

MEMORANDUMS OF UNDERSTANDING

Memorandum of Understanding

This joint memorandum of understanding is entered into by and between the State of Connecticut [the “State”] and the Mashantucket Pequot Tribe [the “Tribe”], this 13th day of January, 1993, to set forth certain matters regarding implementation of the final Mashantucket Pequot Gaming Procedures, 56 Fed. Reg. 24996 (May 31, 1991) [the “Procedures.”] All terms used herein which are defined in the Procedures shall have the meanings assigned thereto in the Procedures.

1. In full settlement and satisfaction of certain controversies which have arisen between the parties hereto concerning the effect of the Procedures on the operation of electronic lottery devices and other video facsimiles (as defined in the Procedures,) the State and the Tribe agree that, subject to all of the terms and conditions herein, the moratorium imposed by section 15(a) of the Procedures on the operation by the Tribe of video facsimile games shall be suspended and, so long as the Tribe complies with the terms and conditions of this Memorandum of Understanding, the Tribe may operate video facsimiles (“video facsimiles”) as defined in section 2(cc) of the Procedures, subject to the requirements of section 7(c) of the Procedures and the Technical Standards for Video Facsimile Games as set forth in section 31 of Appendix A of the Procedures. The Tribe agrees that, so long as no change in State law is enacted to permit the operation of video

facsimiles by any other person and no other person within the State lawfully operates video facsimiles, the Tribe will contribute to the State a sum [the “Contribution”] equal to twenty-five per cent (25%) of gross operating revenues of such games operated by the Tribe. For purposes of this paragraph, gross operating revenues shall be defined to mean the total sum wagered less amounts paid out as prizes. The Contribution shall be payable on or before the fifteenth day of each month in an amount equal to: (i) twenty-five per cent (25%) of the gross operating revenues of the Tribe from the operation of video facsimiles during the portion of the fiscal year of the State concluding on the last day of the preceding calendar month, or, on July 15th of each year, twenty-five per cent (25%) of the gross operating revenues of the Tribe from the operation of video facsimiles during the preceding fiscal year of the State, less (ii) the cumulative Contribution paid by the Tribe prior to such date with respect to the operation of video facsimiles during the applicable fiscal year of the State, including any Minimum Contribution paid by the Tribe pursuant to paragraph (2) below. The Tribe shall provide the State with detailed reporting of the gross operating revenues of video facsimile devices and the determination of the Contribution hereunder which shall be subject to audit by the State in accordance with the provisions of the Procedures. Upon any failure by the Tribe to satisfy its obligations to the State hereunder, this Memorandum of Agreement shall cease to be of any force or effect and the moratorium established pursuant to section 15(a) of the Procedures shall without any requirement for further action by either party be in full force and effect in accordance with its terms.

2. In order to enable the State to forecast revenues for purposes of planning its budgetary affairs, the Tribe agrees that there shall be a minimum contribution (the “Minimum Contribution”) payable in lieu of the amount calculated in accordance with paragraph (1) above, whenever such Minimum Contribution is greater than the amount otherwise payable in accordance with paragraph (1) above, as follows:
- (a) Solely for the period commencing with the execution of the Memorandum of Understanding and concluding on June 30, 1993, the Minimum Contribution with respect to the operation of video facsimiles during said fiscal year shall be the greater of twenty-five per cent (25%) of gross operating revenues or Thirty Million Dollars (\$30,000,000.00) (the “Minimum Contribution” for fiscal year 1993.) The Minimum Contribution shall be payable as follows: the cumulative Contribution of the Tribe to the State hereunder with respect to the operation of video facsimiles during the fiscal year of the State ending June 30, 1993 shall be at least Ten Million Dollars (\$10,000,000.00) as of April 15, 1993; at least Twenty Million Dollars (\$20,000,000.00) as of May 15, 1993; and at least Thirty Million Dollars (\$30,000,000.00) as of June 15, 1993.
- (b) Solely for the fiscal year of the State commencing July 1, 1993 and concluding on June 30, 1994, the Minimum Contribution with respect to the operation of video facsimiles during said fiscal year shall be the greater of twenty-five per cent (25%) of gross operating revenues or One Hundred Million Dollars (\$100,000,000.00) (the “Minimum Contribution” for fiscal year 1994.) The Minimum Contribution shall be payable as follows: the cumulative Contribution of the Tribe to the State hereunder with respect to the operation of video

facsimiles during the fiscal year of the State ending June 30, 1994 shall be at least Ten Million Dollars (\$10,000,000.00) as of September 15, 1993; at least Twenty Million Dollars (\$20,000,000.00) as of October 15, 1993; at least Thirty Million Dollars (\$30,000,000.00) as of November 15, 1993; at least Forty Million Dollars (\$40,000,000.00) as of December 15, 1993; at least Fifty Million Dollars (\$50,000,000.00) as of January 15, 1994; at least Sixty Million Dollars (\$60,000,000.00) as of February 15, 1994; at least Seventy Million Dollars (\$70,000,000.00) as of March 15, 1994; at least Eighty Million Dollars (\$80,000,000.00) as of April 15, 1994; at least Ninety Million Dollars (\$90,000,000.00) as of May 15, 1994; and at least One Hundred Million Dollars (\$100,000,000.00) as of June 15, 1994.

