

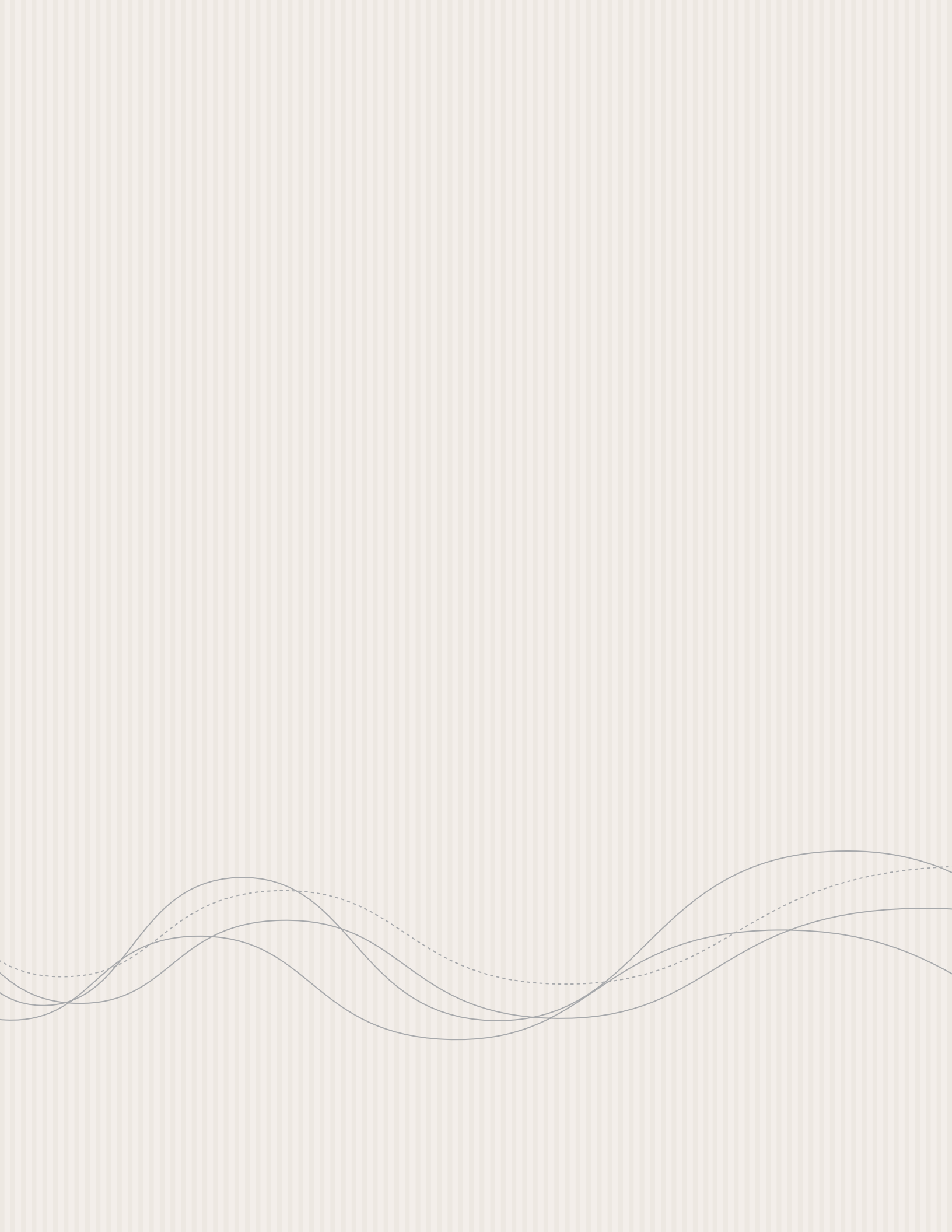
2005

MOHEGAN TRIBAL GAMING AUTHORITY  
ANNUAL REPORT



2005



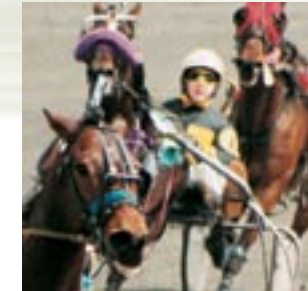


We are moving forward in many exciting directions. >>>

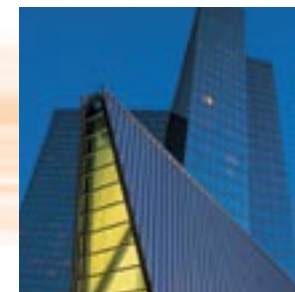




When it comes to expanding into new areas,  
we have hit the ground running.

