UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: **001-14236**	*(FelCor Lodging Trust Incorporated)*
Commission file number: **333-39595-01**	*(FelCor Lodging Limited Partnership)*

FelCor Lodging Trust Incorporated
FelCor Lodging Limited Partnership

(Exact Name of Registrant as Specified in Its Charter)

Maryland	*(FelCor Lodging Trust Incorporated)*	**75-2541756**
Delaware	*(FelCor Lodging Limited Partnership)*	**75-2544994**
(State or Other Jurisdiction of Incorporation or Organization)		(I.R.S. Employer Identification No.)

545 E. John Carpenter Freeway, Suite 1300, Irving, Texas	**75062**
(Address of Principal Executive Offices)	(Zip Code)

(972) 444-4900
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

FelCor Lodging Trust Incorporated	☑ Yes	☐ No
FelCor Lodging Limited Partnership	☑ Yes	☐ No

Note: As a voluntary filer not subject to the filing requirements of Section 13 or 15(d) of the Exchange Act, the registrant has filed all reports pursuant to Section 13 or 15(d) as if the registrant were subject to such filing requirements.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

FelCor Lodging Trust Incorporated	☑ Yes	☐ No
FelCor Lodging Limited Partnership	☑ Yes	☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

FelCor Lodging Trust Incorporated:

Large accelerated filer	☐	Accelerated filer ☑
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

FelCor Lodging Limited Partnership:

Large accelerated filer	☐	Accelerated filer ☐
Non-accelerated filer	☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

FelCor Lodging Trust Incorporated	☐ Yes	☑ No
FelCor Lodging Limited Partnership	☐ Yes	☑ No

At July 29, 2013, FelCor Lodging Trust Incorporated had issued and outstanding 124,125,625 shares of common stock.

EXPLANATORY NOTE

This quarterly report on Form 10-Q for the quarter ended June 30, 2013, combines the filings for FelCor Lodging Trust Incorporated, or FelCor, and FelCor Lodging Limited Partnership, or FelCor LP. Where it is important to distinguish between the two, we either refer specifically to FelCor or FelCor LP. Otherwise we use the terms "we" or "our" to refer to FelCor and FelCor LP, collectively (including their consolidated subsidiaries), unless the context indicates otherwise.

FelCor is a Maryland corporation operating as a real estate investment trust, or REIT, and is the sole general partner of, and the owner of a greater than 99% partnership interest in, FelCor LP. Through FelCor LP, FelCor owns hotels and conducts business. As the sole general partner of FelCor LP, FelCor has exclusive and complete control of FelCor LP's day-to-day management.

We believe combining periodic reports for FelCor and FelCor LP into single combined reports results in the following benefits:

- presents our business as a whole (the same way management views and operates the business);
- eliminates duplicative disclosure and provides a more streamlined presentation (a substantial portion of our disclosure applies to both FelCor and FelCor LP); and
- saves time and cost by preparing combined reports instead of separate reports.

We operate the company as one enterprise. The employees of FelCor direct the management and operation of FelCor LP. With sole control of FelCor LP, FelCor consolidates FelCor LP for financial reporting purposes. FelCor has no assets other than its investment in FelCor LP and no liabilities separate from FelCor LP. Therefore, the reported assets and liabilities for FelCor and FelCor LP are substantially identical.

The substantive difference between FelCor and FelCor LP filings is that FelCor is a REIT with publicly-traded equity, while FelCor LP is a partnership with no publicly-traded equity. This difference is reflected in the financial statements in the equity (or partners' capital) section of the consolidated balance sheets and in the consolidated statements of equity (or partners' capital). Apart from the different equity treatment, the consolidated financial statements for FelCor and FelCor LP are nearly identical, except the net income (loss) attributable to redeemable noncontrolling interests in FelCor LP is deducted from FelCor's net income (loss) in order to arrive at net income (loss) attributable to FelCor common stockholders. The noncontrolling interest is included in net income (loss) attributable to FelCor LP common unitholders. The holders of noncontrolling interests in FelCor LP are unaffiliated with FelCor, and in aggregate, hold less than 1% of the operating partnership units.

We present the sections in this report combined unless separate disclosure is required for clarity.

FELCOR LODGING TRUST INCORPORATED and
FELCOR LODGING LIMITED PARTNERSHIP

INDEX

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

FELCOR LODGING TRUST INCORPORATED
CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	June 30, 2013	December 31, 2012
Assets		
Investment in hotels, net of accumulated depreciation of $945,192 and $929,298 at June 30, 2013 and December 31, 2012, respectively	$ 1,718,269	$ 1,794,564
Hotel development	170,084	146,079
Investment in unconsolidated entities	52,751	55,082
Hotel held for sale	19,252	—
Cash and cash equivalents	66,235	45,745
Restricted cash	77,881	77,927
Accounts receivable, net of allowance for doubtful accounts of $212 and $469 at June 30, 2013 and December 31, 2012, respectively	41,029	25,383
Deferred expenses, net of accumulated amortization of $17,052 and $13,820 at June 30, 2013 and December 31, 2012, respectively	32,543	34,262
Other assets	31,123	23,391
Total assets	$ 2,209,167	$ 2,202,433
Liabilities and Equity		
Debt, net of discount of $7,606 and $10,318 at June 30, 2013 and December 31, 2012, respectively	$ 1,691,946	$ 1,630,525
Distributions payable	8,545	8,545
Accrued expenses and other liabilities	149,868	138,442
Total liabilities	1,850,359	1,777,512
Commitments and contingencies		
Redeemable noncontrolling interests in FelCor LP, 621 units issued and outstanding at June 30, 2013 and December 31, 2012	3,672	2,902
Equity:		
Preferred stock, $0.01 par value, 20,000 shares authorized:		
Series A Cumulative Convertible Preferred Stock, 12,880 shares, liquidation value of $322,011, issued and outstanding at June 30, 2013 and December 31, 2012	309,362	309,362
Series C Cumulative Redeemable Preferred Stock, 68 shares, liquidation value of $169,950, issued and outstanding at June 30, 2013 and December 31, 2012	169,412	169,412
Common stock, $0.01 par value, 200,000 shares authorized; 124,122 and 124,117 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	1,241	1,241
Additional paid-in capital	2,354,659	2,353,581
Accumulated other comprehensive income	25,120	26,039
Accumulated deficit	(2,529,192)	(2,464,968)
Total FelCor stockholders' equity	330,602	394,667
Noncontrolling interests in other partnerships	24,534	27,352
Total equity	355,136	422,019
Total liabilities and equity	$ 2,209,167	$ 2,202,433

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands, except for per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
Hotel operating revenue	$ 247,977	$ 240,133	$ 464,642	$ 444,221
Other revenue	1,050	956	1,449	1,231
Total revenues	249,027	241,089	466,091	445,452
Expenses:				
Hotel departmental expenses	88,011	83,336	171,216	160,825
Other property-related costs	62,650	60,699	124,648	120,059
Management and franchise fees	9,315	11,254	18,845	20,898
Taxes, insurance and lease expense	25,245	24,423	47,754	45,990
Corporate expenses	6,694	6,167	14,526	14,379
Depreciation and amortization	31,132	29,773	62,146	59,310
Impairment loss	27,706	—	27,706	—
Conversion expenses	587	—	1,215	—
Other expenses	3,916	800	4,737	1,763
Total operating expenses	255,256	216,452	472,793	423,224
Operating income (loss)	(6,229)	24,637	(6,702)	22,228
Interest expense, net	(26,574)	(30,933)	(53,057)	(61,328)
Debt extinguishment	—	(137)	—	(144)
Loss before equity in income from unconsolidated entities	(32,803)	(6,433)	(59,759)	(39,244)
Equity in income from unconsolidated entities	1,905	1,362	1,994	1,138
Loss from continuing operations	(30,898)	(5,071)	(57,765)	(38,106)
Income from discontinued operations	8,103	17,099	8,365	21,273
Net income (loss)	(22,795)	12,028	(49,400)	(16,833)
Net loss (income) attributable to noncontrolling interests in other partnerships	3,972	(148)	4,212	54
Net loss (income) attributable to redeemable noncontrolling interests in FelCor LP	140	(11)	320	185
Net income (loss) attributable to FelCor	(18,683)	11,869	(44,868)	(16,594)
Preferred dividends	(9,678)	(9,678)	(19,356)	(19,356)
Net income (loss) attributable to FelCor common stockholders	$ (28,361)	$ 2,191	$ (64,224)	$ (35,950)
Basic and diluted per common share data:				
Loss from continuing operations	$ (0.29)	$ (0.12)	$ (0.59)	$ (0.46)
Net income (loss)	$ (0.23)	$ 0.02	$ (0.52)	$ (0.29)
Basic and diluted weighted average common shares outstanding	123,814	123,638	123,814	123,651

