MGE Niagara to deliver (a) compliance certificates under the MGE Niagara Resorts Credit Facilities for the fiscal quarters ending June 30, 2020 and September 30, 2020 and (b) an annual business plan for the year ending March 31, 2020 and (iii) extended the waiver of the occurrence of an event of default that would have been caused under the MGE Niagara Resorts Credit Facilities due to the closure of the MGE Niagara Resorts, through November 30, 2020 (the “Extended Waiver Period”).

In connection with the Fourth Waiver, MGE Niagara agreed, among other things, during the Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) continue pricing under the MGE Niagara Resorts Credit Facilities at pricing level 5, which increased the Applicable Margin (as defined under the MGE Niagara Resorts Credit Facilities) by 100 basis points over pricing level 4, (iii) continue to require MGE Niagara to maintain minimum liquidity of 15.0 million Canadian dollars, (iv) continue to deliver to the administrative agent a weekly liquidity report and (v) refrain from making certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

The MGE Niagara Resorts Term Loan Facility is repayable, in quarterly installments, at a rate of 5.0 million Canadian dollars (\$3.7 million as of September 30, 2020) per annum, commencing September 30, 2019.

As of September 30, 2020, letters of credit issued under the MGE Niagara Resorts Revolving Facility totaled 35.0 Canadian dollars (\$26.2 million as of September 30, 2020).

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

Borrowings under the MGE Niagara Resorts Credit Facilities accrue interest at a base rate plus a spread. As of September 30, 2020, the 35.0 Canadian dollars (\$26.2 million as of September 30, 2020) outstanding under the MGE Niagara Resorts Revolving Facility accrue interest at 5.95%. As of September 30, 2020, outstanding borrowings under the MGE Niagara Resorts Term Loan Facility accrue interest at 5.48%. MGE Niagara is also required to pay leverage-based undrawn commitment fees of between 75 and 125 basis points under the MGE Niagara Resorts Revolving Facility. As of September 30, 2020, the commitment fee under MGE Niagara Resorts Revolving Facility was 125 basis points.

MGE Niagara is an unrestricted subsidiary under the Company's existing credit facilities and indenture and the MGE Niagara Resorts Credit Facilities are non-recourse to the Company and its restricted subsidiaries thereunder.

The MGE Niagara Resorts Credit Facilities are secured by, among other things, substantially all of the properties and assets of MGE Niagara, subject to certain customary exceptions, as well as by a pledge of (i) all of the issued and outstanding shares of MGE Niagara and (ii) a convertible debenture held by a third-party investor.

The MGE Niagara Resorts Credit Agreement contains customary covenants applicable to MGE Niagara, including covenants governing: incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, asset sales, acquisitions and investments, affiliate transactions and fundamental changes. The MGE Niagara Resorts Credit Agreement also includes financial maintenance covenants pertaining to total leverage and fixed charge coverage. In addition, the MGE Niagara Resorts Credit Agreement contains customary events of default relating to, among other things, failure to make payments, breach of covenants and breach of representations.

MGE Niagara Resorts Convertible Debenture

In June 2019, MGE Niagara issued a convertible debenture (the "MGE Niagara Resorts Convertible Debenture") to a third-party investor (the "Convertible Debenture Holder") in an aggregate principal amount of 40.0 million Canadian dollars (\$29.9 million as of September 30, 2020). The MGE Niagara Resorts Convertible Debenture is convertible, at the option of the Convertible Debenture Holder, between the fourth and sixth anniversaries of the Closing Date, into Class B Special shares representing 40% of the capital of MGE Niagara. The Class B Special shares will be similar in nature to the existing Common shares. The MGE Niagara Resorts Convertible Debenture accrues interest at an annual rate of 3.50% prior to the sixth anniversary of the Closing Date and 8.00% thereafter, compounded annually. The first interest payment is payable on June 11, 2022, with annual payments due thereafter. Repayment of the outstanding principal, plus any accrued interest, is due thirty days following the expiration or the termination of the COSA. If the MGE Niagara Resorts Convertible Debenture is not converted as of the sixth anniversary of the Closing Date, either MGE Niagara or the Convertible Debenture Holder may elect early repayment of half of the principal outstanding as of such date.

