

Wednesday 9 March 2005

**Settlement of  
Millenium Hilton Property Damage and Business Interruption Loss  
Insurance Claim**

Millennium & Copthorne Hotels plc ('M&C') is pleased to announce that its wholly-owned subsidiary, CDL Hotels USA, Inc. ('CDL'), has on 8 March 2005 entered into a settlement agreement (the 'Agreement') with Travelers Property Casualty Company of America (formerly known as Travelers Indemnity Company of Illinois) ('Travelers'), the insurance company which provided to CDL an all risk excess property insurance policy (the 'Policy') in respect of CDL's hotel properties in the United States for the period from January 1, 2001 to January 1, 2002.

Under the Agreement, Travelers has agreed to pay to CDL a cash amount of US\$24.99 million in full and final settlement of CDL's actual and potential claims against Travelers under the Policy for losses (including property damage and business interruption) sustained at the Millenium Hilton as a result of the September 11, 2001 terrorist attack. Payment of the amount will be made on or before 14 March 2005. Prior to entering into the Agreement, Travelers had made cash payments under the Policy in respect of the losses at the Millenium Hilton in the aggregate amount of US\$50.01 million. Following the payment of the final amount under the Agreement, Travelers will have paid a total of US\$75 million in respect of the Millenium Hilton. This total amount paid by Travelers, together with the US\$10 million paid by CDL's primary and first excess insurers in 2002, will bring the total amount of insurance proceeds paid in respect of the Millenium Hilton to US\$85 million.

The US\$24.99 million (£13.1 million) payment under the Agreement, net of legal costs, will be recognised in the profit & loss account of the M&C group in 2005.

As part of the Agreement, CDL and Travelers have agreed to mutual releases of all claims or other actions either party has or may have against the other party under the Policy. Following payment and receipt of the US\$24.99 million under the Agreement, CDL and Travelers will make the necessary applications to the United States District Court for the Southern District of New York to dismiss with prejudice all outstanding legal actions of the parties against each other under the Policy.

Enquiries:

David Cashman, Group Chief Financial Officer      01293 772288  
Millennium & Copthorne Hotels plc

Kate Miller      020 7404 5959  
Brunswick Group LLP