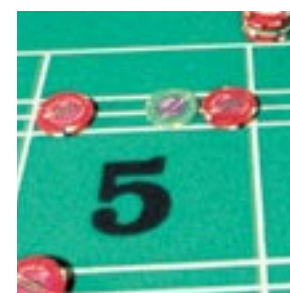


The Mohegan Sun brand is on the move. In July, we announced plans to open another Mohegan Sun property on the existing grounds of Pocono Downs racetrack in Pennsylvania. Mohegan Sun at Pocono Downs will open in 2006 with substantial improvements to the existing grandstand and club house as well as the installation of more than 1,000 new slot machines. Our improved facility will also feature many food choices at our brand new food court. Later, our Phase II plans will include 400,000 square feet of unique entertainment facilities with more slots, three restaurants, an 18,000 square-foot night club and 20,000 square feet of retail space—all offering the attention-to-detail and world-class quality that every Mohegan Sun guest expects. >>>



We never stop trying to make the Mohegan Sun experience even better.

There's a reason we were named one of America's Most Admired Companies by Fortune magazine in 2005. Actually, there are countless reasons. Because we're constantly looking for new ways to enhance and improve every aspect of our experience, from adding new restaurants like the highly unique Uncas American Indian Grill to making our guests a little more comfortable with new smoke-free areas. To us, it's not about keeping up with the competition - it's about keeping far, far ahead of them. It's also about keeping it fun. That's why we actively partner with the Connecticut Council on Problem Gambling and the National Council on Problem Gambling to assist us in promoting responsible gaming >>>



We are not just a presence in our community.  
We are a driving force behind its success.

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As one of the largest corporations in Connecticut, we know our responsibility to our community extends well beyond entertainment. That's why we provide hundreds of charitable organizations with financial support, from national programs like the Muscular Dystrophy Association and the Juvenile Diabetes Research Foundation to local non-profits like museums, town fairs and fire departments.

We also contribute heavily to the economy of our neighboring towns and our state. Besides being one of southeastern Connecticut's top tourist attractions, in 2005 McHegan Sun:

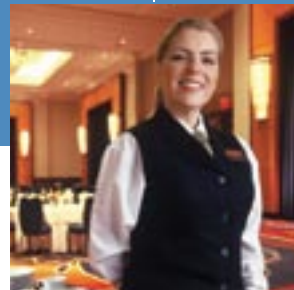
> purchased more than **\$ 340 million** in goods and services

> paid more than **\$ 245 million** in salary and wages

> spent more than **\$ 125 million** in other benefits and payroll taxes

> contributed over **\$ 350,000** to United Way and Community Health Charities through our generous Employee Giving Campaign

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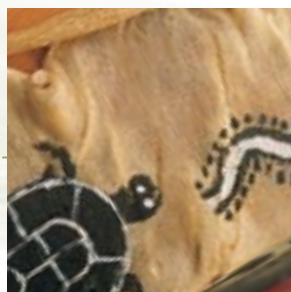
It's our amazing employees who keep us going...and growing.

Our employees don't just make our beds, prepare our meals and make us sparkle—they make a huge difference to us and to our neighbors. They're at the core of our success, and we treat them accordingly.

But our employees don't just help us. They help their communities, donating both time and hard-earned dollars to aid local residents. We're not the only ones who recognize their contribution – in 2005, the United Way of Southeastern Connecticut awarded our employees with their prestigious "Day of Caring" Award. >>>



The Mohegan Tribe is moving full speed ahead into the future.



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Centuries of Mohegan Tribal culture and history lie at the heart of every Mohegan Sun experience— and every one of our successes. That's why we make it a priority to ensure that yesterday's traditions and values are just as strong today and tomorrow. To do this, we continuously improve the standard of living among our Tribe's members in many different ways, including funding education, healthcare and elder care. Because to us, a glorious past is nothing without a magnificent future. >>>

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Our next impressive achievements  
are already in motion.