Mohegan Expo Credit Facility

In April 2017, the Company, through its wholly-owned subsidiary, Mohegan Expo Center, LLC ("Mohegan Expo"), entered into a loan agreement with certain third-party lenders providing for a \$25.0 million tax-exempt senior secured multi-draw term loan with an \$8.3 million increase option (the "Mohegan Expo Credit Facility"). In September 2017, Mohegan Expo exercised the Mohegan Expo Credit Facility increase option. The proceeds from the Mohegan Expo Credit Facility were used to partially finance the construction of an \$80.0 million exposition and convention center (the "Earth Expo & Convention Center"). The Earth Expo & Convention Center opened in May 2018. For the fiscal years ended September 30, 2020, 2019 and 2018, Mohegan Expo generated net revenues totaling \$3.5 million, \$6.0 million and \$647,000 respectively, and loss from operations totaling \$1.4 million, \$81,000 and \$1.6 million, respectively.

The Mohegan Expo Credit Facility matures on April 1, 2022. The Mohegan Expo Credit Facility is repayable with an initial payment of \$1.1 million for the period from April 18, 2018 through September 30, 2018 commencing on October 1, 2018 and in quarterly installments, at a rate of \$2.5 million per annum, thereafter. As of September 30, 2020, outstanding borrowings under the Mohegan Expo Credit Facility accrue interest at 4.08%. Mohegan Expo is required to maintain a six-month debt service reserve in a designated account under the Mohegan Expo Credit Facility.

The Mohegan Expo Credit Facility is a senior secured obligation of Mohegan Expo, collateralized by all existing and future assets of Mohegan Expo. The Mohegan Expo Credit Facility subjects Mohegan Expo to certain covenant requirements.

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

Guaranteed Credit Facility

In September 2018, the Company entered into a loan agreement with certain third-party lenders providing for a \$23.7 million term loan secured by a 90% loan guarantee by the Department of the Interior, Assistant Secretary—Indian Affairs, Division of Capital Investment (the “Guaranteed Credit Facility”), pursuant to the Indian Loan Guaranty, Insurance and Interest Subsidy Program (the “BIA Loan Guaranty Program”). In October 2018, the Company entered into a follow-on loan agreement providing for an additional \$11.3 million term loan under the BIA Loan Guaranty Program. This additional term loan completes the allocation to the Company of \$35.0 million in guaranteed term loans under the BIA Loan Guaranty Program. The proceeds from the Guaranteed Credit Facility were used to reimburse certain costs relating to the Earth Expo & Convention Center.

The Guaranteed Credit Facility matures on October 1, 2023. The Guaranteed Credit Facility, is repayable, in quarterly installments, at a rate of \$2.6 million per annum, commencing January 1, 2019. As of September 30, 2020, outstanding borrowings under the Guaranteed Credit Facility accrue interest at 2.91%.

The Guaranteed Credit Facility subjects the Company to certain covenant requirements.

Mohegan Tribe Subordinated Loan

Substantially concurrently with entering into the Fourth Amendment, the Mohegan Tribe made a \$5.0 million subordinated loan to the Company. This loan matures on October 16, 2024 and bears interest in-kind at 10% per annum.

Redemption Note Payable

The Redemption Note Payable matures on April 14, 2024. The Redemption Note Payable is payable in monthly installments of \$1.9 million over a five-year period, commencing in May 2019 (refer to Note 5).

Debt Covenant Compliance

As of September 30, 2020, the Company was in compliance with all financial covenants.

NOTE 12—LEASES:

Lessee

The Company leases real estate and equipment under various operating and finance lease agreements. Lease terms range from approximately one month to 50 years and do not contain any material residual value guarantees or restrictive covenants. Rental payments under these lease agreements are fixed and/or variable based on periodic adjustments for inflation, performance, usage or appraised land values. Variable components of lease payments are not included in the calculation of ROU assets and liabilities.

