

Morgans Hotel Group Announces Amended Agreement for Echelon Project in Las Vegas
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Morgans Hotel Group Co. (NASDAQ: MHGC) announced that it has entered into an amended agreement with Boyd Gaming Corporation (NYSE: BYD) with regard to the companies' joint venture to develop a Mondrian and Delano within Boyd's existing Echelon development in Las Vegas.

The amended agreement, among other things, provides for the following:

the immediate return to MHG of its \$30 million deposit provided for the project, plus interest,

the elimination of MHG's future funding obligations of approximately \$41 million,

the elimination of any obligation by MHG to provide a construction loan guaranty, and

sole control by MHG over the use of its Delano and Mondrian brands in connection with the project.

The amended agreement also limits the amounts that MHG and Boyd are required to continue to fund for pre-development and related costs to approximately \$420,000 each. The deadline to obtain construction financing has been extended to December 31, 2009. Each party has the right to terminate the joint venture for any reason prior to December 31, 2009. Additionally, the terms of the management agreement, which provide for an MHG affiliate to operate the joint venture hotels upon their completion, remain unchanged.

'We believe that the amended agreement provides substantial flexibility and represents a sensible framework for MHG to move forward with the Echelon project on the basis of a vastly reduced capital commitment,' said Fred Kleisner, President and Chief Executive Officer of MHG. 'We will continue to evaluate the project as we move forward and continue to act in the best interests of our stockholders.'

The amended agreement will be filed on a Form 8-K with the Securities and Exchange Commission today.

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