- (c) Solely for each fiscal year of the State commencing on or after July 1, 1994, the Minimum Contribution with respect to the operation of video facsimiles during each such fiscal year shall be the lesser of: (i) thirty per cent (30%) of gross operating revenues from video facsimiles during such fiscal year, or (ii) the greater of twenty-five per cent (25%) of gross operating revenues from video facsimiles during such fiscal year or One Hundred Million Dollars (\$100,000,000.00). The Minimum Contribution shall be payable as follows: the cumulative Contribution of the Tribe to the State hereunder with respect to the operation of video facsimiles during each such fiscal year of the State shall be Ten Million Dollars (\$10,000,000.00) as of September 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through August 31st of such fiscal year;

Twenty Million Dollars (\$20,000,000.00) as of October 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through September 30th of such fiscal year; Thirty Million Dollars (\$30,000,000.00) as of November 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through October 31st of such fiscal year; Forty Million Dollars (\$40,000,000.00) as of December 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through November 30th of such fiscal year; Fifty Million Dollars (\$50,000,000.00) as of January 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through December 31st of such fiscal year; Sixty Million Dollars (\$60,000,000.00) as of February 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through January 31st of such fiscal year; Seventy Million Dollars (\$70,000,000.00) as of March 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through February 28th of such fiscal year; Eighty Million Dollars (\$80,000,000.00) as of April 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through March 31st of such fiscal year; Ninety Million Dollars (\$90,000,000.00) as of May 15th of each such fiscal year, but not more

than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through April 30th of such fiscal year; and One Hundred Million Dollars (\$100,000,000.00) as of July 15th following the close of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles through June 30th of such fiscal year.

3. It is understood and agreed by the parties that this agreement constitutes an accommodation by both the State and the Tribe in order to satisfy their respective interests and to resolve the matters addressed by section 15(a) of the Procedures in an orderly and non-adversarial manner, and does not constitute an admission or concession by either the State or the Tribe as to any legal or factual question which might otherwise arise pursuant to section 15(a) of the Procedures. The Tribe agrees that so long as no change in State law is enacted to permit the operation of video facsimiles by any other person and no other person within the State lawfully operates video facsimile games, the Tribe shall not assert the right to operate such devices except in accordance with this Memorandum of Understanding. In the event that any change in State law is enacted to permit the operation of video facsimiles by any other person or any other person within the State lawfully operates video facsimile games, the Tribe shall not be bound by the provisions of this Memorandum of Understanding so long as it does not claim any right to operate video facsimile games by virtue of this Memorandum of Understanding, but the Tribe may thereupon assert any rights which it may otherwise have under the Procedures; provided, however, that in such event neither party shall be bound by any of the provisions hereof nor shall either party

be barred from taking any position inconsistent with this Memorandum of Understanding. Nothing contained in this Memorandum of Understanding shall be utilized under any circumstances as evidence by either the State or the Tribe as to the intent of the Procedures or the effect of any provision of the Procedures or of any State or Federal law or regulation.

STATE OF CONNECTICUT, by:

MASHANTUCKET PEQUOT TRIBE, by

FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING

Paragraph 2 (b) of the joint memorandum of understanding dated as of January 13, 1993 between the State of Connecticut and the Mashantucket Pequot Tribe is hereby amended as follows:

1. In lines five and six of said paragraph 2 (b), the words "One Hundred Million Dollars (\$100,000,000.00)" are struck and the words "One Hundred Thirteen Million Dollars (\$113,000,000.00)" are inserted in place thereof.
2. In lines twenty-two and twenty-three of said paragraph 2 (b), the words "One Hundred Million Dollars (\$100,000,000.00)" are struck and the words "One Hundred Thirteen Million Dollars (\$113,000,000.00)" are inserted in place thereof.

DATED: April 30, 1993

STATE OF CONNECTICUT, By:

MASHANTUCKET PEQUOT TRIBE, By:

SECOND AMENDMENT TO MEMORANDUM OF UNDERSTANDING

The joint memorandum of understanding dated as of January 13, 1993 between the State of Connecticut and the Mashantucket Pequot Tribe as previously amended by the First Amendment to the Memorandum of Understanding (as so amended, the “Memorandum”) is hereby further amended as follows:

WHEREAS, the Mohegan Tribe is now federally recognized and the State may be required to negotiate a gaming compact with the Mohegan Tribe which could relieve the Mashantucket Pequot Tribe of its obligation to contribute to the State and lead to renewed litigation between the parties hereto regarding the effect of the moratorium set forth in section 15(a) of the Mashantucket Pequot Gaming Procedures; and

WHEREAS, ambiguities in the Memorandum may lead to renewed litigation between the parties in the event that state legislation is enacted which seeks to circumvent the intent of the Memorandum by authorizing casinos without initially authorizing the operation of video facsimiles in such casinos; and

WHEREAS, the parties desire to avoid renewed litigation and to amicably resolve the existing uncertainties in a manner consistent with the original intent of the Memorandum, and the Mashantucket Pequot Tribe is prepared to maintain its obligation to contribute to the State so long as the Mohegan Tribe enters into a similar arrangement;

NOW, THEREFORE, be it agreed as follows:

1. The Memorandum is hereby further amended by striking the second sentence of paragraph (1) and inserting in place thereof the following:

“The Tribe agrees that, so long as no change in State law is enacted to permit the operation of video facsimiles or other commercial casino games by any other person and no other person within the State lawfully operates video facsimiles or other commercial casino games, the Tribe will contribute to the State a sum [the “Contribution”] equal to twenty-five per cent (25%) of gross operating revenues of video facsimile games operated by the Tribe.”