The Company’s lease arrangements contain both lease and non-lease components. For instances in which the Company is a lessee, the Company accounts for both lease and non-lease components as a single lease component for substantially all classes of underlying assets (primarily real estate and equipment). Leases with an expected or initial term of 12 months or less are not recorded on the Company’s consolidated balance sheet and the related lease expenses are recognized on a straight-line basis over the expected lease term.

Information related to weighted average lease terms and discount rates is as follows:

	<u>September 30, 2020</u>
Weighted average remaining lease terms (years):	
Operating leases	22
Finance leases	18
Weighted average discount rates:	
Operating leases (1)	8.48 %
Finance leases	4.99 %

(1) The weighted average discount rates for existing operating leases were established upon the adoption of ASU 2016-02 on October 1, 2019.

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

The components of lease expense are as follows (in thousands):

	For the Fiscal Year Ended September 30, 2020	
Operating lease expense	\$	38,414
Short-term lease expense		27,121
Variable lease expense		12,922
Finance lease expense:		
Amortization of ROU assets		2,401
Interest on lease liabilities		1,547
Less: sublease income (1)		(20,791)
Total	\$	<u>61,614</u>

(1) Represents income earned by the Company from the rental of hotel, convention or retail space at the MGE Niagara Resorts and the Earth Hotel Tower at Mohegan Sun, both of which are leased properties.

Supplemental cash flow information related to lease liabilities is as follows (in thousands):

	For the Fiscal Year Ended September 30, 2020	
Cash paid for amounts included in the measurement of lease liabilities:		
Payments on operating lease obligations	\$	22,844
Payments for interest on finance lease obligations		889
Payments on finance lease obligations		1,298
Total	\$	<u>25,031</u>

Maturities of ROU lease obligations are as follows (in thousands):

Fiscal years:	Operating Leases		Finance Leases	
2021	\$	48,623	\$	4,261
2022		38,295		3,107
2023		37,824		2,913
2024		37,942		2,547
2025		38,201		2,146
Thereafter		812,066		30,445
Total future lease payments		1,012,951		45,419
Less: amounts representing interest		(581,314)		(14,735)
Plus: residual values		—		327
Present value of future lease payments		431,637		31,011
Less: current portion of lease obligations		(19,939)		(2,802)
Lease obligations, net of current portion	\$	<u>411,698</u>	\$	<u>28,209</u>

In connection with the acquisition of the MGE Niagara Resorts, the Company committed to enter into a lease agreement with a third-party to lease the Niagara Falls Entertainment Centre. Prior to the adoption of ASU 2016-02, the Company was deemed, for accounting purposes only, to be the owner of this construction project, despite not being the legal owner prior to the completion of construction. Accordingly, the Company capitalized \$90.3 million as of September 30, 2019 as a build-to-suit asset within property and equipment, net and recorded a corresponding build-to-suit liability. In connection with the adoption of ASU 2016-02, the Company derecognized the build-to-suit asset and liability in their entirety.

Lessor

The Company leases space at its facilities to third parties. Lease terms for these non-cancelable operating leases range from approximately one month to 21 years. Rental income under these lease agreements is fixed and/or variable based on percentage of tenant sales or periodic adjustments for inflation. Rental income is recorded within hotel and retail, entertainment and other revenues. For instances in which the Company is the lessor, and the class of underlying asset represents retail space, the Company accounts for both the lease and non-lease components, such as common area maintenance and tenant services, as

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

a single lease component. In all other instances, non-lease components are accounted for separately in accordance with applicable guidance, most commonly ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)”.

Lease income consists of the following (in thousands):

	For the Fiscal Year Ended	
	September 30, 2020	
	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 42,473	\$ 7,160
Variable rent	—	4,176
Total	\$ 42,473	\$ 11,336

Future fixed rental income that the Company expects to earn under non-cancelable operating leases, exclusive of amounts under contingent escalated rent clauses, is as follows (in thousands):

Fiscal years:	Operating Leases Fixed Rental Income
2021	\$ 6,669
2022	4,954
2023	4,397
2024	3,891
2025	2,804
Thereafter	6,715
Total	\$ 29,430

Due to the evolving nature of COVID-19 and the related economic uncertainties, the Company cannot be certain that the contractual future fixed rental income presented above will be realized in their entirety.

