



RED LION®
HOTELS

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Red Lion Hotels Announces Third New Franchise in New Mexico

Spokane, WA, October 10, 2011 - Red Lion Hotels Corporation (NYSE: RLH) announced the company has signed a franchise license agreement for a hotel in Grants, NM; the third in the past month.

The property is owned by Positive Investments, Inc., which owns the two recently announced Red Lion Hotels in Farmington and Gallup, NM, as well as the Red Lion Hotel Oakland International Airport in Oakland, California.

"We are gratified to see Positive Investments continue to align itself with the Red Lion brand," said Rich Carlson, Senior Vice President of Lodging Development for Red Lion Hotels Corporation. "Red Lion is committed to continuing to expand in New Mexico and throughout the Southwest through franchising."

The Red Lion Hotel Grants is located on the historic Route 66, about 80 miles west of Albuquerque. Grants is known for its proximity to ancient Anasazi ruins and for its outdoor recreation in the Zuni Mountains. The 126-room limited service hotel located at 1501 E. Santa Fe Avenue was formerly the Best Western Inn & Suites of Grants.

The hotel has begun the conversion process and is expected to open as Red Lion Hotel this fall, along with the two previously announced New Mexico properties.

"We are excited to expand our relationship with Red Lion to another hotel as we believe the addition of the Red Lion flag will further improve our guest appeal and product offering at this property," says Rao R. Yalamanchili, who owns Positive Investments, Inc., along with Srinivas Yalamanchili.

About Red Lion Hotels Corporation:

Red Lion Hotels Corporation is a hospitality and leisure company primarily engaged in the ownership, operation and franchising of midscale hotels under its Red Lion® brand. As of June 30, 2011, the RLH hotel network was comprised of 44 hotels located in eight states and one Canadian province, with 8,457 rooms and 424,387 square feet of meeting space. The Company also owns and operates an entertainment and event ticket distribution business. For more information, please visit the Company's website at www.redlion.com.