May 23, 2006

# Red Lion Hotels Corporation Announces Closing of Public Offering of Common Stock

SPOKANE, WA, May 23, 2006 – Red Lion Hotels Corporation ("Red Lion") (NYSE: RLH) announced the closing on May 22, 2006 of the public offering of 5,000,000 shares of its common stock. At a price per share of $11.00, the closing resulted in gross proceeds to Red Lion of approximately $55 million, before expenses and the underwriting discount. An additional 635,344 shares were sold in the offering by certain shareholders of Red Lion. Red Lion has granted the underwriters of the offering an option to purchase up to 845,302 additional shares of its common stock to cover over-allotments, if any.

JMP Securities LLC is the sole book running manager of the offering, with Thomas Weisel Partners LLC, Robert W. Baird & Co. and Calyon Securities (USA) Inc. acting as co-managers.

Copies of the final prospectus relating to the offering may be obtained at www.sec.gov or by contacting JMP Securities LLC, 600 Montgomery Street, Suite 1100, San Francisco, CA 94111, telephone (415) 835-8900.

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 the securities in any state or jurisdiction which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state or jurisdiction.

**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 and upscale, full service hotels under its Red Lion® brand. As of March 31, 2006 the RLH hotel network was comprised of 61 hotels located in 10 states and one Canadian province, with 10,687 rooms and 521,537 square feet of meeting space. The company also operates an entertainment and event ticket distribution business. The company is headquartered in Spokane, Washington. For more information, please visit our website at www.redlion.com.

This press release contains forward-looking statements within the meaning of federal securities law. The forward-looking statements in this press release are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those expressed. Such risks and uncertainties include the risk that the offering may not be completed as described herein, and other matters discussed in the company's quarterly report on Form 10-Q for the quarter ended March 31, 2006 and in other documents filed by the company with the Securities and Exchange Commission.

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