The portions of Mohegan Sun, including the Sky Hotel Tower and the Earth Expo & Convention Center, and Mohegan Sun Pocono that are leased to third parties under operating leases are recorded within property and equipment, net as follows (in thousands):

	September 30, 2020
Property and equipment, at cost	\$ 484,143
Less: accumulated depreciation	(198,080)
Property and equipment, net	\$ 286,063

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

As of September 30, 2019, information pertaining to the Company's leases, as accounted for under prior accounting standards, was as follows:

Capital Leases

Minimum future capital lease payments were as follows (in thousands):

Fiscal years:	Capital Leases
2020	\$ 2,571
2021	2,598
2022	2,598
2023	2,548
2024	2,251
Thereafter	32,832
Total minimum future capital lease payments	45,398
Less: amounts representing interest	(16,031)
Plus: residual values	327
Present value of capital lease obligations	29,694
Less: current portion of capital lease obligations	(1,133)
Capital lease obligations, net of current portion	<u>\$ 28,561</u>

Operating Leases

Minimum future rental income that the Company expected to earn under non-cancelable leases was as follows (in thousands):

Fiscal years:	Operating Leases
2020	\$ 4,808
2021	4,038
2022	2,485
2023	2,092
2024	2,011
Thereafter	5,734
Total	<u>\$ 21,168</u>

Minimum future rental payments that the Company expected to incur under non-cancelable leases and subleases was as follows (in thousands):

Fiscal years:	Operating Leases		
	Minimum Future Rental Payments	Minimum Future Sublease Income	Total
2020	\$ 32,504	\$ (1,709)	\$ 30,795
2021	30,376	(1,428)	28,948
2022	30,651	(1,114)	29,537
2023	30,473	(987)	29,486
2024	30,602	(1,025)	29,577
Thereafter	715,910	(843)	715,067
Total	<u>\$ 870,516</u>	<u>\$ (7,106)</u>	<u>\$ 863,410</u>

NOTE 13—RELATED PARTY TRANSACTIONS:

Services

The Mohegan Tribe provides certain governmental and administrative services to the Company. The Company incurred expenses for such services totaling \$22.9 million, \$33.2 million and \$35.4 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

The Company purchases most of its utilities, including electricity, gas, water and waste water services, from an instrumentality of the Mohegan Tribe. The Company incurred costs for such utilities totaling \$15.5 million, \$19.3 million and

\$19.8 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

F-30

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

Leases

The Company leases the land on which Mohegan Sun is located from the Mohegan Tribe under a long-term lease agreement. The current term of 25 years, which commenced in October 2016, is renewable by the Company for an additional 25 years upon expiration. The lease agreement requires the Company to make a nominal annual rental payment.

The Company also subleases the Earth Hotel Tower, which opened in November 2016, from a subsidiary of the Mohegan Tribe and previously subleased a related connector from the Mohegan Tribe. In December 2017, the Company purchased the connector for \$8.5 million, which the Company believes represented its fair market value. The Company incurred rental expense relating to these subleases totaling \$8.6 million, \$8.6 million and \$8.8 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

Contribution

On August 28, 2020, the Company entered into the Fourth Amendment to its Senior Secured Credit Facilities. Substantially concurrently with entering into the Fourth Amendment, the Mohegan Tribe made a \$20.0 million cash payment to the Company, consisting of: (i) a \$10.0 million contribution, (ii) a \$5.0 million subordinated loan maturing on October 16, 2024 and bearing interest in-kind at 10% per annum and (iii) a \$5.0 million reimbursement commensurate with a reduction in governmental and administrative services provided by the Mohegan Tribe.

