

For Immediate Release

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**Interstate Hotels & Resorts Forms Joint Venture with
JHM Hotels to Operate and Invest in Hotels in India**

Also Commits Funding to a Real Estate Investment Fund Dedicated to Investing in India

ARLINGTON, Va., February 21, 2008—Interstate Hotels & Resorts (NYSE: IHR), a leading hotel real estate investor and the nation's largest independent operator of full- and select-service hotels, today announced that it has formed a 50-50 joint venture partnership with JHM Hotels to operate and selectively invest in hotels in India. JHM Hotels is one of the nation's largest independent developers and owners of hotels. The joint venture, named JHM Interstate Hotels India, will serve as Interstate's platform for all hospitality-related activities in India, primarily focused on securing management agreements on existing and to-be-built hotels. The joint venture is establishing an office in New Delhi, India.

In addition to the management platform, both Interstate and JHM have committed to invest in Duet India Hotels Limited, a U.K.-based, real estate investment fund dedicated solely to the investment of hotels in India. The fund has raised approximately \$175 million in equity with anticipated total equity contributions in excess of \$200 million. The fund's mission is to develop approximately 25 hotels in India in the three- and four-star categories, targeted at business travelers and located in secondary and tertiary cities, as well as satellite townships outside major urban centers. The fund is expected to invest in up to \$800 million of total project volume over the next five years. Interstate and JHM will invest equal portions of a \$12.5 million total

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investment to acquire an interest in Duet India Hotels Limited, as well as an interest in the fund's asset manager, Duet India Hotels Asset Management Ltd. The fund has committed to providing JHM Interstate Hotels India the first opportunity to manage the hotels in which the fund invests. For further information about the fund, contact Dilip Puri at dilip.puri@duetindiahotels.com.

The joint venture also has established a strategic relationship with JNB Hotels and Resorts Private Limited, a subsidiary of JNB LLC, a real estate investment group based in Artesia, California. JNB has developed through its Indian experience and market knowledge, a strong pipeline of hotel management opportunities throughout the country on behalf of the joint venture. For more information about JNB, visit their Web site: www.jnbinvest.com.

“The formation of this new management joint venture establishes a solid platform for our entry into India's fast-growing lodging market,” said Thomas F. Hewitt, Interstate's chief executive officer. “By combining this platform with our investment in a hotel real estate investment fund we have a robust pipeline of management contracts and a strong foundation for future expansion. In addition, the joint venture is actively sourcing other management opportunities throughout key markets in India.

“Our joint venture partner, JHM Hotels, is a highly regarded, well-established hotel owner/operator in the United States with extensive market knowledge in India,” he added. “H. P. Rama, JHM's founder, is a 30-year industry veteran whose family has one of the most well respected names in the industry. JHM has received numerous industry awards for excellence, most recently from Marriott International, which presented the company with a record nine

awards, including two Partnership Circle Awards, Marriott's highest honor. We look forward to building a long and mutually rewarding relationship together.

"With Interstate's international experience, depth of resources and strong relationships with all the major hotel brands, we believe our combined strength, knowledge and expertise will give us a competitive advantage in arguably the most underserved hotel market in the world," said H. P. Rama, founder and chief executive officer of JHM Hotels.

Rama noted that India is one of the fastest growing economies in the world. "India is the world's fifth largest economy, growing at a healthy 8.5 percent per annum. As a result of this rapid growth, international development in the country is surging and has created a strong demand for hotel rooms. It is estimated that India will need another 200,000 western-style hotel rooms, approximately double the current inventory, by 2010 to meet the demand."

Hewitt pointed out that the need for experienced hotel management in India is significant. "The current lodging environment in India offers a limited selection of management and brand options. Our focus there will be to manage and opportunistically invest in hotels, as well as to provide hotel owners with franchise opportunities from well-established hotel brands."

"These transactions support Interstate's mission of becoming the leading independent, multinational hotel operator," said Leslie Ng, Interstate's chief investment officer. "Our partnership with JHM is a perfect match, with JHM providing lead generation, cultural expertise and depth of local contacts, and Interstate supplying the operating platform, systems and back-of-the-house operations."

About JHM Hotels

JHM Hotels, a premier lodging company based in Greenville S.C., with offices in Mumbai and Surat, India, has developed, acquired, owned and operated hotels throughout the United States for more than 34 years. The company currently owns and operates 30 U.S. hotels with more than 5,000 guestrooms and with over 1,500 rooms under development/construction, operating under such well-known brands as Marriott, Hilton, Starwood and Hyatt. The company has been the recipient of numerous awards for excellence, including the Ernst & Young Entrepreneur of the Year Award, the Spirit to Serve Award presented by Marriott, and the Hilton Corporation Industry Service Award. H. P. Rama is a former chairman of the American Hotel and Lodging Association, and the founding chairman of the Asian American Hotel Owners Association. For more information about JHM Hotels, visit the company's Web site:

www.jhmhotels.com.

About Interstate

As of today, Interstate Hotels & Resorts has ownership interests in 54 hotels and resorts, including seven wholly owned assets. Together with these properties, the company and its affiliates manage a total of 218 hospitality properties with approximately 45,500 rooms in 36 states, the District of Columbia, Belgium, Canada, Ireland, Mexico and Russia. Interstate Hotels & Resorts also has contracts to manage 17 to be built hospitality properties with approximately 4,800 rooms. For more information about Interstate Hotels & Resorts, visit the company's Web site: www.ihrco.com.

This press release contains “forward-looking statements,” within the meaning of the Private Securities Litigation Reform Act of 1995, about Interstate Hotels & Resorts, including those statements regarding future operating results and the timing and composition of revenues, among others, and statements containing words such as “expects,” “believes” or “will,” which indicate that those statements are forward-looking. Except for historical information, the matters discussed in this press release are forward-looking statements that are subject to certain risks and uncertainties that could cause the actual results to differ materially, including the volatility of the national economy, economic conditions generally and the hotel and real estate markets specifically, the war in Iraq, international and geopolitical difficulties or health concerns, governmental actions, legislative and regulatory changes, availability of debt and equity capital, interest rates, competition, weather conditions or natural disasters, supply and demand for lodging facilities in our current and proposed market areas, and the company’s ability to manage integration and growth. Additional risks are discussed in Interstate Hotels & Resorts’ filings with the Securities and Exchange Commission, including Interstate Hotels & Resorts’ annual report on Form 10-K for the year ended December 31, 2006.