

MORGANS HOTEL GROUP ANNOUNCES MARCEL WANDERS TO DESIGN MONDRIAN SOUTH BEACH, THEIR NEW HOTEL-RESIDENCE IN BISCAYNE BAY, MIAMI

Morgans Hotel Group announces the innovative Dutch designer, Marcel Wanders, will create Mondrian South Beach, their exciting new Hotel Residences opening in 2007.

With Mondrian South Beach, Morgans Hotel Group has made a pioneering move away from the bustle of Miami Beach's oceanfront tourist center to the fashionable, growing neighborhood of Biscayne Bay. The Hotel Residence is built on a prime waterfront location with views of the ocean and downtown. Consisting of 342 studios, one- and two-bedroom apartments and penthouses, it will combine the most exhilarating design elements of a fantasy modern getaway with all the comforts and conveniences of home. Facilities will include a state-of-the-art spa and gym, a world class, five-star restaurant, a dynamic nightlife experience, chic events spaces and private VIP boat slips for yachting and boating trips. The suites may be bought or rented, offering guests the flexibility of a vacation or an extended stay, and providing apartment-owners with rental income between visits.

Wanders, a world-famous design star and an original member of the influential Droog collective in the Netherlands, has conceived of the hotel as "Sleeping Beauty's castle." Guests will step into a magical world, entering a leisurely oasis of gardens that leads to the spectacular interior. The gardens are designed as indoor/outdoor living spaces, with seating areas, an outdoor bar, a hanging chandelier above the glamorous pool, and cabanas for all ages, including tented play spaces with a sandbox and bouncy toys in the children's area.

Wanders will extend the existing curvilinear building to form a semicircular sculptural structure, in which the rooms resemble theatrical boxes overlooking the gardens below, "so that everyone has the best seat in the house," as the designer says. The apartments are loft-like spaces, flooded with light and flowing seamlessly between bedroom, bathroom, living room, kitchen and balcony, unified with the same ceramic floor inside and out. Using a sophisticated color palate of white, gold, browns, grays, blues and black, Wanders plans to create romantic interiors with welcoming, open living areas and a generous sense of space.

A designer who prefers never to repeat himself, Wanders will furnish the hotel with original pieces from his design studio, where he produces everything from lighting to floors, chairs, tables and sofas. Mondrian South Beach is one of several interiors projects he has completed. "Unlike product design, interiors are about theater, leading you from one idea to the next and the next," he says. "You need to breathe life into a space, which is a fascinating process for me."

"Morgans Hotel Group is excited to be working with Marcel Wanders. We feel that Marcel represents the very finest in bold, new, innovative design. With Mondrian South Beach, we are extending the diversity of our brands in a market we know well and where we have had great success with Delano and The Shore Club," said Ed Scheetz, President and Chief Executive Officer. "The South Beach market is strong and continues to be an international destination of choice for savvy travelers who prefer the exclusivity and sophistication of our properties. When the project is complete, we expect Mondrian South Beach to be one of the most sought after properties in Miami Beach. We very much look forward to having a continued, expanded presence in South Beach."

The collaboration with Wanders demonstrates Morgans Hotel Group's continuing commitment to work with the most talented and inventive spirits in the design world to create unique destinations.

About Morgans Hotel Group

Morgans Hotel Group Co. (Nasdaq: MHGC), which is widely credited with establishing and developing the rapidly expanding boutique hotel sector, owns and operates Morgans, Royalton and Hudson in New York, Delano and The Shore Club in Miami, Mondrian in Los Angeles and Scottsdale, Clift in San Francisco, and Sanderson and St. Martins Lane in London. MHG has other property transactions in various stages of completion including projects in Miami Beach, Florida, and Las Vegas, Nevada, and continues to vigorously pursue its strategy of developing unique properties at various price points in international gateway cities in the United States, Europe, South America, Asia and around the world. For more information, please visit www.morganshotelgroup.com.

Forward-Looking and Cautionary Statements

Statements contained in this press release which are not historical facts are forward-looking statements as the term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of words such as "expects," "plans," "estimates," "projects," "intends," "believes," "guidance," and similar expressions that do not relate to historical matters. These forward-looking statements are subject to risks and uncertainties which can cause actual results to differ materially from those currently anticipated, due to a number of factors which include, but are not limited to, downturns in economic and market conditions, particularly levels of spending in the business, travel and leisure industries; hostilities, including future terrorist attacks, or fear of hostilities that affect travel; risks related to natural disasters, such as earthquakes and hurricanes; the completion of transactions and the integration of properties with our existing business; the seasonal nature of the hospitality business; changes in the tastes of our customers; increases in real property tax rates; increases in interest rates and operating costs; general volatility of the capital markets and our ability to access the capital markets; and changes in the competitive environment in our industry and the markets where we invest, and other risk factors discussed in Morgans Hotel Group Co.'s Annual Report on Form 10-K and other documents filed by the Company with the Securities and Exchange Commission from time to time. All forward-looking statements in this press release are made as of today, based upon information known to management as of the date hereof, and the Company assumes no obligations to update or revise any of its forward-looking statements even if experience or future changes show that indicated results or events will not be realized.

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