NOTE 14—EMPLOYEE BENEFIT PLANS:

The Company offers a retirement savings plan for its employees under Section 401(k) and Section 401(a) of the Internal Revenue Code (the “Mohegan Retirement and 401(k) Plan”). The Company may make discretionary matching contributions of 50%, up to the first 3% of participants’ eligible compensation contributed to the 401(k) portion of the plan. The Company temporarily suspended its discretionary matching contributions from April 13, 2020 through July 27, 2020 in an effort to reduce costs to mitigate the operating and financial impact of COVID-19. The Company contributed \$1.5 million, \$2.4 million and \$2.5 million, net of forfeitures, to the Mohegan Retirement and 401(k) Plan for the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

The Company, together with the Mohegan Tribe, offers a non-qualified deferred compensation plan for certain key employees (the “Mohegan Deferred Compensation Plan”). As of September 30, 2020 and 2019, the balance under the Mohegan Deferred Compensation Plan totaled \$10.7 million and \$10.4 million, respectively. The related asset and liability are recorded within other current assets and other current liabilities, respectively.

The Company, together with the Mohegan Tribe, offers a benefit plan for certain eligible employees (the “Mohegan Benefit Plan”). The Mohegan Benefit Plan is sponsored by the Mohegan Tribe for the benefit of participants who authorize the purchase of life insurance policies as a means of providing certain life insurance benefits to the participants and their spouses as joint insured. As of September 30, 2020 and 2019, the balance under the Mohegan Benefit Plan totaled \$6.4 million and \$5.5 million, respectively, and is recorded within other assets, net.

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

NOTE 15—INCOME TAXES:

Similar to other sovereign governments, the Mohegan Tribe and its entities, including the Company, are not subject to United States federal income taxes. However, MGE Niagara is subject to income taxes in Ontario, Canada, while certain of the Company's non-tribal entities are subject to income taxes in various state and local jurisdictions within the United States.

The components of income or loss before income tax are as follows (in thousands):

	For the Fiscal Years Ended		
	September 30, 2020	September 30, 2019	September 30, 2018
Domestic	\$ (124,227)	\$ 3,909	\$ 138,453
Foreign	(44,483)	(5,256)	(6,370)
Income (loss) before income tax	<u>\$ (168,710)</u>	<u>\$ (1,347)</u>	<u>\$ 132,083</u>

The components of income tax are as follows (in thousands):

	For the Fiscal Years Ended		
	September 30, 2020	September 30, 2019	September 30, 2018
Current:			
Federal	\$ —	\$ —	\$ —
State	(355)	(392)	(475)
Foreign	—	—	—
Total	<u>(355)</u>	<u>(392)</u>	<u>(475)</u>
Non-current:			
Federal	—	—	—
State	—	—	—
Foreign	7,049	(637)	—
Total	<u>7,049</u>	<u>(637)</u>	<u>—</u>
Income tax benefit (provision)	<u>\$ 6,694</u>	<u>\$ (1,029)</u>	<u>\$ (475)</u>

The components of deferred income tax benefit or provision result from various temporary differences and relate to items included in the consolidated statements of income or loss. The tax effect of these temporary differences are recorded within deferred income tax assets and liabilities as follows (in thousands):

	September 30, 2020	September 30, 2019
Deferred income tax assets:		
Canadian net operating loss carryforward	\$ 33,364	\$ 12,163
Right-of-use lease liabilities	95,589	528
Accumulated book depreciation in excess of tax depreciation	6,969	—
Other	158	—
Total	<u>136,080</u>	<u>12,691</u>
Deferred income tax liabilities:		
Casino Operating and Services Agreement customer contract asset	(34,251)	(13,300)
Right-of-use lease assets	(95,454)	(28)
Total	<u>(129,705)</u>	<u>(13,328)</u>
Deferred income tax asset (liability) (1)	<u>\$ 6,375</u>	<u>\$ (637)</u>

(1) Recorded within other assets, net and other long-term liabilities.

MGE Niagara incurred a net operating loss of \$16.3 million for Canadian tax purposes primarily due to excess depreciation and amortization that was recognized for accounting purposes over actual depreciation and amortization that was claimed for tax purposes. This net operating loss carryforward will be available to offset future taxable income through March 31, 2041.

