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HOTELS

August 6, 1998

Cavanaugh's Hospitality Corporation Board Authorizes Repurchase of Common Shares

SPOKANE, WA -- Cavanaugh's Hospitality Corporation (NYSE:CVH) Board of Directors has authorized the repurchase by the corporation of up to \$10 million of the common stock of the corporation on the open market, at such price levels and such times as management approves. The authorization to acquire common stock of the Company on the open market does not reflect any change in the hotel acquisition and growth strategies of the Company. Rather, the authorization reflects the Board's decision to provide management with the discretion to allocate up to the specified amount towards stock repurchases, thereby potentially rewarding shareholders who remain investors in the Company by providing them with a higher percentage participation in the acquisition and growth strategy of the Company. There is no assurance that management will purchase any or all of the stock permitted by such Board authorization.

"This stock repurchase is consistent with management's overriding objective to create shareholder value," said Donald K. Barbieri, Chairman and CEO. "Our current cash position allows us to execute on this repurchase without adversely impacting our acquisition strategy."

Cavanaugh's Hospitality Corporation serves the Northwest with 3,756 full service hotel rooms in 18 hotels, including 45 restaurants and lounges and 179,900 square feet of meeting space. In addition, CVH provides entertainment services through G&B Select-a-Seat, a 20-outlet computerized ticket company, and G&B Presents, a Broadway and special event presenting company. CVH also manages 3.1 million square feet of third party property management, 2,200 residential units, and owns 590,000 square feet of office and retail space.

Statements in this release may be construed to be forward looking and are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward looking statements involve risks and uncertainties, including without limitation, risks relating to the operation and acquisition of hotels, the availability of capital to finance growth, the benefit of utilizing cash to repurchase stock, and the historical cyclical nature of the lodging industry, as well as the other matters disclosed in the documents filed by the Company with the Securities & Exchange Commission.