Michigan Tribal Gaming Authority has always been a company of constant movement and action, never content to rest upon past accomplishments. Last year, we kept the momentum going. And soon, we will add to it again, with even more new attractions, enhancements and destinations expected to be announced. Stay tuned – because if you thought 2005 was a good year, well, we're just getting started. >>>

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## Letter to our Bondholders and Employees

From the moment we were established by the Mohegan Tribe, Mohegan Tribal Gaming Authority has been evolving into a successful company that is built to last. Our progress is based on a solid foundation of purpose and values preserved since opening Mohegan Sun in October 1996.

The strength of our purpose and values is evidenced by our strong financial results for fiscal 2005. We were pleased to announce record net revenues of \$1.33 billion and record Adjusted EBITDA of \$352.4 million for the Authority – a 5.9% and 2.4% increase over the prior year, respectively. Results include the operations of Mohegan Sun at Pocono Downs and our five off-track wagering facilities in Pennsylvania that we acquired in January 2005.

Mohegan Sun generated \$1.31 billion in net revenues and \$360.4 million in Adjusted EBITDA in fiscal 2005 – a 3.9% and 3.3% increase over the prior year, respectively. Mohegan Sun results were highlighted by a \$54.2 million, or 4.8%, increase in gaming revenues, which included a \$25.7 million, or 3.2%, increase in net slot revenues and a \$27.8 million, or 9.1%, increase in table game revenues. Our growth in slot revenues continues to exceed the overall growth rate of the Connecticut slot market. Hotel occupancy improved during the year from 87% in fiscal 2004 to 93% in fiscal 2005.

The Mohegan Tribe held elections during fiscal 2005 and the Tribal Council which serves as the Authority's Management Board took office on October 3, 2005. The Tribe elected six new Council members and the transition process was very smooth. The Management Board is focused on developing a comprehensive strategic plan to ensure earnings growth as well as guide the process for overall long-term growth of the company and benefits to its members.

Our long-term strategy is focused on gaming which includes both Indian Gaming opportunities as well as commercial projects. Our acquisition of Pocono Downs and five off-track wagering facilities in Pennsylvania will help us build our company in many ways but most of all will help us refine our long-term strategy for growing in the commercial arena. The process has been slower than expected but we are making significant progress with Phase One of the project which includes significant improvements to the clubhouse and grandstand to make room for our initial 1,000 slot machines.

Working with the Cowitz Tribe of Washington and the Menominee Tribe of Wisconsin have been very fulfilling as we move closer to these two tribes getting their land into trust toward their eventual goal of building and operating new and exciting casinos.

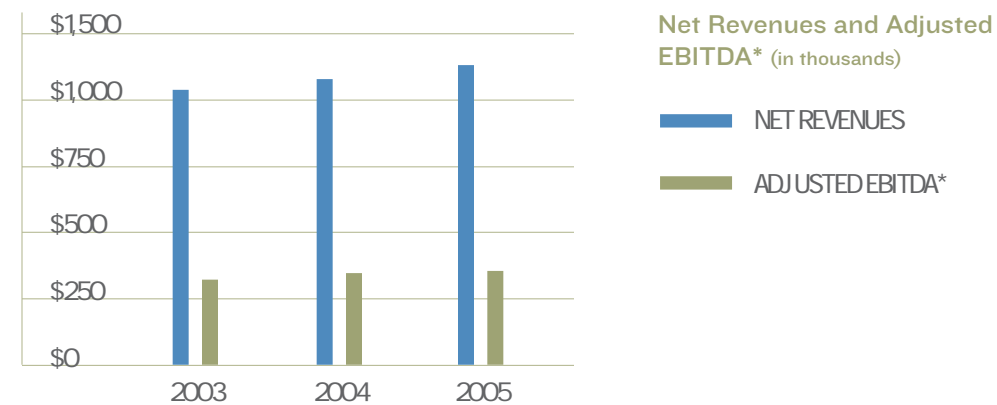
Fiscal 2005 was an outstanding year for both MTGA and the Mohegan Tribe. The combination of continued growth for Mohegan Sun, our acquisition of Pocono Downs, our efforts in Indian Gaming and a newly elected Management Board has been both challenging and rewarding as we continue to focus on a strategic plan that will help us grow and be built to last.