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

NOTE 16—SEGMENT REPORTING:

The Company, either directly or through subsidiaries, operates Mohegan Sun, along with its other Connecticut operations (the “Connecticut Facilities”), Mohegan Sun Pocono, along with its other Pennsylvania operations (the “Pennsylvania Facilities”) and the MGE Niagara Resorts. The Company assumed the day-to-day operations of the MGE Niagara Resorts on June 11, 2019. Certain other properties that are managed or under development by the Company are identified as the management, development and other reportable segment.

The Company's chief operating decision maker currently reviews and assesses the performance and operating results and determines the proper allocation of resources to the Connecticut Facilities, the Pennsylvania Facilities, the MGE Niagara Resorts and the properties managed or under development on a separate basis. Accordingly, the Company has four separate reportable segments: (i) Mohegan Sun, which includes the operations of the Connecticut Facilities, (ii) Mohegan Sun Pocono, which includes the operations of the Pennsylvania Facilities, (iii) the MGE Niagara Resorts and (iv) management, development and other. The Company's corporate functions, along with any inter-segment activities are disclosed separately in the following segment disclosures to reconcile to consolidated results.

(in thousands)	For the Fiscal Years Ended		
	September 30, 2020	September 30, 2019	September 30, 2018
Net revenues:			
Mohegan Sun	\$ 715,674	\$ 992,043	\$ 1,068,892
Mohegan Sun Pocono	181,160	251,054	265,691
MGE Niagara Resorts	180,025	112,525	—
Management, development and other	37,189	33,349	19,806
Corporate	741	1,001	1,483
Inter-segment	173	(1,162)	(240)
Total	\$ 1,114,962	\$ 1,388,810	\$ 1,355,632
Income (loss) from operations:			
Mohegan Sun	\$ 128,449	\$ 156,276	\$ 230,890
Mohegan Sun Pocono (1) (2)	(115,073)	(5,253)	37,541
MGE Niagara Resorts	(24,676)	7,368	—
Management, development and other	1,585	1,152	(686)
Corporate	(23,439)	(22,161)	(23,211)
Inter-segment	(63)	(920)	—
Total	\$ (33,217)	\$ 136,462	\$ 244,534

(1) Includes a \$126.6 million impairment charge related to Mohegan Sun Pocono's intangible assets in fiscal 2020.

(2) Includes a \$39.5 million impairment charge related to Mohegan Sun Pocono's goodwill in fiscal 2019.

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

(in thousands)	For the Fiscal Years Ended		
	September 30, 2020	September 30, 2019	September 30, 2018
Capital expenditures incurred:			
Mohegan Sun	\$ 17,600	\$ 30,931	\$ 93,165
Mohegan Sun Pocono	3,559	6,526	9,889
MGE Niagara Resorts	17,799	3,389	—
Management, development and other	137,171	40,114	19,724
Corporate	545	34	24
Total	\$ 176,674	\$ 80,994	\$ 122,802
 (in thousands)			
Total assets:			
Mohegan Sun	\$ 1,271,435	\$ 1,282,384	
Mohegan Sun Pocono	409,630	548,424	
MGE Niagara Resorts	581,562	342,821	
Management, development and other	423,313	313,458	
Corporate	992,874	912,712	
Inter-segment	(971,626)	(888,203)	
Total	\$ 2,707,188	\$ 2,511,596	

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

NOTE 17—COMMITMENTS AND CONTINGENCIES:

Slot Win Contribution

The Mohegan Tribe and the State of Connecticut entered into a Memorandum of Understanding (“MOU”), which sets forth certain matters regarding implementation of the Mohegan Compact. The MOU stipulates that a portion of revenues from slot machines must be paid to the State of Connecticut (“Slot Win Contribution”). Slot Win Contribution payments are not required if the State of Connecticut legalizes any other gaming operation with slot machines, video facsimiles of games of chance or other commercial casino games within Connecticut, except those consented to by the Mohegan Tribe and the Mashantucket Pequot Tribe. Annual Slot Win Contribution payments are the lesser of (i) 30% of gross revenues from slot machines and (ii) the greater of 25% of gross revenues from slot machines or \$80.0 million.

