

Lower earnings jeopardizing Foxwoods' credit rating

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The Mashantucket Western Pequot Tribal Nation, the owner of Foxwoods Resort Casino, may get its credit ratings cut by Moody's Investors Service because of lower earnings and increased regional competition.

Foxwoods, the largest U.S. casino by casino-floor space, said first-quarter earnings before interest, taxes, depreciation and amortization fell \$23 million, Moody's said yesterday. The review affects \$1.5 billion in bonds, including Baa3 issues that may be cut to below investment grade.

Increased competition, lower-than-expected earnings and a possible consumer-based recession may make it "more difficult" for Foxwoods, based in Mashantucket, Conn., to meet its obligations for the current ratings, Moody's said in a release. The rating change would probably be limited to one level, it said.

Foxwoods faces competition from the Mohegan Sun casino, operated by the Mohegan Tribal Gaming Authority, 10 miles away in Uncasville, Conn., and regional video-lottery terminals.

Racetracks in Lincoln and Newport, as well as Yonkers, N.Y., have more than doubled the number of video-lottery terminals in those locations, to 11,065, since September 2006, Wachovia Securities Inc. said in October.