

Choice Hotels Marks Continued Progress Of Extended Stay Brands

Company Sees Strong Segment Performance and Inks Agreement to Develop Ten Extended Stay Properties in Arizona With MCD

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SILVER SPRING, Md.

Choice Hotels International, Inc. today marked the continued progress of its Suburban Extended Stay Hotel and MainStay Suites brands, with strong segment performance coinciding with the recent signing of an agreement with MCD to develop ten extended stay properties in Arizona.

"Our extended stay division continues to perform strongly, and developers are extremely interested in the segment, as demand continues to outpace supply," said Kevin Lewis, vice president, extended stay brands. "Choice has shown its strong commitment to extended stay with the dedicated infrastructure and programs to support its franchisees. Current and prospective franchisees have been highly receptive to our dedicated brand management, franchise development, franchise services and sales support teams. We view our strategic relationship with MCD as a sign of the market's interest in our extended stay brands. We are very excited to be partnering with such a strong organization to establish a major presence in the growing southwestern market."

Operating performance for Choice's extended stay brands, MainStay Suites and Suburban Extended Stay Hotel, continues to be extremely strong. Year-to-date occupancy through June 30 for MainStay was 63.7 percent, an increase of 3.1 percent from the prior year. For the same time frame, ADR is up 6.6 percent to \$66.48 and RevPAR is up 12.0 percent to \$42.33. For Suburban Extended Stay Hotel, year-to-date occupancy through June 30 was 73.1 percent. Over that time frame, ADR was \$38.02 and RevPAR was \$27.79.

"Of all the lodging companies in the extended stay market, Choice offered us the greatest degree of support and experience in entering what is to us a new segment," said Mike Lee, managing partner, MCD. "We are delighted to move into the extended stay segment, as the market is significantly underserved. Choice has been a very supportive partner for us and we look forward to expanding our base in Arizona, guided by Choice's strong operational and marketing expertise."

Choice's Suburban Extended Stay Hotel is the largest chain of franchised economy extended stay hotels in the U.S. The Suburban brand provides the perfect temporary housing solution, offering full kitchens and economical daily, weekly and monthly rates -- as well as discounts for weekly or monthly stays. Choice's MainStay Suites was the industry's first franchised mid-market, extended stay hotel and offers at-home comfort, convenience and affordable rates. MainStay Suites provides residential-style amenities with enough room for an extended stay, with separate areas for dressing, relaxing, sleeping and eating.

Choice Hotels International franchises more than 5,200 hotels, representing more than 430,000 rooms, in the United States and more than 40 countries and territories. As of June 30, 2006, 687 hotels are under development in the United States, representing 53,765 rooms, and an additional 65 hotels, representing 5,993 rooms, are under development in more than 20 countries and territories. The company's Cambria Suites, Comfort Inn, Comfort Suites, Quality, Clarion, Sleep Inn, Econo Lodge, Rodeway Inn, MainStay Suites and Suburban Extended Stay Hotel brands serve guests worldwide.

Additional corporate information may be found on the Choice Hotels Internet site, which may be accessed at choicehotels.com.

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