Pennsylvania Slot Machine Tax

The Pennsylvania Race Horse Development and Gaming Act stipulates that holders of Category One slot machine licenses, including Mohegan Sun Pocono, must pay a portion of revenues from slot machines and other assessments to the PGCB (collectively, the “Pennsylvania Slot Machine Tax”). The Pennsylvania Slot Machine Tax approximates 52% of gross revenues from slot machines, plus an annual \$10.0 million slot machine operation fee.

Casino Operating and Services Agreement Thresholds

MGE Niagara operates the MGE Niagara Resorts under the terms of the COSA. Annual Threshold amounts under the COSA are contractually established and vary from year to year. If gaming revenues are less than the Threshold for any given year, the Company is obligated to make a payment to cover the related shortfall (refer to Note 2).

Mohegan Sun Casino at Virgin Hotels Las Vegas Lease

In July 2019, MGNV entered into a casino lease agreement with JC Hospitality, LLC, which is currently redeveloping the former Hard Rock Hotel and Casino in Las Vegas, Nevada, into an integrated resort under the Virgin Hotels brand, which will include the Mohegan Sun Casino at Virgin Hotels Las Vegas. During the initial term of the 20-year lease agreement, the Company is required to make annual minimum rent payments of \$9.0 million, subject to escalators which could result in annual minimum rent payments of up to \$15.0 million, plus consumer price index inflators and additional common area maintenance fees. Annual minimum rent payments commence upon the first anniversary of the Lease Commencement Date, as defined under the lease agreement, and continue until the end of the lease term, which is currently estimated to conclude in 2041, subject to additional extensions at MGNV's option. The lease agreement is contingent upon and subject to the Company obtaining necessary approvals from all regulatory authorities, including without limitation, the State of Nevada and Clark County, Nevada.

Priority Distribution

The Company and the Mohegan Tribe are parties to a perpetual agreement, which requires the Company to make payments to the Mohegan Tribe to the extent of the Company's net cash flow, as defined, subject to a minimum payment of \$40.0 million per calendar year.

Purchase and Other Contractual Obligations

As of September 30, 2020, the Company was contractually committed to purchase goods and services totaling \$63.7 million, of which \$36.2 million is expected to be incurred in fiscal 2021.

Litigation

The Company is a defendant in various claims and legal actions resulting from its normal course of business, primarily relating to personal injuries to patrons and damages to patrons' personal assets. The Company estimates litigation claims expense and accrues for such liabilities based upon historical experience. In management's opinion, the aggregate liability, if any, arising from such legal actions will not have a material impact on the Company's financial position, results of operations or cash flows.

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

NOTE 18—SUBSEQUENT EVENTS:

Amendment to Line of Credit

On November 18, 2020, the Company entered into a third amendment to the Line of Credit and a first amendment to its autoborrow service agreement pursuant to which the Line of Credit was amended to: (i) reduce the Facility Limit (as defined under the Line of Credit) from \$25.0 million to \$20.0 million and (ii) add a 0.75% per annum LIBOR floor.

Amendments and Waivers with Respect to MGE Niagara Resorts Credit Facilities

On November 30, 2020, MGE Niagara entered into a Fifth Amended and Restated Limited Waiver (the “Fifth Waiver”) which, among other things: (i) waived anticipated breaches of certain financial covenants under the MGE Niagara Resorts Credit Facilities as a result of the closure of the MGE Niagara Resorts until March 31, 2021, (ii) waived the requirement for MGE Niagara to deliver (a) compliance certificates under the MGE Niagara Resorts Credit Facilities for the fiscal quarters ending June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 and (b) an annual business plan for the year ending March 31, 2020 and (iii) extended the waiver of the occurrence of an event of default that would have been caused under the MGE Niagara Resorts Credit Facilities due to the closure of the MGE Niagara Resorts, through March 31, 2021 (the “Extended Waiver Period”).