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Three and Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income (loss)	$ (22,795)	$ 12,028	$ (49,400)	$ (16,833)
Foreign currency translation adjustment	(567)	(317)	(924)	(9)
Comprehensive income (loss)	(23,362)	11,711	(50,324)	(16,842)
Comprehensive loss (income) attributable to noncontrolling interests in other partnerships	3,972	(148)	4,212	54
Comprehensive loss (income) attributable to redeemable noncontrolling interests in FelCor LP	143	(9)	325	185
Comprehensive income (loss) attributable to FelCor	$ (19,247)	$ 11,554	$ (45,787)	$ (16,603)

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands)

	Preferred Stock		Common Stock							
	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Noncontrolling Interests in Other Partnerships	Comprehensive Loss	Total Equity
Balance at December 31, 2011	12,948	$ 478,774	124,281	$ 1,243	$ 2,353,251	$ 25,738	$ (2,297,468)	$ 25,357		$ 586,895
Amortization of stock awards	—	—	—	—	432	—	—	—		432
Forfeiture of stock awards	—	—	(63)	(1)	193	—	(199)	—		(7)
Conversion of operating partnership units into common shares	—	—	9	—	33	—	—	—		33
Allocation to redeemable noncontrolling interests	—	—	—	—	(512)	—	—	—		(512)
Contribution from noncontrolling interests	—	—	—	—	—	—	—	2,310		2,310
Distribution to noncontrolling interests	—	—	—	—	—	—	—	(620)		(620)
Other	—	—	—	—	—	—	(4)	—		(4)
Preferred dividends:										
$0.975 per Series A preferred share	—	—	—	—	—	—	(12,558)	—		(12,558)
$1.00 per Series C depositary preferred share	—	—	—	—	—	—	(6,798)	—		(6,798)
Comprehensive loss:										
Foreign exchange translation	—	—	—	—	—	(9)	—	—	$ (9)	
Net loss	—	—	—	—	—	—	(16,594)	(54)	(16,648)	
Comprehensive loss									$ (16,657)	(16,657)
Balance at June 30, 2012	12,948	$ 478,774	124,227	$ 1,242	$ 2,353,397	$ 25,729	$ (2,333,621)	$ 26,993		$ 552,514
Balance at December 31, 2012	12,948	$ 478,774	124,117	$ 1,241	$ 2,353,581	$ 26,039	$ (2,464,968)	$ 27,352		$ 422,019
Issuance of stock awards	—	—	5	—	—	—	—	—		—
Stock awards - amortization and severance	—	—	—	—	2,173	—	—	—		2,173
Allocation to redeemable noncontrolling interests	—	—	—	—	(1,095)	—	—	—		(1,095)
Contribution from noncontrolling interests	—	—	—	—	—	—	—	1,840		1,840
Distribution to noncontrolling interests	—	—	—	—	—	—	—	(446)		(446)
Preferred dividends:										
$0.975 per Series A preferred share	—	—	—	—	—	—	(12,558)	—		(12,558)
$1.00 per Series C depositary preferred share	—	—	—	—	—	—	(6,798)	—		(6,798)
Comprehensive loss:										
Foreign exchange translation	—	—	—	—	—	(919)	—	—	$ (919)	
Net loss	—	—	—	—	—	—	(44,868)	(4,212)	(49,080)	
Comprehensive loss									$ (49,999)	(49,999)
Balance at June 30, 2013	12,948	$ 478,774	124,122	$ 1,241	$ 2,354,659	$ 25,120	$ (2,529,192)	$ 24,534		$ 355,136

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands)

	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Cash flows from operating activities:		
Net loss	$ (49,400)	$ (16,833)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	63,194	64,781
Gain on sale of hotels, net	(7,259)	(16,719)
Amortization of deferred financing fees and debt discount	5,426	9,072
Amortization of fixed stock and directors' compensation	3,150	2,538
Equity based severance	822	—
Equity in income from unconsolidated entites	(1,994)	(1,138)
Distributions of income from unconsolidated entities	2,384	2,098
Debt extinguishment	—	812
Impairment loss	27,706	1,335
Changes in assets and liabilities:		
Accounts receivable	(15,803)	(3,776)
Other assets	(7,211)	(8,765)
Accrued expenses and other liabilities	8,256	(3,458)
Net cash flow provided by operating activities	29,271	29,947
Cash flows from investing activities:		
Improvements and additions to hotels	(47,023)	(73,349)
Hotel development	(22,220)	(10,317)
Net proceeds from asset dispositions	20,479	100,406
Change in restricted cash – investing	46	463
Distributions from unconsolidated entities	3,441	9,103
Contributions to unconsolidated entities	(1,500)	—
Net cash flow provided by (used in) investing activities	(46,777)	26,306
Cash flows from financing activities:		
Proceeds from borrowings	127,245	71,000
Repayment of borrowings	(68,535)	(137,758)
Payment of deferred financing fees	(2,698)	(1,453)
Distributions paid to noncontrolling interests	(446)	(620)
Contributions from noncontrolling interests	1,840	2,310
Distributions paid to preferred stockholders	(19,356)	(19,356)
Net cash flow provided by (used in) financing activities	38,050	(85,877)
Effect of exchange rate changes on cash	(54)	(35)
Net change in cash and cash equivalents	20,490	(29,659)
Cash and cash equivalents at beginning of periods	45,745	93,758
Cash and cash equivalents at end of periods	$ 66,235	$ 64,099
Supplemental cash flow information – interest paid, net of capitalized interest	$ 38,301	$ 54,586

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	June 30, 2013	December 31, 2012
Assets		
Investment in hotels, net of accumulated depreciation of $945,192 and $929,298 at June 30, 2013 and December 31, 2012, respectively	$ 1,718,269	$ 1,794,564
Hotel development	170,084	146,079
Investment in unconsolidated entities	52,751	55,082
Hotel held for sale	19,252	—
Cash and cash equivalents	66,235	45,745
Restricted cash	77,881	77,927
Accounts receivable, net of allowance for doubtful accounts of $212 and $469 at June 30, 2013 and December 31, 2012, respectively	41,029	25,383
Deferred expenses, net of accumulated amortization of $17,052 and $13,820 at June 30, 2013 and December 31, 2012, respectively	32,543	34,262
Other assets	31,123	23,391
Total assets	$ 2,209,167	$ 2,202,433
Liabilities and Partners’ Capital		
Debt, net of discount of $7,606 and $10,318 at June 30, 2013 and December 31, 2012, respectively	$ 1,691,946	$ 1,630,525
Distributions payable	8,545	8,545
Accrued expenses and other liabilities	149,868	138,442
Total liabilities	1,850,359	1,777,512
Commitments and contingencies		
Redeemable units, 621 units issued and outstanding at June 30, 2013 and December 31, 2012	3,672	2,902
Capital:		
Preferred units:		
Series A Cumulative Convertible Preferred Units, 12,880 units issued and outstanding at June 30, 2013 and December 31, 2012	309,362	309,362
Series C Cumulative Redeemable Preferred Units, 68 units issued and outstanding at June 30, 2013 and December 31, 2012	169,412	169,412
Common units, 124,122 and 124,117 units issued and outstanding at June 30, 2013 and December 31, 2012, respectively	(173,399)	(110,258)
Accumulated other comprehensive income	25,227	26,151
Total FelCor LP partners’ capital	330,602	394,667
Noncontrolling interests	24,534	27,352
Total partners’ capital	355,136	422,019
Total liabilities and partners’ capital	$ 2,209,167	$ 2,202,433