Bruce "Two Dogs" Bozsum  
Chairman  
Mohegan Tribal Council/Management Board  
December 2005

William J. Velardo  
Chief Executive Officer  
Mohegan Tribal Gaming Authority  
December 2005

	For the Fiscal Year Ended September 30,		
	2003	2004	2005
(thousands)			
<b>Operating Results:</b>			
Gross revenues	\$ 1,280,440	\$ 1,367,933	\$ 1,456,753
Promotional allowances	102,952	111,007	125,148
Net revenues	1,177,488	1,256,926	1,331,605
Income from operations	241,333	246,617	139,364
Net income	95,685	102,887	23,667
<b>Other Data:</b>			
Adjusted EBITDA*	310,746	344,127	352,437
Interest expense, net of capitalized interest	83,492	78,970	88,011
Capital expenditures	30,277	30,680	50,991
Net cash flows provided by operating activities	195,484	214,776	248,304
<b>Balance Sheet Data:</b>			
Total assets	1,658,511	1,579,705	1,856,868
Long-term debt	1,101,649	1,003,051	1,226,348

\* A discussion of Adjusted EBITDA and reconciliation of Adjusted EBITDA to net income is included on the following page of this annual report.



### Reconciliation of Adjusted EBITDA to Net Income

A reconciliation of Adjusted EBITDA to net income, a financial measure determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, is shown below (in thousands):

	For the Fiscal Year Ended September 30,		
	2003	2004	2005
Adjusted EBITDA	\$ 310,746	\$ 344,127	\$ 352,437
Pre-opening costs and expenses	-	-	(1,257)
Depreciation and amortization	(92,123)	(93,595)	(87,678)
Relinquishment liability reassessment	22,710	(3,897)	(123,624)
Accretion of discount to the relinquishment liability	(33,592)	(29,939)	(27,466)
Interest income	269	232	673
Interest expense, net of capitalized interest	(83,492)	(78,970)	(88,011)
Loss on early extinguishment of debt	(27,396)	(34,138)	(280)
Write-off debt issuance costs	(403)	-	-
Other expense, net	(1,034)	(933)	(1,127)
<b>Net income</b>	<b>\$ 95,685</b>	<b>\$ 102,887</b>	<b>\$ 23,667</b>

### Adjusted EBITDA Explanation

Earnings before interest, income taxes, depreciation and amortization, or EBITDA, is a commonly used measure of performance in our industry. EBITDA is not a measure of performance calculated in accordance with GAAP. We have historically evaluated our operating performance with the non-GAAP measure, Adjusted EBITDA, which as used in this annual report represents earnings before interest, income taxes, depreciation and amortization, pre-opening costs and expenses, accretion of discount to the relinquishment liability and reassessment of the relinquishment liability to Trading Cove Associates pursuant to a relinquishment agreement, write-off of debt issuance costs, loss on early extinguishment of debt and other non-operating income and expense.

Adjusted EBITDA provides an additional way to evaluate our operations and, when viewed with both our GAAP results and reconciliation to net income, we believe that it provides a more complete understanding of our business than could be otherwise obtained absent this disclosure. Adjusted EBITDA is presented solely as a supplemental disclosure because: (1) we believe it enhances an overall understanding of our past and current financial performance; (2) we believe it is a useful tool for investors to assess the operating performance of the business in comparison to other operators within our industry because Adjusted EBITDA eliminates certain substantial recurring items from net income, such as depreciation and amortization, interest expense and the accretion of discount to the relinquishment liability as described above. Each of these items has been incurred in the past, will continue to be incurred in the future and should be considered in the overall evaluation of our results. We compensate for these limitations by providing the relevant disclosure of depreciation and amortization, interest expense, accretion of discount to the relinquishment liability and other items excluded in the calculation of Adjusted EBITDA both in our reconciliation to the GAAP financial measure of net income and in our consolidated financial statements, all of which should be considered when evaluating our results. We strongly encourage investors to review our financial information in its entirety and not to rely on a single financial measure. A reconciliation of Adjusted EBITDA to net income is included above.