In connection with the Fifth Waiver, MGE Niagara agreed, among other things, during the Extended Waiver Period, to: (i) continue not to make any request for advances under the MGE Niagara Resorts Credit Facilities, (ii) continue pricing under the MGE Niagara Resorts Credit Facilities at pricing level 5 (iii) continue to require MGE Niagara to maintain minimum liquidity of 15.0 million Canadian dollars, (iv) continue to deliver to the administrative agent a weekly liquidity report and (v) refrain from making certain Distributions (as defined under the MGE Niagara Resorts Credit Facilities).

New Main Street Term Loan Facility

On December 1, 2020, the Company entered into a loan agreement (the “Loan Agreement”) among the Company, the Mohegan Tribe and Liberty Bank, as lender (the “Lender”) in connection with the Main Street Priority Loan Facility (the “MSPLF”) established by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) under Section 13(3) of the Federal Reserve Act. The Loan Agreement provides for a senior secured term loan facility (the “Term Loan Facility”) in aggregate principal amount of \$50.0 million, subject to approval by the Federal Reserve, which was received on December 15, 2020. On December 15, 2020 (the “Closing Date”), the Company borrowed the full \$50.0 million in principal amount of the Term Loan Facility, which matures on December 1, 2025.

The proceeds from the Term Loan Facility will be used: (i) to repay amounts outstanding under the Revolving Facility, (ii) to fund transaction costs in connection with the Loan Agreement and (iii) for working capital and general corporate purposes.

The Loan Agreement contains customary covenants applicable to the Company and its restricted subsidiaries, including covenants governing incurrence of indebtedness, incurrence of liens, payment of dividends and other distributions, investments, asset sales, affiliate transactions and mergers or consolidations. The Loan Agreement also includes financial maintenance covenants pertaining to total leverage, secured leverage, fixed charge coverage and liquidity. In addition, the Loan Agreement contains customary events of default relating to, among other things, failure to make required payments, breach of covenants and breach of representations. The financial and non-financial covenants contained in the Loan Agreement are substantially identical to the covenants contained in the Senior Secured Credit Facilities. The Loan Agreement also requires the Company to comply with all terms and conditions of the MSPLF.

Borrowings under the Loan Agreement will bear interest at a rate equal to the three-month LIBOR plus 3.00%, payable quarterly in arrears, provided that interest paid on or prior to December 1, 2021 may be paid in-kind and added to the principal amount of the loans outstanding under the Term Loan Facility. The Company is required to repay 15% of the aggregate principal amount of loans under the Term Loan Facility on each of the third and fourth anniversary of the Closing Date.

The Company's obligations under the Term Loan Facility are guaranteed by certain of the Company's restricted subsidiaries, as defined under the Loan Agreement. The Term Loan Facility is secured by substantially all of the Company's and its restricted subsidiaries' assets. The liens securing the obligations under the Loan Agreement are pari passu pursuant to an intercreditor agreement between the Lender and the agent of the Senior Secured Credit Facilities.

MOHEGAN TRIBAL GAMING AUTHORITY
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020, 2019 and 2018
(in thousands)

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>
	Balances at Beginning of Year	Charges to Costs and Expenses	Deductions from Reserves (1)	Balances at End of Year
Description:				
Fiscal Year ended September 30, 2020				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 11,715	\$ 4,592	\$ (6)	\$ 16,313
Fiscal Year ended September 30, 2019				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 12,265	\$ 976	\$ 1,526	\$ 11,715
Fiscal Year ended September 30, 2018				
Reserves and allowances deducted from asset accounts:				
Reserves for uncollectible accounts:	\$ 20,785	\$ 4,396	\$ 12,916	\$ 12,265

(1) Deductions from reserves generally represent write-off of uncollectible accounts, net of recoveries of accounts previously written-off. In fiscal 2018, deductions from reserves primarily include \$10.3 million related to certain notes receivable related to the Cowlitz Project.