



**RED LION®**  
HOTELS

March 30, 1999

## **Cavanaugh's Hospitality Corporation Announces Software Agreement With Lasergate Systems, Inc.**

SPOKANE, WA -- Cavanaugh's Hospitality Corporation (NYSE:CVH) today announced an agreement with Lasergate Systems, Inc. (OTC BB:LSGT) that provides Cavanaugh's with an expanded region and perpetual license agreement to the Select-A-Seat Entertainment Ticketing System, currently used in the ticketing division of Cavanaugh's. The agreement also provides the Company with the right to develop and modify the software for use in any form of commerce that the Company chooses to develop.

Under the previous license agreement, Cavanaugh's Hospitality Corporation had exclusive rights to Washington and most of Montana. In the new perpetual license agreement, the Company will also have non-exclusive rights to provide ticketing services at locations throughout Oregon, Idaho, Utah, Alaska and the Canadian provinces of British Columbia, Alberta and Saskatchewan. "This provides us the opportunity to expand our ticketing company into a geographic region that better overlays that of our hotels, enabling us to better serve our hotel customer with entertainment wherever they may be in the Northwest," said Donald K. Barbieri, President and CEO of Cavanaugh's. "The additional database generated by an expanded entertainment region should prove to add value. We like the possibilities that will be presented through the synergy between our Lodging and Entertainment divisions."

In addition to a larger area, the ability of the Company to modify and enhance the software allows the Company to add real-time internet purchase capability via the Company's website, making ticket purchases available anywhere in the world. According to Forrester Research, 19% of total retail sales via the internet in the year 2003 will come from event ticket purchases. Lasergate Systems, Inc. will continue to support the software with enhancements and maintenance in the normal course of business.

In reference to the Hotel Division, Barbieri said, "As our peer companies and we have previously announced, the Northwest has been experiencing softer occupancy than in the recent past. The causes include weakness in the Asian economy, a below average ski season for destinations such as Utah and Colorado, affecting our Cavanaugh's Olympus Hotel in Salt Lake City, Utah, and a generally more competitive environment due to the high level of construction in certain markets over the past few years. Extensive renovations to some of the Company's hotels are also affecting the short-term occupancy percentages at those facilities. We are seeing the impact of these factors on our top-line revenues, although we believe our cost controls remain very sound, minimizing the effect to bottom line earnings." Barbieri added, "The hotel industry is cyclical, and when the dust settles, the companies that will emerge as industry leaders will be those who can distinguish themselves. We feel that providing rapid access to lodging, dining and entertainment, in one phone call or internet entry, will be one means of distinguishing ourselves."

Cavanaugh's Entertainment, formerly G&B Presents, the special events presenting division of the Company, recently announced their Millennium Broadway Series in Spokane, Washington. This season's performances will include Phantom of the Opera, Miss Saigon, Les Miserables and Showboat, along with several other productions. The number of shows will increase from twenty-seven (27) during the 1998-1999 season to seventy (70) in the 1999-2000 season. Entertainment events in Spokane, the largest city between Seattle and Minneapolis, draws an audience from a wide geographic area including other areas of Washington and Idaho, Montana, Oregon, and Canada, with many of those visitors staying in hotels. Since tickets have gone on sale on March 11, individual tickets have only been available through the purchase of a Season Subscription or a Cavanaugh's Hotel Entertainment Package.

Cavanaugh's Hospitality Corporation serves the Northwest with 3,933 full service hotel rooms in 19 hotels, 47 restaurants and lounges and 196,900 square feet of meeting space. In addition, Cavanaugh's provides entertainment services through G&B Select-a-Seat, a computerized ticket company with over 20 outlets, and Cavanaugh's Entertainment, formerly G&B Presents, a Broadway and special event presenting company. Cavanaugh's also manages 3.1 million square feet of third party property management, 2,000 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, and the historical cyclicity of the lodging industry, as well as the other matters disclosed in the documents filed by the Company with the Securities & Exchange Commission.

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