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands, except for per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
Hotel operating revenue	$ 247,977	$ 240,133	$ 464,642	$ 444,221
Other revenue	1,050	956	1,449	1,231
Total revenues	249,027	241,089	466,091	445,452
Expenses:				
Hotel departmental expenses	88,011	83,336	171,216	160,825
Other property-related costs	62,650	60,699	124,648	120,059
Management and franchise fees	9,315	11,254	18,845	20,898
Taxes, insurance and lease expense	25,245	24,423	47,754	45,990
Corporate expenses	6,694	6,167	14,526	14,379
Depreciation and amortization	31,132	29,773	62,146	59,310
Impairment loss	27,706	—	27,706	—
Conversion expenses	587	—	1,215	—
Other expenses	3,916	800	4,737	1,763
Total operating expenses	255,256	216,452	472,793	423,224
Operating income (loss)	(6,229)	24,637	(6,702)	22,228
Interest expense, net	(26,574)	(30,933)	(53,057)	(61,328)
Debt extinguishment	—	(137)	—	(144)
Loss before equity in income from unconsolidated entities	(32,803)	(6,433)	(59,759)	(39,244)
Equity in income from unconsolidated entities	1,905	1,362	1,994	1,138
Loss from continuing operations	(30,898)	(5,071)	(57,765)	(38,106)
Income from discontinued operations	8,103	17,099	8,365	21,273
Net income (loss)	(22,795)	12,028	(49,400)	(16,833)
Net loss (income) attributable to noncontrolling interests	3,972	(148)	4,212	54
Net income (loss) attributable to FelCor LP	(18,823)	11,880	(45,188)	(16,779)
Preferred distributions	(9,678)	(9,678)	(19,356)	(19,356)
Net income (loss) attributable to FelCor LP common unitholders	$ (28,501)	$ 2,202	$ (64,544)	$ (36,135)
Basic and diluted per common unit data:				
Loss from continuing operations	$ (0.29)	$ (0.12)	$ (0.59)	$ (0.46)
Net income (loss)	$ (0.23)	$ 0.02	$ (0.52)	$ (0.29)
Basic and diluted weighted average common units outstanding	124,435	124,266	124,435	124,283

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Three and Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Net income (loss)	$ (22,795)	$ 12,028	$ (49,400)	$ (16,833)
Foreign currency translation adjustment	(567)	(317)	(924)	(9)
Comprehensive income (loss)	(23,362)	11,711	(50,324)	(16,842)
Comprehensive loss (income) attributable to noncontrolling interests	3,972	(148)	4,212	54
Comprehensive income (loss) attributable to FelCor LP	$ (19,390)	$ 11,563	$ (46,112)	$ (16,788)

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
For the Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands)

	Preferred Units	Common Units	Accumulated Other Comprehensive Income	Noncontrolling Interests	Comprehensive Loss	Total Partners' Capital
Balance at December 31, 2011	$ 478,774	$ 56,916	$ 25,848	$ 25,357		$ 586,895
FelCor restricted stock compensation	—	425	—	—		425
Contributions	—	—	—	2,310		2,310
Distributions	—	(19,356)	—	(620)		(19,976)
Allocation to redeemable units	—	(294)	—	—		(294)
Other	—	(4)	—	—		(4)
Comprehensive loss:						
Foreign exchange translation			(9)		$ (9)	
Net loss		(16,779)		(54)	(16,833)	
Comprehensive loss					$ (16,842)	(16,842)
Balance at June 30, 2012	$ 478,774	$ 20,908	$ 25,839	$ 26,993		$ 552,514
Balance at December 31, 2012	$ 478,774	$(110,258)	$ 26,151	$ 27,352		$ 422,019
FelCor restricted stock compensation	—	2,173	—	—		2,173
Contributions	—	—	—	1,840		1,840
Distributions	—	(19,356)	—	(446)		(19,802)
Allocation to redeemable units	—	(770)	—	—		(770)
Comprehensive loss:						
Foreign exchange translation			(924)		$ (924)	
Net loss		(45,188)		(4,212)	(49,400)	
Comprehensive loss					$ (50,324)	(50,324)
Balance at June 30, 2013	$ 478,774	$(173,399)	$ 25,227	$ 24,534		$ 355,136

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2013 and 2012
(unaudited, in thousands)

	Six Months Ended June 30,	
	2013	2012
Cash flows from operating activities:		
Net loss	$ (49,400)	$ (16,833)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	63,194	64,781
Gain on sale of hotels, net	(7,259)	(16,719)
Amortization of deferred financing fees and debt discount	5,426	9,072
Amortization of fixed stock and directors' compensation	3,150	2,538
Equity based severance	822	—
Equity in income from unconsolidated entites	(1,994)	(1,138)
Distributions of income from unconsolidated entities	2,384	2,098
Debt extinguishment	—	812
Impairment loss	27,706	1,335
Changes in assets and liabilities:		
Accounts receivable	(15,803)	(3,776)
Other assets	(7,211)	(8,765)
Accrued expenses and other liabilities	8,256	(3,458)
Net cash flow provided by operating activities	29,271	29,947
Cash flows from investing activities:		
Improvements and additions to hotels	(47,023)	(73,349)
Hotel development	(22,220)	(10,317)
Net proceeds from asset dispositions	20,479	100,406
Change in restricted cash – investing	46	463
Distributions from unconsolidated entities	3,441	9,103
Contributions to unconsolidated entities	(1,500)	—
Net cash flow provided by (used in) investing activities	(46,777)	26,306
Cash flows from financing activities:		
Proceeds from borrowings	127,245	71,000
Repayment of borrowings	(68,535)	(137,758)
Payment of deferred financing fees	(2,698)	(1,453)
Distributions paid to noncontrolling interests	(446)	(620)
Contributions from noncontrolling interests	1,840	2,310
Distributions paid to preferred unitholders	(19,356)	(19,356)
Net cash flow provided by (used in) financing activities	38,050	(85,877)
Effect of exchange rate changes on cash	(54)	(35)
Net change in cash and cash equivalents	20,490	(29,659)
Cash and cash equivalents at beginning of periods	45,745	93,758
Cash and cash equivalents at end of periods	$ 66,235	$ 64,099
Supplemental cash flow information – interest paid, net of capitalized interest	$ 38,301	$ 54,586

The accompanying notes are an integral part of these consolidated financial statements.

FELCOR LODGING TRUST INCORPORATED AND FELCOR LODGING LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

FelCor Lodging Trust Incorporated (NYSE:FCH), or FelCor, is a Maryland corporation, operating as a real estate investment trust, or REIT. FelCor is the sole general partner of, and the owner of a greater than 99.5% partnership interest in, FelCor Lodging Limited Partnership, or FelCor LP, through which we held ownership interests in 64 hotels in continuing operations with 18,555 rooms at June 30, 2013. At June 30, 2013, we had an aggregate of 124,743,167 shares and units outstanding, consisting of 124,121,786 shares of FelCor common stock and 621,381 FelCor LP units not owned by FelCor.

Of the 64 hotels included in continuing operations, we owned a 100% interest in 46 hotels, a 90% interest in entities owning three hotels, an 82% interest in an entity owning one hotel, a 60% interest in an entity owning one hotel and a 50% interest in entities owning 13 hotels. We consolidate our real estate interests in the 51 hotels in which we held majority interests, and we record the real estate interests of the 13 hotels in which we held 50% interests using the equity method. We leased 63 of the 64 hotels in continuing operations to our taxable REIT subsidiaries, of which we own a controlling interest. One 50% owned hotel was operated without a lease. Because we owned controlling interests in these lessees, we consolidated our interests in these 63 hotels (which we refer to as our Consolidated Hotels) and reflect those hotels' operating revenues and expenses in our statements of operations. Of our Consolidated Hotels, we owned 50% of the real estate interests in each of 12 hotels (we accounted for the ownership in our real estate interests of these hotels by the equity method) and majority real estate interests in each of the remaining 51 hotels (we consolidate our real estate interest in these hotels).

The following table illustrates the distribution of our 63 Consolidated Hotels at June 30, 2013:

Brand	Hotels	Rooms
Embassy Suites Hotels®	35	9,116
Wyndham® and Wyndham Grand®	8	2,526
Holiday Inn®	4	1,702
Sheraton® and Westin®	4	1,604
DoubleTree by Hilton® and Hilton®	6	1,450
Marriott® and Renaissance®	3	1,321
Fairmont®	1	383
Morgans and Royalton	2	282
Total	63	18,384

At June 30, 2013, our Consolidated Hotels were located in the United States (62 hotels in 22 states) and Canada (one hotel in Ontario), with concentrations in California (13 hotels), Florida (8 hotels) and Texas (7 hotels). Approximately 51% of our revenue was generated from hotels in these three states during the first six months of 2013.