2. The Memorandum is hereby further amended by striking Paragraph (3) and inserting in place thereof the following:

“3. It is understood and agreed by the parties that this agreement constitutes an accommodation by both the State and the Tribe in order to satisfy their respective interests and to resolve the matters addressed by section 15(a) of the Procedures in an orderly and non-adversarial manner, and does not constitute an admission or concession by either the State or the Tribe as to any legal or factual questions which might otherwise arise pursuant to section 15(a) of the Procedures. The Tribe agrees that so long as no change in State law is enacted to permit the operation of video facsimiles or other commercial casino games by any other person and no other person within the State lawfully operates video facsimile games or other commercial casino games, the Tribe shall not assert the right to operate video facsimile games except in accordance with this Memorandum of Understanding. In the event that any change in State law is enacted to permit the operation of video facsimiles or other commercial casino games by any other person or any other person within the State lawfully operates video facsimile games or other commercial casino games, the Tribe shall not be bound by the provisions of this Memorandum of Understanding so long as it does not claim any right to operate video facsimile games by virtue of this Memorandum of Understanding, but the Tribe may thereupon assert any rights which it may otherwise have under the Procedures: provided, however, that in such event

neither party shall be bound by any of the provisions hereof nor shall either party be barred from taking any position inconsistent with this Memorandum of Understanding; and further provided, that in the event that the Mohegan Tribe lawfully operates video facsimile games or other commercial casino games under the provisions of the Indian Gaming Regulatory Act, the Tribe shall not thereby be relieved of its obligations hereunder but shall, subject to the provisions of paragraph (4) hereof, continue to be bound by the provisions of this Memorandum of Understanding so long as the Mohegan Tribe makes a contribution to the State with respect to its operation of video facsimile games which is at least equivalent to that required pursuant to the Memorandum of Understanding of even date entered into between Mohegan Tribe and the State as appended hereto as an exhibit. Nothing contained in this Memorandum of Understanding shall be utilized under any circumstance as evidence by either the State or the Tribe as to the intent of the Procedures or the effect of any provision the Procedures or of any State or Federal law or regulation.”

3. The Memorandum is hereby further amended by inserting after paragraph (3) of the following new paragraph:

“4. Notwithstanding the provisions of paragraph (2) hereof and subject to the provisions of paragraph (3) hereof, solely for each fiscal year of the State commencing on or after July 1, 1995, during which the Mohegan Tribe operates video facsimiles or other commercial casino games for any portion of such year and makes the contribution required pursuant to paragraph (3) hereof, the Minimum Contribution with respect to the operation of video facsimiles during each such fiscal year shall be the lesser of: (i) thirty per cent (30%) of gross operating revenues from video facsimiles during such fiscal year, or (ii) the greater of twenty-five per cent (25%) of gross operating revenues from video facsimiles during such fiscal

year or Eighty Million Dollars (\$80,000,000.00). The Minimum Contribution shall be payable as follows: the cumulative Contribution of the Tribe to the State hereunder with respect to the operation of video facsimiles during each such fiscal year of the State shall be Eight Million Dollars (\$8,000,000.00) as of September 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such year through August 31st of such fiscal year; Sixteen Million Dollars (\$16,000,000.00) as of October 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through September 30th of such fiscal year; Twenty-Four Million Dollars (\$24,000,000.00) as of November 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through October 31st of such fiscal year; Thirty-Two Million Dollars (\$32,000,000.00) as of December 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through November 30th of such fiscal year; Forty Million Dollars (\$40,000,000.00) as of January 15th of each such fiscal year, but not more than thirty (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through December 31st of such fiscal year; Forty-Eight Million Dollars (\$48,000,000.00) as of February 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through January 31st of such fiscal year; Fifty-Six Million Dollars (\$56,000,000.00) as of March 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through February 28th of such fiscal year; Sixty-Four Million Dollars (\$64,000,000.00) as of April 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from

July 1st of such fiscal year through March 31st of such fiscal year; Seventy-Two Million Dollars (\$72,000,000.00) as of May 15th of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles from July 1st of such fiscal year through April 30th of such fiscal year; and Eighty Million Dollars (\$80,000,000.00) as of July 15th following the close of each such fiscal year, but not more than thirty per cent (30%) of gross operating revenues from video facsimiles through June 30th of such fiscal year.”

DATED: April 25, 1994

STATE OF CONNECTICUT

MASHANTUCKET PEQUOT TRIBE

BY _____

BY _____

Lowell P. Weicker, Governor

Richard A. Hayward, Chairman