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HOTELS

January 24, 2000

Cavanaugh's Hospitality Corporation Announces Strategic Alliance With Dominant Western Canada Hotel Chain

SPOKANE, WA – Cavanaugh's Hospitality Corporation (NYSE:CVH), a lodging, entertainment and real estate services company, announced today a strategic alliance with Vancouver, British Columbia based Coast Hotels & Resorts. Coast Hotels & Resorts is western Canada's largest regional hotel chain, with 20 hotels and 2,816 rooms in British Columbia and Alberta. The relationship between the two full-service lodging companies will include a marketing affiliation as well as cross selling among the hotels. Other components of the alliance include an integrated website designed to allow one-stop shopping for the combined 66 hotels and 11,582 rooms throughout the western United States and Canada, as well as a joint central purchasing program that takes advantage of volume purchasing and rebates. Finally, integration of toll-free call centers between the two Companies will result in the ability for either call center to sell inventory from both hotel chains.

"As trade barriers continue to diminish, we are experiencing an increased flow of North-South traffic between the western United States and western Canada," explained Franco J. Anglesio, President, Coast Hotels & Resorts. "An alliance that reduces costs while increasing customer loyalty between the two chains makes sense in light of these emerging travel patterns."

"Our hotel chains serve a similar customer base with compatible hotel facilities," said Donald K. Barbieri, Chairman, President and CEO, Cavanaugh's Hospitality Corporation. "It makes a good fit and I'm excited to explore ways to increase customer loyalty between us. Pooling our 120 sales team members means more business and less leakage outside the combined system."

The marketing affiliation will include publishing joint hotel and resort directories as well as rolling out combined marketing presentations that will focus on cross-selling groups among the hotels. The tour and travel segment is expected to generate the largest portion of the cross-border business.

The integration of the websites will aggregate content from both hotel chains as well as TicketsWest.com, Cavanaugh's Hospitality Corporation's entertainment website that sells tickets online in real-time to various entertainment events throughout the western United States. In 1999, Cavanaugh's Entertainment, which is the entertainment presenting arm of TicketsWest.com, presented the Broadway musical Cats in Edmonton and Calgary, Alberta, both cities in which Coast has hotels. TicketsWest.com expects to participate in other ticketing opportunities in western Canada, which would provide the opportunity to package entertainment with hotel rooms from Coast Hotels and Resorts.

Cavanaugh's Hospitality Corporation, soon to be renamed WestCoast Hospitality Corporation, serves the western United States with 8,766 hotel rooms in 46 Cavanaugh's Hotels and WestCoast Hotels. Cavanaugh's Hotels will be re-branded as WestCoast Hotels during 2000. Cavanaugh's provides entertainment services through TicketsWest.com™, which encompasses a computerized ticket company with operations in Washington, Oregon, Idaho, Montana and Colorado, and Cavanaugh's Entertainment, a Broadway and special event presenting company.

TicketsWest.com™ services are available through its website, at www.TicketsWest.com, 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. More information on Cavanaugh's can be found on the Internet at www.Cavanaugh's.com.

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 of hotels, the availability of capital to finance growth, disruptions in service due to construction, the historical cyclicality of the lodging industry, the integration of acquisitions, including WestCoast Hotels, the early development stage of the Company's TicketsWest.com™ 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 and Exchange Commission. The Company's actual results could differ materially from these statements. SOURCE: Cavanaugh's Hospitality Corporation ("Company").