At June 30, 2013, of our 63 Consolidated Hotels: (i) subsidiaries of Hilton Hotels Corporation, or Hilton, managed 40 hotels, (ii) subsidiaries of Wyndham Worldwide Corporation, or Wyndham, managed eight hotels, (iii) subsidiaries of InterContinental Hotels Group, or IHG, managed four hotels, (iv) subsidiaries of Starwood Hotels & Resorts Worldwide Inc., or Starwood, managed four hotels, (v) subsidiaries of Marriott International Inc., or Marriott, managed three hotels, (vi) a subsidiary of Fairmont Hotels and Resorts, or Fairmont, managed one hotel, (vii) a subsidiary of Morgans Hotel Group Corporation managed two hotels, and (viii) an independent management company managed one hotel.

1. Organization — (continued)

In addition to the above hotels, we own a 95% interest in a consolidated joint venture that owns the Knickerbocker Hotel, a former hotel and office building, that is being redeveloped as a 4+ star hotel in midtown Manhattan and is expected to open in early 2014.

Effective January 1, 2013, our hotels managed by Marriott are accounted for on a 12 month calendar year basis as compared to a fiscal year comprised of 52 or 53 weeks ending on the Friday closest to December 31, as reported in 2012 and prior years. Our three and six month periods ending June 30, 2013 is reported on a calendar basis for our Marriott-managed hotels, which is consistent with the reporting periods for our other managed hotels. However, our three and six month periods ending June 30, 2012 includes the results of operations for the Marriott-managed hotels for the 12 and 24 week period, respectively, ending June 15, 2012. Prior year results have not been restated to reflect the reporting period transition as we do not believe the change in periods would result in a material difference for comparison of results year over year.

The information in our consolidated financial statements for the three and six months ended June 30, 2013 and 2012 is unaudited. Preparing financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The accompanying financial statements for the three and six months ended June 30, 2013 and 2012, include adjustments based on management's estimates (consisting of normal and recurring accruals), which we consider necessary for a fair presentation of the results for the periods. The financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2012, included in our Annual Report on Form 10-K. Operating results for the three and six months ended June 30, 2013 are not necessarily indicative of actual operating results for the entire year.

2. Investment in Unconsolidated Entities

We owned 50% interests in joint ventures that owned 13 hotels at June 30, 2013 and December 31, 2012. We also own 50% interests in entities that own real estate in Myrtle Beach, South Carolina and provide condominium management services. We account for our investments in these unconsolidated entities under the equity method. We do not have any majority-owned subsidiaries that are not consolidated in our financial statements. We make adjustments to our equity in income from unconsolidated entities related to the difference between our basis in investment in unconsolidated entities compared to the historical basis of the assets recorded by the joint ventures.

The following table summarizes combined balance sheet information for our unconsolidated entities (in thousands):

	June 30, 2013	December 31, 2012
Investment in hotels and other properties, net of accumulated depreciation	$ 149,647	$ 155,888
Total assets	$ 165,898	$ 170,477
Debt	$ 147,381	$ 148,395
Total liabilities	$ 152,362	$ 154,139
Equity	$ 13,536	$ 16,338

2. Investment in Unconsolidated Entities — (continued)

The following table sets forth summarized combined statement of operations information for our unconsolidated entities (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Total revenues	$ 20,543	$ 19,605	$ 34,151	$ 32,937
Net income	$ 4,740	$ 3,655	$ 5,848	$ 4,136
Net income attributable to FelCor	$ 2,370	$ 1,827	$ 2,924	$ 2,068
Depreciation of cost in excess of book value	(465)	(465)	(930)	(930)
Equity in income from unconsolidated entities	$ 1,905	$ 1,362	$ 1,994	$ 1,138

The following table summarizes the components of our investment in unconsolidated entities (in thousands):

	June 30, 2013	December 31, 2012
Hotel-related investments	$ (2,058)	$ 246
Cost in excess of book value of hotel investments	45,983	46,913
Land and condominium investments	8,826	7,923
	$ 52,751	$ 55,082

The following table summarizes the components of our equity in income from unconsolidated entities (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Hotel investments	$ 1,883	$ 1,286	$ 2,591	$ 1,691
Other investments	22	76	(597)	(553)
Equity in income from unconsolidated entities	$ 1,905	$ 1,362	$ 1,994	$ 1,138

3. Debt

Consolidated debt consisted of the following (dollars in thousands):

	Encumbered Hotels	Interest Rate (%)	Maturity Date	June 30, 2013	December 31, 2012
Line of credit	9	L + 3.375	June 2016[(a)]	$ 117,000	$ 56,000
Hotel mortgage debt					
Mortgage debt[(b)]	5	6.66	June - August 2014	64,396	65,431
Mortgage debt	1	5.81	July 2016	10,157	10,405
Mortgage debt[(b)]	4	4.95	October 2022	127,289	128,066
Mortgage debt	1	4.94	October 2022	31,945	32,176
Senior notes					
Senior secured notes	11	10.00	October 2014	226,298	223,586
Senior secured notes	6	6.75	June 2019	525,000	525,000
Senior secured notes	10	5.625	March 2023	525,000	525,000
Other[(c)]	—	L + 1.25	May 2016	64,861	64,861
Total	47			$ 1,691,946	$ 1,630,525

(a) Our $225 million line of credit can be extended for one year (to 2017), subject to satisfying certain conditions.

(b) This debt is comprised of separate non-cross-collateralized loans each secured by a mortgage of a different hotel.

(c) This loan is related to our Knickerbocker development project and is fully secured by restricted cash and a mortgage. Because we were able to assume an existing loan when we purchased this hotel, we were not required to pay any local mortgage recording tax. This loan, which allows us to borrow up to $85 million, can be extended for one year subject to satisfying certain conditions.

We reported $26.6 million and $30.9 million of interest expense for the three months ended June 30, 2013 and 2012, respectively, which is net of: (i) interest income of $22,000 and $35,000 and (ii) capitalized interest of $2.9 million and $3.3 million, respectively. We reported $53.1 million and $61.3 million of interest expense for the six months ended June 30, 2013 and 2012, respectively, which is net of: (i) interest income of $45,000 and $83,000 and (ii) capitalized interest of $5.7 million and $6.6 million, respectively.

4. Hotel Operating Revenue, Departmental Expenses, and Other Property-Related Costs

Hotel operating revenue from continuing operations was comprised of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Room revenue	$ 191,982	$ 186,906	$ 359,293	$ 345,656
Food and beverage revenue	43,397	38,632	81,367	72,974
Other operating departments	12,598	14,595	23,982	25,591
Total hotel operating revenue	$ 247,977	$ 240,133	$ 464,642	$ 444,221

Nearly all of our revenue is comprised of hotel operating revenue. These revenues are recorded net of any sales or occupancy taxes collected from our guests. All rebates or discounts are recorded, when allowed, as a reduction in revenue, and there are no material contingent obligations with respect to rebates or discounts offered by us. All revenues are recorded on an accrual basis, as earned. Appropriate allowances are made for doubtful accounts, which are recorded as a bad debt expense. The remainder of our revenue was derived from other sources.

Hotel departmental expenses from continuing operations were comprised of the following (in thousands):

	Three Months Ended June 30,			
	2013		2012	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Room	$ 49,363	19.9%	$ 47,694	19.9%
Food and beverage	32,610	13.2	29,799	12.4
Other operating departments	6,038	2.4	5,843	2.4
Total hotel departmental expenses	$ 88,011	35.5%	$ 83,336	34.7%

	Six Months Ended June 30,			
	2013		2012	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Room	$ 96,091	20.7%	$ 91,853	20.7%
Food and beverage	63,655	13.7	57,732	13.0
Other operating departments	11,470	2.4	11,240	2.5
Total hotel departmental expenses	$ 171,216	36.8%	$ 160,825	36.2%

4. Hotel Operating Revenue, Departmental Expenses, and Other Property-Related Costs — (continued)

Other property-related costs from continuing operations were comprised of the following amounts (in thousands):

	Three Months Ended June 30,			
	2013		2012	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Hotel general and administrative expense	$ 21,116	8.5%	$ 20,762	8.6%
Marketing	20,424	8.2	19,191	8.0
Repair and maintenance	11,755	4.7	11,562	4.8
Utilities	9,355	3.9	9,184	3.9
Total other property-related costs	$ 62,650	25.3%	$ 60,699	25.3%

	Six Months Ended June 30,			
	2013		2012	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Hotel general and administrative expense	$ 41,896	9.0%	$ 40,438	9.1%
Marketing	40,359	8.7	38,181	8.6
Repair and maintenance	23,811	5.1	23,068	5.2
Utilities	18,582	4.0	18,372	4.1
Total other property-related costs	$ 124,648	26.8%	$ 120,059	27.0%

In March 2013, we rebranded and transitioned management at eight core Holiday Inn hotels located in strategic markets to Wyndham brands. Wyndham's parent guaranteed a minimum level of net operating profit for each year of the ten year term under this management agreement subject to an aggregate $100 million limit over the term, with an annual limit of $21.5 million. Amounts recorded under this provision will be accounted for, to the extent available, as a reduction in the fees paid to Wyndham under the terms of the management agreement. Any amounts in excess of those fees will be recorded as revenue when earned. For March through June 2013 (the first four months during which Wyndham managed the hotels for FelCor), we have recorded a $2.7 million *pro rata* portion of the projected full-year guarantee as a reduction of Wyndham's contractual management and other fees.