The use of Adjusted EBITDA has certain limitations. Adjusted EBITDA should be considered in addition to, not as a substitute for or superior to, any GAAP financial measure including net income (as an indicator of our performance) or cash flows provided by operating activities (as an indicator of our liquidity), nor should it be considered as an indicator of our overall financial performance. Our calculation of Adjusted EBITDA is likely to be different from the calculation of EBITDA or other similarly titled measurements used by other casino and hospitality companies and therefore comparability may be limited. Adjusted EBITDA eliminates certain substantial recurring items from net income, such as depreciation and amortization, interest expense and the accretion of discount to the relinquishment liability as described above. Each of these items has been incurred in the past, will continue to be incurred in the future and should be considered in the overall evaluation of our results. We compensate for these limitations by providing the relevant disclosure of depreciation and amortization, interest expense, accretion of discount to the relinquishment liability and other items excluded in the calculation of Adjusted EBITDA both in our reconciliation to the GAAP financial measure of net income and in our consolidated financial statements, all of which should be considered when evaluating our results. We strongly encourage investors to review our financial information in its entirety and not to rely on a single financial measure. A reconciliation of Adjusted EBITDA to net income is included above.

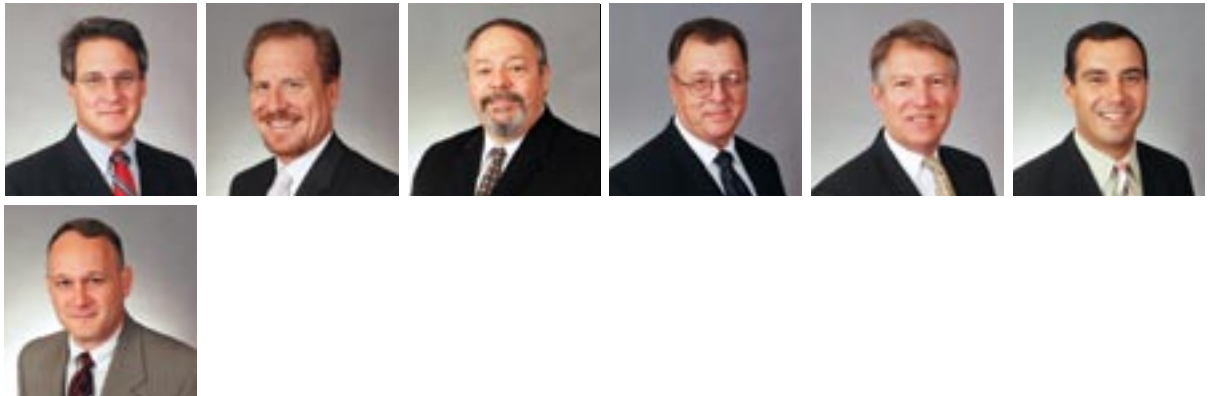
MANAGEMENT BOARD AND EXECUTIVE OFFICERS >>>>



MOHEGAN TRIBAL COUNCIL MANAGEMENT BOARD Bruce "Two Dogs" Bozsum, Chairman / Marilyn "Lynn" Malerba, Vice Chairwoman  
Allison D. Johnson, Recording Secretary / Roberta Harris-Payne, Corresponding Secretary / William Quidgeon Jr., Treasurer / Mark F. Brown, Councilor  
Ralph James Gessner Jr., Councilor / Mark W. Hamilton, Councilor / Roland J. Harris, Councilor



MOHEGAN TRIBAL GAMING AUTHORITY EXECUTIVE OFFICERS William J. Velardo, Chief Executive Officer / Leo M. Chupaska, Chief Financial Officer



MOHEGAN SUN EXECUTIVE OFFICERS Mitchell Grossinger Etes, President & Chief Executive Officer / Jeffrey E. Hartmann, Executive Vice President & Chief Operating Officer / Gary S. Crowder, Senior Vice President of Resort Operations / Daniel Garrow, Senior Vice President of Information Systems & Chief Information Officer / Paul Murick, Senior Vice President of Sports & Entertainment / Anthony Patrone, Senior Vice President of Marketing / Ray Pineault, Senior Vice President of Administration



MOHEGAN SUN AT POCONO DOWNS EXECUTIVE OFFICER Robert J. Soper, President & Chief Executive Officer