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Outlaw Sells for \$9 Million

Cavanaugh's goes public

The Outlaw Inn and Convention Center in Kalispell has been sold to Cavanaugh's Hospitality Corp. of Spokane. The deal was sealed today when Cavanaugh's public offering became final and its stock began trading on the New York Stock Exchange.

The Best Western facility will change hands at 12:01 am June 8, said Dick Dasen Jr., speaking for his father, who owns the Outlaw with Southgate Mall Associates of Missoula.

The sale price is just over \$9 million, down slightly from the \$9.9 million that Cavanaugh's listed in its prospectus, said Dick Barbieri.

Cavanaugh's announced an initial public stock offering in mid-January, hoping to raise as much as \$61.7 million after expenses, as it expands its holdings in an effort to become the dominant hotel chain in the Northwest.

Cavanaugh's at Kalispell Center Mall is among the corporation's properties. In recent months, Cavanaugh's also bought the 167-room Templin's Resort in Post Falls, Idaho, the West Bank Holiday Inn in Idaho Falls, Idaho, and the 92-year-old Ridpath Hotel in downtown Spokane.

Dasen said his family has some "seller's remorse, because the Outlaw has been such an important part of our lives for years. We were not looking to sell when Cavanaugh's approached us. But this was the right deal at the right time.

Dick Barbieri, whose family owns controlling interest in Cavanaugh's, said the purchase will be a real benefit to the city by allowing marketing of both the Outlaw and Cavanaugh's to larger groups. This deal would not have been good for us unless there also was a benefit to attract larger conventions, corporations, and the group travel/leisure/tourism business to Kalispell by combining the rooms."

The Outlaw Inn is the valley's largest motel-convention facility, with 12,000 square feet of meeting space and 220 rooms. Cavanaugh's has 132 beds and 10,500 square feet of meeting space.

Tom Maier, manager of Cavanaugh's at Kalispell Center Mall, will also serve as general manager of the Outlaw Inn, said Barbieri, who is corporate counsel for the company.

Barbieri said Outlaw Inn employees will be given opportunity to continue working there.

"At the other facilities we have bought, we've kept all the employees who wanted to stay, except four who had previously been dismissed from Cavanaugh's facilities," he said.

Cavanaugh's Hospitality grew out of Goodale & Barbieri, a Spokane real estate management and development company started by Lou Barbieri and Fred Goodale in 1937. Lou Barbieri died last July at 82.

His son Don, 52, is president and CEO of the company. The senior vice presidents are his brothers, Richard, 55, and Thomas, 40, and brother-in-law, Dave Bell, 47. The Barbieri's right hand man and chief financial officer is Art Coffey, 42.

The Barbieri family will own about 57 percent of the stock and continue to control Cavanaugh's. The corporation announced a public offering of 5.18 million of the 12.27 million shares.

The prospectus said shares would sell at \$12 to \$14 dollars each. Rob Braig of DA Davidson and Co in Kalispell, said the stock opened at \$15 on the market this morning and was selling at \$17.50 within a few hours after Kay Barbieri, Lou's widow, rang the bell to open market trading. It is listed as CVH.

Money raised from the stock offering will help Cavanaugh's pay off the \$110.8 million in debt the company listed in its public offering application.

At the end of 1997, the company's assets were listed at \$124.4 million.

When Cavanaugh's applied for listing on the NYSE, Marni Dacy, spokeswoman for the American Hotel and Motel Association, said, "The public hotel companies right now have really become the sweetheart of Wall Street."