



Morgans Hotel Group Issues Statement Regarding Echelon Project in Las Vegas  
2008-08-01

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Morgans Hotel Group Co. (NASDAQ: MHGC) today issued the following statement regarding the announcement by Boyd Gaming Corporation (NYSE: BYD) that it will delay the entire Echelon project due to the difficult environment surrounding today's capital markets and current economic conditions.

In January 2006, MHG entered into a 50/50 joint venture with Boyd to develop a Mondrian and Delano within Boyd's Echelon development on the Las Vegas strip.

As MHG previously announced on July 1, 2008, the deadline to obtain construction financing for the Echelon project was extended to September 15, 2008. Given Boyd's announcement and the difficulties in the credit markets, MHG believes that the joint venture will be unable to secure financing at favorable rates and conditions by September 15, 2008. MHG does not intend to further extend the joint venture agreement on its current terms but expects to evaluate future proposals relating to the project with Boyd.

This article comes from Hotel News Resource

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