5. Taxes, Insurance and Lease Expense

Taxes, insurance and lease expense from continuing operations were comprised of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Hotel lease expense[a]	$ 12,166	$ 11,236	$ 21,723	$ 20,429
Land lease expense[b]	2,772	2,800	5,166	5,187
Real estate and other taxes	7,915	7,629	15,742	15,400
Property insurance, general liability insurance and other	2,392	2,758	5,123	4,974
Total taxes, insurance and lease expense	$ 25,245	$ 24,423	$ 47,754	$ 45,990

(a) Hotel lease expense is recorded by the consolidated operating lessees of 12 hotels owned by unconsolidated entities and is partially (generally 49%) offset through noncontrolling interests in other partnerships. Our 50% share of the corresponding lease income is recorded through equity in income from unconsolidated entities. Hotel lease expense includes percentage rent of $6.7 million and $5.8 million for the three months ended June 30, 2013 and 2012, respectively, and $10.8 million and $9.6 million for the six months ended June 30, 2013 and 2012, respectively.

(b) Land lease expense includes percentage rent of $1.3 million and $1.5 million for the three months ended June 30, 2013 and 2012, respectively, and $2.3 million and $2.4 million for the six months ended June 30, 2013 and 2012, respectively.

6. Impairment

Our hotels are comprised of operations and cash flows that can clearly be distinguished, operationally and for financial reporting purposes, from the remainder of our operations. Accordingly, we consider each hotel to be a component for purposes of determining impairment charges and reporting discontinued operations.

We may record impairment charges if operating results of individual hotels are materially different from our forecasts, the economy and/or lodging industry weakens, or we shorten our contemplated holding period for additional hotels. For the quarter ended June 30, 2013, we recorded a $27.7 million impairment charge related to three hotels included in continuing operations. For the quarter ended June 30, 2012, we recorded a $1.3 million impairment charge related to one hotel included in discontinued operations.

A portion ($3.3 million relating to one of the three impaired hotels) of the impairment charges recorded in the second quarter of 2013, as well as the second quarter 2012 impairment charge, were based on third-party offers to purchase (a Level 2 input under authoritative guidance for fair value measurements) at prices below our previously estimated fair market values for those properties. These are hotels we had identified as sale candidates in prior years, reducing their estimated hold period at that time.

6. Impairment – (continued)

As part of our long-term strategic plan, we may identify hotels that no longer meet our investment criteria. We have identified two additional such hotels, thereby significantly reducing their respective estimated hold periods, resulting in impairments on both hotels during the second quarter of 2013. A portion ($24.4 million) of the second quarter 2013 impairment charges relates to these hotels and was determined using Level 3 inputs, as follows:

- with respect to one hotel, we used a discounted cash flow analysis with an estimated stabilized growth rate of 3.0%, a discounted cash flow term of five years, a terminal capitalization rate of 8.0%, and a discount rate of 10.0%; and

- with respect to the other hotel, we used information based on EBITDA multiples ranging from 10 to 12 times.

7. Discontinued Operations

We had one hotel held for sale at June 30, 2013. We designate a hotel as held for sale when the sale is probable within the next twelve months. We consider a sale to be probable when a buyer completes its due diligence review, we have an executed contract for sale, and we have received a substantial non-refundable deposit.

Discontinued operations primarily include results of operations for one hotel designated as held for sale at June 30, 2013, one hotel sold in the second quarter of 2013 and ten hotels sold in 2012. The following table summarizes the condensed financial information for those hotels (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Hotel operating revenue	$ 3,688	$ 23,804	$ 7,313	$ 55,247
Operating expenses[(a)]	(2,844)	(21,511)	(6,207)	(47,413)
Operating income from discontinued operations	844	2,293	1,106	7,834
Interest expense, net	—	(1,245)	—	(2,612)
Debt extinguishment	—	(668)	—	(668)
Gain on sale of hotels, net	7,259	16,719	7,259	16,719
Income from discontinued operations	$ 8,103	$ 17,099	$ 8,365	$ 21,273

(a) Includes an impairment charge of $1.3 million for the three and six months ended June 30, 2012.

8. Income (Loss) Per Share/Unit

The following tables set forth the computation of basic and diluted income (loss) per share/unit (in thousands, except per share/unit data):

FelCor Income (Loss) Per Share

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Numerator:				
Net income (loss) attributable to FelCor	$ (18,683)	$ 11,869	$ (44,868)	$ (16,594)
Discontinued operations attributable to FelCor	(8,063)	(17,014)	(8,324)	(21,166)
Loss from continuing operations attributable to FelCor	(26,746)	(5,145)	(53,192)	(37,760)
Less: Preferred dividends	(9,678)	(9,678)	(19,356)	(19,356)
Less: Undistributed earnings allocated to unvested restricted stock	—	(10)	—	—
Numerator for continuing operations attributable to FelCor common stockholders	(36,424)	(14,833)	(72,548)	(57,116)
Discontinued operations attributable to FelCor	8,063	17,014	8,324	21,166
Numerator for basic and diluted income (loss) attributable to FelCor common stockholders	$ (28,361)	$ 2,181	$ (64,224)	$ (35,950)
Denominator:				
Denominator for basic and diluted income (loss) per share	123,814	123,638	123,814	123,651
Basic and diluted income (loss) per share data:				
Loss from continuing operations	$ (0.29)	$ (0.12)	$ (0.59)	$ (0.46)
Discontinued operations	$ 0.07	$ 0.14	$ 0.07	$ 0.17
Net income (loss)	$ (0.23)	$ 0.02	$ (0.52)	$ (0.29)

8. Income (Loss) Per Share/Unit — (continued)

FelCor LP Income (Loss) Per Unit

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Numerator:				
Net income (loss) attributable to FelCor LP	$ (18,823)	$ 11,880	$ (45,188)	$ (16,779)
Discontinued operations attributable to FelCor LP	(8,103)	(17,099)	(8,365)	(21,273)
Loss from continuing operations attributable to FelCor LP	(26,926)	(5,219)	(53,553)	(38,052)
Less: Preferred distributions	(9,678)	(9,678)	(19,356)	(19,356)
Less: Undistributed earnings allocated to FelCor's unvested restricted stock	—	(10)	—	—
Numerator for continuing operations attributable to FelCor LP common unitholders	(36,604)	(14,907)	(72,909)	(57,408)
Discontinued operations attributable to FelCor LP	8,103	17,099	8,365	21,273
Numerator for basic and diluted income (loss) attributable to FelCor common unitholders	$ (28,501)	$ 2,192	$ (64,544)	$ (36,135)
Denominator:				
Denominator for basic and diluted income (loss) per unit	124,435	124,266	124,435	124,283
Basic and diluted income (loss) per unit data:				
Loss from continuing operations	$ (0.29)	$ (0.12)	$ (0.59)	$ (0.46)
Discontinued operations	$ 0.07	$ 0.14	$ 0.07	$ 0.17
Net income (loss)	$ (0.23)	$ 0.02	$ (0.52)	$ (0.29)

Securities that could potentially dilute earnings per share/unit in the future that were not included in the computation of diluted income (loss) per share/unit, because they would have been antidilutive for the periods presented, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Series A convertible preferred shares/units	9,985	9,985	9,985	9,985
FelCor restricted stock units	576	—	373	—

Series A preferred dividends (distributions) that would be excluded from net income (loss) attributable to FelCor common stockholders (or FelCor LP common unitholders), if these preferred shares/units were dilutive, were $6.3 million for the three months ended June 30, 2013 and 2012, and $12.6 million for the six months ended June 30, 2013 and 2012.

In February 2013, our executive officers were granted restricted stock units providing them with the potential to earn up to 1,250,000 common shares, collectively, vesting in three increments over four years, based on total stockholder return relative to a group of 10 lodging REIT peers. The fixed cost of these grants is amortized over the vesting period, and the potential impact of these restricted stock units on our earnings per share, had they been dilutive, was calculated using the treasury stock method.

