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Cavanaugh's Hospitality Corporation to Consolidate Internet and Entertainment Operations Into New Operating Division Called TicketsWest.com™.

SPOKANE, WA -- Cavanaugh's Hospitality Corporation (NYSE:CVH), a lodging, entertainment and management services company, announced today that it is consolidating its Internet and Entertainment operations into a new operating division called TicketsWest.com(TM). Included in the TicketsWest.com(TM) division will be all Cavanaugh's Hospitality Corporation Internet operations, the ticketing division operating as G&B Select-A-Seat, the Broadway and sporting events presentation company operating as Cavanaugh's Entertainment and the current Central Reservations Call Center, an 800 number covering all of North America and Mexico. Combined, these entities will drive Internet growth and ease of access to the division's services.

"The synergy of operations of the growing Internet presence, which include real-time ticketing, hotel reservations and leisure packaging through the portal TicketsWest.com(TM), with the existing Entertainment functions will maximize future shareholder values," said Donald K. Barbieri, Chairman and CEO. "We are seeking aggressive growth for the new division in markets that will expand our sphere of influence." The division's historic and future revenues and operating results will be broken out and re-stated from the current Cavanaugh's Hospitality Corporation financials for ease of analysis by investors.

www.TicketsWest.com

TicketsWest.com(TM), an Internet ticketing service offering consumers up-to-the-minute information on live entertainment, the ability to make real-time ticket purchases and the capability to purchase hotel accommodations, entertainment/hotel packages and other leisure services, went live on May 7, 1999. Its ease of use was demonstrated with 12% of the first day ticket purchases of Neil Diamond in Spokane, Washington being sold on-line. All events of G&B Select-A-Seat will be in real-time on TicketsWest.com(TM) by early summer. A number of cities are under consideration for expanded entertainment services and packaging through the web site. "Having sold 12% of the first day ticket purchases to an event only ten days after launching the site is particularly encouraging to us," said Barbieri.

Cavanaugh's Entertainment

Cavanaugh's Entertainment, the entertainment presenting company, has shown substantial growth through its New Millennium Series which, in its thirteenth year, is expanding to offer 70 Broadway performances, an increase from 27 performances in the previous year. The lineup includes The Phantom of the Opera, Miss Saigon, Les Miserables, Showboat and Riverdance. To date, 43% of the ticket inventory, or 78,337 tickets and \$3.4 million in revenue, has already been sold, with the majority of the performances not starting until the new year. The synergy of Cavanaugh's Entertainment with the Hotel division is substantial and should be further solidified through TicketsWest.com(TM). Hotel room revenues at Cavanaugh's relating to hotel/event ticket packages and cast/crew room nights for the New Millennium Series is approaching \$500,000. In addition to Broadway shows, Cavanaugh's Entertainment presents sporting, family and musical events throughout the region.

Central Reservations Call Center

An 800 number servicing North America and Mexico, the Central Reservations Call Center recently tripled in size in order to better serve its customers. In 1998, 96% of the calls to the Center were answered, with a 4% abandonment rate, a substantial increase over prior years statistics and an indication of increased service levels. It serves not only the traditional role for ticketing and hotel reservations, but also assists on-line users as a help desk.

"Our goal is to provide easy, fast one-stop shopping for our clients, including hotel rooms, car rentals, air services, event packaging, tickets and growing escapism activities with a concentration on internet access to give the growing client base access to strategic partners and community advertising," said Barbieri. Room sales over the Internet for the industry will more than double to \$1.9 billion this year, and will approach \$4 billion by 2001, according to a report from PhoCus Wright, an e-commerce consultant based in Sherman, Conn. Jupiter Communications forecasts total consumer online spending will reach \$41.0 billion in 2002, for a five-year compound annual growth rate of 74%.

Cavanaugh's Hospitality Corporation serves the Northwest with 3,933 full-service hotel rooms in 19 hotels, including 47 restaurants and lounges and 196,900 square feet of meeting space. Cavanaugh's provides entertainment services through TicketsWest.com(TM), which encompasses G&B Select-a-Seat, a computerized ticket company, and Cavanaugh's Entertainment, a Broadway and special event presenting company. TicketsWest.com(TM) services are available through its

web site, stand-alone outlets and a 24-hour toll free call center. G&B Real Estate Services is the real estate division of Cavanaugh's Hospitality Corporation and owns 590,000 square feet of Company commercial real estate and manages 3.4 million square feet of Company and third party owned commercial real estate, and 2,000 units of third party owned apartment and condominium properties.

This release contains forward looking statements which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including those concerning the future products and activities of the Company. 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, the early development stage of the Company's TicketsWest.com(TM) product and its dependence on increased ticket sales, the unpredictability and potential fluctuations in future revenues and operating results, as well as the other matters disclosed in the documents filed by the Company with the Securities & Exchange Commission. The Company's actual results could differ materially from these statements. SOURCE Cavanaugh's Hospitality Corporation.