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HOTELS

January 20, 1998

## **Cavanaugh's Hospitality Corporation IPO Release**

SPOKANE, WASHINGTON -- Cavanaugh's Hospitality Corporation ("Cavanaugh's") announced today that it has filed a registration statement on Form S-1 with the Securities and Exchange Commission related to an initial public offering of approximately 5.2 million shares of its common stock, all of which will be sold by the Company. The filing covers an additional 776,250 shares that will be subject to the underwriters' overallotment option. The Company expects the shares to come to market between \$12 and \$14 per share. CIBC Oppenheimer Corp. and NationsBanc Montgomery Securities, L.L.C. will manage the offering. Application has been made to list the Common Stock on the New York Stock Exchange (the "NYSE") under the symbol "CVH."

Cavanaugh's is a hotel operating company that owns, operates, acquires, develops, renovates and repositions full service hotels throughout the Northwest under its proprietary brand name, "Cavanaugh's"™. The Company's hotel portfolio contains 11 full service hotels, with 2,369 guest rooms and approximately 120,000 square feet of meeting space, located in Seattle, Spokane, Yakima and Kennewick, Washington; Idaho Falls and Post Falls, Idaho; and Kalispell, Montana.

The Company plans to pursue additional growth opportunities by continuing to acquire and develop full service hotels in the Northwest. The Company has entered into purchase agreements to acquire two additional full service hotels, containing 343 guest rooms and approximately 14,500 square feet of meeting space, located in Kalispell, Montana and Portland, Oregon. The Company also provides entertainment services, including event ticketing and theatrical presentations and other special events, property management services for third parties and owns and manages retail and office properties.

Cavanaugh's intends to use the net proceeds of the offering to repay certain indebtedness, including indebtedness incurred in connection with acquisitions of hotels, and general corporate purposes.

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.