9. Fair Value of Financial Instruments

Disclosures about fair value of our financial instruments are based on pertinent information available to management as of June 30, 2013. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

Our estimates of the fair value of (i) cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses approximate carrying value due to the relatively short maturity of these instruments; (ii) our publicly-traded debt is based on observable market data (a Level 2 input) and has an estimated fair value of $1.3 billion at June 30, 2013 and December 31, 2012; and (iii) our debt that is not publicly-traded is based on a discounted cash flow model using effective borrowing rates for debt with similar terms, loan to estimated fair value of collateral and remaining maturities (a Level 3 input) and has an estimated fair value of $417.6 million and $369.6 million at June 30, 2013 and December 31, 2012, respectively. The estimated fair value of all our debt was $1.7 billion at June 30, 2013 and December 31, 2012. The carrying value of our debt was $1.7 billion and $1.6 billion at June 30, 2013 and December 31, 2012, respectively.

10. Redeemable Noncontrolling Interests in FelCor LP / Redeemable Units

We record redeemable noncontrolling interests in FelCor LP, in the case of FelCor, and redeemable units, in the case of FelCor LP, in the mezzanine section (between liabilities and equity or partners' capital) of our consolidated balance sheets because of the redemption feature of these units. Additionally, FelCor's consolidated statements of operations separately present earnings attributable to redeemable noncontrolling interests. We adjust redeemable noncontrolling interests in FelCor LP (or redeemable units) each period to reflect the greater of its carrying value based on the accumulation of historical cost or its redemption value. The historical cost is based on the proportionate relationship between the carrying value of equity associated with FelCor's common stockholders relative to that of FelCor LP's unitholders. Redemption value is based on the closing price of FelCor's common stock at period end. FelCor allocates net income (loss) to FelCor LP's noncontrolling partners based on their weighted average ownership percentage during the period.

At June 30, 2013, we had 621,381 limited partnership units outstanding. We carried 367,647 outstanding limited partner units (which were issued in May 2011) at $2.2 million, and the remaining 253,734 outstanding units of limited partner interest were carried at $1.5 million. The current value of the outstanding units is based on the closing price of FelCor's common stock at June 30, 2013 ($5.91 per share).

10. Redeemable Noncontrolling Interests in FelCor LP / Redeemable Units - (continued)

Changes in redeemable noncontrolling interests (or redeemable units) for the six months ended June 30, 2013 and 2012 are shown below (in thousands):

	Six Months Ended June 30,	
	2013	2012
Balance at beginning of period	$ 2,902	$ 3,026
Conversion of units	—	(33)
Redemption value allocation	1,095	512
Comprehensive loss:		
Foreign exchange translation	(5)	—
Net loss	(320)	(185)
Balance at end of period	$ 3,672	$ 3,320

11. FelCor LP's Consolidating Financial Information

Certain of FelCor LP's 100% owned subsidiaries (FCH/PSH, L.P.; FelCor Baton Rouge Owner, L.L.C.; FelCor/CMB Buckhead Hotel, L.L.C.; FelCor/CMB Marlborough Hotel, L.L.C.; FelCor/CMB Orsouth Holdings, L.P.; FelCor/CMB SSF Holdings, L.P.; FelCor/CSS Holdings, L.P.; FelCor Dallas Love Field Owner, L.L.C.; FelCor Lodging Holding Company, L.L.C.; FelCor Milpitas Owner, L.L.C.; FelCor TRS Borrower 4, L.L.C.; FelCor TRS Holdings, L.L.C.; FelCor Canada Co.; FelCor Hotel Asset Company, L.L.C.; FelCor Copley Plaza, L.L.C.; FelCor St. Pete (SPE), L.L.C.; FelCor Esmeralda (SPE), L.L.C.; FelCor S-4 Hotels (SPE), L.L.C.; Los Angeles International Airport Hotel Associates, a Texas L.P.; Madison 237 Hotel, L.L.C.; Myrtle Beach Owner, L.L.C.; and Royalton 44 Hotel, L.L.C., collectively, "Subsidiary Guarantors"), together with FelCor, guarantee, fully and unconditionally, except where subject to customary release provisions as described below, and jointly and severally, our senior debt.

The guarantees by the Subsidiary Guarantors may be automatically and unconditionally released upon (1) the sale or other disposition of all of the capital stock of the Subsidiary Guarantor or the sale or disposition of all or substantially all of the assets of the Subsidiary Guarantor, (2) the consolidation or merger of any such Subsidiary Guarantor with any person other than FelCor LP, or a subsidiary of FelCor LP, if, as a result of such consolidation or merger, such Subsidiary Guarantor ceases to be a subsidiary of FelCor LP, (3) a legal defeasance or covenant defeasance of the indenture, (4) the unconditional and complete release of such Subsidiary Guarantor in accordance with the modification and waiver provisions of the indenture, or (5) the designation of a restricted subsidiary that is a Subsidiary Guarantor as an unrestricted subsidiary under and in compliance with the indenture.

The following tables present consolidating information for the Subsidiary Guarantors.

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING BALANCE SHEET
June 30, 2013
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net investment in hotels	$ 57,335	$ 1,076,243	$ 584,691	$ —	$ 1,718,269
Hotel development	—	—	170,084	—	170,084
Equity investment in consolidated entities	1,505,974	—	—	(1,505,974)	—
Investment in unconsolidated entities	38,909	12,463	1,379	—	52,751
Hotel held for sale	—	22	19,230	—	19,252
Cash and cash equivalents	14,172	42,353	9,710	—	66,235
Restricted cash	—	7,230	70,651	—	77,881
Accounts receivable, net	206	39,905	918	—	41,029
Deferred expenses, net	22,223	—	10,320	—	32,543
Other assets	11,093	14,408	5,622	—	31,123
Total assets	$ 1,649,912	$ 1,192,624	$ 872,605	$ (1,505,974)	$ 2,209,167
Debt, net	$ 1,276,298	$ —	$ 415,648	$ —	$ 1,691,946
Distributions payable	8,545	—	—	—	8,545
Accrued expenses and other liabilities	30,795	108,237	10,836	—	149,868
Total liabilities	1,315,638	108,237	426,484	—	1,850,359
Redeemable units	3,672	—	—	—	3,672
Preferred units	478,774	—	—	—	478,774
Common units	(148,172)	1,059,304	421,443	(1,505,974)	(173,399)
Accumulated other comprehensive income	—	25,227	—	—	25,227
Total FelCor LP partners' capital	330,602	1,084,531	421,443	(1,505,974)	330,602
Noncontrolling interests	—	(144)	24,678	—	24,534
Total partners' capital	330,602	1,084,387	446,121	(1,505,974)	355,136
Total liabilities and partners' capital	$ 1,649,912	$ 1,192,624	$ 872,605	$ (1,505,974)	$ 2,209,167

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING BALANCE SHEET
December 31, 2012
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net investment in hotels	$ 66,945	$ 1,102,262	$ 625,357	$ —	$ 1,794,564
Hotel development	—	—	146,079	—	146,079
Equity investment in consolidated entities	1,551,377	—	—	(1,551,377)	—
Investment in unconsolidated entities	42,508	11,173	1,401	—	55,082
Cash and cash equivalents	8,312	30,425	7,008	—	45,745
Restricted cash	—	9,186	68,741	—	77,927
Accounts receivable, net	96	24,432	855	—	25,383
Deferred expenses, net	22,657	—	11,605	—	34,262
Other assets	8,122	10,322	4,947	—	23,391
Total assets	$ 1,700,017	$ 1,187,800	$ 865,993	$ (1,551,377)	$ 2,202,433
Debt, net	$ 1,273,587	$ —	$ 356,938	$ —	$ 1,630,525
Distributions payable	8,545	—	—	—	8,545
Accrued expenses and other liabilities	20,316	95,986	22,140	—	138,442
Total liabilities	1,302,448	95,986	379,078	—	1,777,512
Redeemable units	2,902	—	—	—	2,902
Preferred units	478,774	—	—	—	478,774
Common units	(84,107)	1,065,938	459,288	(1,551,377)	(110,258)
Accumulated other comprehensive income	—	26,151	—	—	26,151
Total FelCor LP partners' capital	394,667	1,092,089	459,288	(1,551,377)	394,667
Noncontrolling interests	—	(275)	27,627	—	27,352
Total partners' capital	394,667	1,091,814	486,915	(1,551,377)	422,019
Total liabilities and partners' capital	$ 1,700,017	$ 1,187,800	$ 865,993	$ (1,551,377)	$ 2,202,433

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Three Months Ended June 30, 2013
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 247,977	$ —	$ —	$ 247,977
Percentage lease revenue	2,322	—	23,679	(26,001)	—
Other revenue	2	918	130	—	1,050
Total revenues	2,324	248,895	23,809	(26,001)	249,027
Expenses:					
Hotel operating expenses	—	159,976	—	—	159,976
Taxes, insurance and lease expense	481	47,144	3,621	(26,001)	25,245
Corporate expenses	272	4,811	1,611	—	6,694
Depreciation and amortization	1,427	18,205	11,500	—	31,132
Impairment loss	17,559	—	10,147	—	27,706
Conversion expenses	4	292	291	—	587
Other expenses	2,754	843	319	—	3,916
Total operating expenses	22,497	231,271	27,489	(26,001)	255,256
Operating loss	(20,173)	17,624	(3,680)	—	(6,229)
Interest expense, net	(21,380)	(319)	(4,875)	—	(26,574)
Loss before equity in income from unconsolidated entities	(41,553)	17,305	(8,555)	—	(32,803)
Equity in loss from consolidated entities	21,183	—	—	(21,183)	—
Equity in income from unconsolidated entities	1,547	369	(11)	—	1,905
Loss from continuing operations	(18,823)	17,674	(8,566)	(21,183)	(30,898)
Income from discontinued operations	—	(194)	8,297	—	8,103
Net loss	(18,823)	17,480	(269)	(21,183)	(22,795)
Loss attributable to noncontrolling interests	—	(16)	3,988	—	3,972
Net loss attributable to FelCor LP	(18,823)	17,464	3,719	(21,183)	(18,823)
Preferred distributions	(9,678)	—	—	—	(9,678)
Net loss attributable to FelCor LP common unitholders	$ (28,501)	$ 17,464	$ 3,719	$ (21,183)	$ (28,501)

11. FelCor LP's Consolidating Financial Information – (continued)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Three Months Ended June 30, 2012
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 240,133	$ —	$ —	$ 240,133
Percentage lease revenue	1,578	—	30,939	(32,517)	—
Other revenue	4	823	129	—	956
Total revenues	1,582	240,956	31,068	(32,517)	241,089
Expenses:					
Hotel operating expenses	—	155,289	—	—	155,289
Taxes, insurance and lease expense	443	52,881	3,616	(32,517)	24,423
Corporate expenses	(1,650)	5,001	2,816	—	6,167
Depreciation and amortization	1,143	15,422	13,208	—	29,773
Other expenses	59	672	69	—	800
Total operating expenses	(5)	229,265	19,709	(32,517)	216,452
Operating income	1,587	11,691	11,359	—	24,637
Interest expense, net	(21,297)	(3,991)	(5,645)	—	(30,933)
Debt extinguishment	—	(26)	(111)	—	(137)
Loss before equity in income from unconsolidated entities	(19,710)	7,674	5,603	—	(6,433)
Equity in loss from consolidated entities	30,628	—	—	(30,628)	—
Equity in income from unconsolidated entities	985	388	(11)	—	1,362
Loss from continuing operations	11,903	8,062	5,592	(30,628)	(5,071)
Income from discontinued operations	(23)	(2,921)	20,043	—	17,099
Net income	11,880	5,141	25,635	(30,628)	12,028
Income attributable to noncontrolling interests	—	24	(172)	—	(148)
Net income attributable to FelCor LP	11,880	5,165	25,463	(30,628)	11,880
Preferred distributions	(9,678)	—	—	—	(9,678)
Net income attributable to FelCor LP common unitholders	$ 2,202	$ 5,165	$ 25,463	$ (30,628)	$ 2,202

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2013
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 464,642	$ —	$ —	$ 464,642
Percentage lease revenue	3,584	—	48,902	(52,486)	—
Other revenue	5	1,251	193	—	1,449
Total revenues	3,589	465,893	49,095	(52,486)	466,091
Expenses:					
Hotel operating expenses	—	314,709	—	—	314,709
Taxes, insurance and lease expense	785	92,325	7,130	(52,486)	47,754
Corporate expenses	380	10,355	3,791	—	14,526
Depreciation and amortization	2,677	36,137	23,332	—	62,146
Impairment loss	17,559	—	10,147	—	27,706
Conversion expenses	24	682	509	—	1,215
Other expenses	2,777	1,360	600	—	4,737
Total operating expenses	24,202	455,568	45,509	(52,486)	472,793
Operating loss	(20,613)	10,325	3,586	—	(6,702)
Interest expense, net	(42,985)	(622)	(9,450)	—	(53,057)
Loss before equity in income from unconsolidated entities	(63,598)	9,703	(5,864)	—	(59,759)
Equity in loss from consolidated entities	16,558	—	—	(16,558)	—
Equity in income from unconsolidated entities	1,852	165	(23)	—	1,994
Loss from continuing operations	(45,188)	9,868	(5,887)	(16,558)	(57,765)
Income from discontinued operations	—	(474)	8,839	—	8,365
Net loss	(45,188)	9,394	2,952	(16,558)	(49,400)
Loss attributable to noncontrolling interests	—	240	3,972	—	4,212
Net loss attributable to FelCor LP	(45,188)	9,634	6,924	(16,558)	(45,188)
Preferred distributions	(19,356)	—	—	—	(19,356)
Net loss attributable to FelCor LP common unitholders	$ (64,544)	$ 9,634	$ 6,924	$ (16,558)	$ (64,544)

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Six Months Ended June 30, 2012

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 444,221	$ —	$ —	$ 444,221
Percentage lease revenue	2,826	—	60,871	(63,697)	—
Other revenue	5	1,043	183	—	1,231
Total revenues	2,831	445,264	61,054	(63,697)	445,452
Expenses:					
Hotel operating expenses	—	301,782	—	—	301,782
Taxes, insurance and lease expense	746	101,185	7,756	(63,697)	45,990
Corporate expenses	194	8,958	5,227	—	14,379
Depreciation and amortization	2,275	30,583	26,452	—	59,310
Other expenses	477	1,180	106	—	1,763
Total operating expenses	3,692	443,688	39,541	(63,697)	423,224
Operating income	(861)	1,576	21,513	—	22,228
Interest expense, net	(42,374)	(8,082)	(10,872)	—	(61,328)
Debt extinguishment	(7)	(26)	(111)	—	(144)
Loss before equity in income from unconsolidated entities	(43,242)	(6,532)	10,530	—	(39,244)
Equity in loss from consolidated entities	25,490	—	—	(25,490)	—
Equity in income from unconsolidated entities	1,018	143	(23)	—	1,138
Loss from continuing operations	(16,734)	(6,389)	10,507	(25,490)	(38,106)
Income from discontinued operations	(45)	(3,324)	24,642	—	21,273
Net loss	(16,779)	(9,713)	35,149	(25,490)	(16,833)
Loss attributable to noncontrolling interests	—	289	(235)	—	54
Net loss attributable to FelCor LP	(16,779)	(9,424)	34,914	(25,490)	(16,779)
Preferred distributions	(19,356)	—	—	—	(19,356)
Net loss attributable to FelCor LP common unitholders	$ (36,135)	$ (9,424)	$ 34,914	$ (25,490)	$ (36,135)

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Three Months Ended June 30, 2013
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net loss	$ (18,823)	$ 17,480	$ (269)	$ (21,183)	$ (22,795)
Foreign currency translation adjustment	—	(567)	—	—	(567)
Comprehensive loss	(18,823)	16,913	(269)	(21,183)	(23,362)
Comprehensive loss attributable to noncontrolling interests	—	(16)	3,988	—	3,972
Comprehensive loss attributable to FelCor LP	$ (18,823)	$ 16,897	$ 3,719	$ (21,183)	$ (19,390)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
For the Three Months Ended June 30, 2012
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net income	$ 11,880	$ 5,141	$ 25,635	$ (30,628)	$ 12,028
Foreign currency translation adjustment	—	(317)	—	—	(317)
Comprehensive income	11,880	4,824	25,635	(30,628)	11,711
Comprehensive income attributable to noncontrolling interests	—	24	(172)	—	(148)
Comprehensive income attributable to FelCor LP	$ 11,880	$ 4,848	$ 25,463	$ (30,628)	$ 11,563

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Six Months Ended June 30, 2013
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net loss	$ (45,188)	$ 9,394	$ 2,952	$ (16,558)	$ (49,400)
Foreign currency translation adjustment	—	(924)	—	—	(924)
Comprehensive loss	(45,188)	8,470	2,952	(16,558)	(50,324)
Comprehensive loss attributable to noncontrolling interests	—	240	3,972	—	4,212
Comprehensive loss attributable to FelCor LP	$ (45,188)	$ 8,710	$ 6,924	$ (16,558)	$ (46,112)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Six Months Ended June 30, 2012
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net loss	$ (16,779)	$ (9,713)	$ 35,149	$ (25,490)	$ (16,833)
Foreign currency translation adjustment	—	(9)	—	—	(9)
Comprehensive loss	(16,779)	(9,722)	35,149	(25,490)	(16,842)
Comprehensive loss attributable to noncontrolling interests	—	289	(235)	—	54
Comprehensive loss attributable to FelCor LP	$ (16,779)	$ (9,433)	$ 34,914	$ (25,490)	$ (16,788)

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Six Months Ended June 30, 2013
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Operating activities:					
Cash flows from operating activities	$ (30,682)	$ 40,893	$ 19,060	$ —	$ 29,271
Investing activities:					
Improvements and additions to hotels	2,689	(30,529)	(19,183)	—	(47,023)
Hotel development	—	—	(22,220)	—	(22,220)
Net proceeds from asset dispositions	(5)	(1,252)	21,736	—	20,479
Distributions from unconsolidated entities	3,066	375	—	—	3,441
Contributions to unconsolidated entities	—	(1,500)	—	—	(1,500)
Intercompany financing	52,477	—	—	(52,477)	—
Other	—	1,824	(1,778)	—	46
Cash flows from investing activities	58,227	(31,082)	(21,445)	(52,477)	(46,777)
Financing activities:					
Proceeds from borrowings	—	—	127,245	—	127,245
Repayment of borrowings	—	—	(68,535)	—	(68,535)
Distributions paid to preferred unitholders	(19,356)	—	—	—	(19,356)
Intercompany financing	—	1,799	(54,276)	52,477	—
Other	(2,329)	372	653	—	(1,304)
Cash flows from financing activities	(21,685)	2,171	5,087	52,477	38,050
Effect of exchange rate changes on cash	—	(54)	—	—	(54)
Change in cash and cash equivalents	5,860	11,928	2,702	—	20,490
Cash and cash equivalents at beginning of period	8,312	30,425	7,008	—	45,745
Cash and cash equivalents at end of period	$ 14,172	$ 42,353	$ 9,710	$ —	$ 66,235

11. FelCor LP's Consolidating Financial Information – (continued)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Six Months Ended June 30, 2012
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Operating activities:					
Cash flows from operating activities	$ (43,758)	$ 20,608	$ 53,097	$ —	$ 29,947
Investing activities:					
Improvements and additions to hotels	(6,478)	(44,236)	(22,635)	—	(73,349)
Hotel development	—	—	(10,317)	—	(10,317)
Net proceeds from asset dispositions	(14)	8,190	92,230	—	100,406
Distributions from unconsolidated entities	8,728	375	—	—	9,103
Intercompany financing	59,353	—	—	(59,353)	—
Other	—	1,769	(1,306)	—	463
Cash flows from investing activities	61,589	(33,902)	57,972	(59,353)	26,306
Financing activities:					
Proceeds from borrowings	—	—	71,000	—	71,000
Repayment of borrowings	(96)	(16,312)	(121,350)	—	(137,758)
Distributions paid to preferred unitholders	(19,356)	—	—	—	(19,356)
Intercompany financing	—	304	(59,657)	59,353	—
Other	—	1,559	(1,322)	—	237
Cash flows from financing activities	(19,452)	(14,449)	(111,329)	59,353	(85,877)
Effect of exchange rate changes on cash	—	(35)	—	—	(35)
Change in cash and cash equivalents	(1,621)	(27,778)	(260)	—	(29,659)
Cash and cash equivalents at beginning of period	23,503	67,001	3,254	—	93,758
Cash and cash equivalents at end of period	$ 21,882	$ 39,223	$ 2,994	$ —	$ 64,099

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Lodging demand growth remains strong and supply growth remains historically low, which should provide for sustainable revenue per available room ("RevPAR") growth throughout 2013. The RevPAR for our 55 comparable hotels (our Consolidated Hotels excluding the Wyndham portfolio) increased 5.7% in the second quarter of 2013 compared to the same period last year. Overall, for all of our hotels, RevPAR grew 2.1% in the second quarter of 2013 compared to the same period last year, driven primarily by a 2.5% increase in average daily rate ("ADR") coupled with a slight decrease (30 basis points) in occupancy.

RevPAR for the Wyndham portfolio declined 17.0% for the second quarter compared to the same period last year. This decline reflects the immediate impact from changing brands and management companies, including related renovations. We expect the performance of our Wyndham portfolio to improve meaningfully throughout the year as transitional disruption subsides. In addition, as previously disclosed, Wyndham's parent has guaranteed a minimum level of net operating profit for each year of the ten year term. Wyndham's payments under this guarantee are subject to an aggregate $100 million limit over the term, with an annual limit of $21.5 million. For March through June 2013 (the first four months during which Wyndham managed the hotels for FelCor), we have recorded a $2.7 million *pro rata* portion of the projected full-year guarantee as a reduction of Wyndham's contractual management and other fees.

To date, we have sold 21 of 39 non-strategic hotels as part of our portfolio repositioning plan. We are currently marketing nine non-strategic hotels, of which we are evaluating offers or have agreed to sell five, including three under contract. The other nine non-strategic hotels are owned by joint ventures, and we are progressing on discussions with our partners to facilitate marketing those properties.

Results of Operations

Comparison of the Three Months ended June 30, 2013 and 2012

For the three months ended June 30, 2013, we recorded a $22.8 million net loss compared to net income of $12.0 million for the same period last year. Our 2013 net loss included $27.7 million of impairment charges on three hotels included in continuing operations, offset by a $7.3 million net gain on sale of hotels included in discontinued operations (primarily from the sale of one hotel). Our 2012 net income included a $1.3 million impairment charge for one hotel offset by a $16.7 million net gain on the sale of hotels, all of which are included in discontinued operations.

For the three months ended June 30, 2013:

- *Total revenue* was $249.0 million, 3.3% more than last year. The increase was driven by a 2.1% increase in same-store RevPAR, reflecting a 2.5% increase in ADR offset by a 30 basis point decrease in occupancy.
- *Hotel departmental expenses* increased $4.7 million. As a percentage of total revenue, hotel departmental expenses increased from 34.6% last year to 35.3% in the current period. This increase was primarily driven by low profitability margins at the eight transitioning Wyndham hotels.
- *Other property-related costs* increased $2.0 million due to higher costs associated with our sales efforts and marketing programs, in addition to higher credit card commissions resulting from a shift in customer mix at our hotels. As a percentage of total revenue, other property-related costs was 25.2%, which is consistent with last year.

- *Management and franchise fees* decreased $1.9 million. While revenue increased in 2013, fees declined because fewer properties paid incentive fees as a consequence of converting eight hotels to Wyndham brands and management on March 1, 2013. Wyndham charges lower management fees than the previous management company. In addition, Wyndham's guarantee of a minimum level of net operating profit reduces Wyndham's contractual management fees. As a percentage of total revenue, these costs decreased from 4.7% last year to 3.7% in the current period.

- *Taxes, insurance and lease expense* increased $822,000 and remained relatively flat as a percentage of total revenue. The increase reflects a combination of higher percentage lease expense (computed as a percentage of hotel revenues in excess of base rent; as revenue increases, percentage rent increases at a faster rate than other expenses), higher property taxes (last year we achieved significant reductions after appeals), and lower general liability insurance (reflecting a more favorable claims experience).

- *Corporate expenses* increased $527,000 (increasing as a percentage of total revenue from 2.6% to 2.7%). This increase primarily reflects additional fixed and variable stock compensation expense associated with our incentive compensation awards.

- *Depreciation and amortization expense* increased $1.4 million, primarily reflecting additional depreciation after investing $121.5 million of capital in our hotels in 2012.

- *Impairment loss.* For the three months ended June 30, 2013, we recorded $27.7 million of impairment charges for three hotels, one of which is currently under contract to be sold. The charges incurred for the remaining two hotels result from reduced estimated hold periods.

- *Conversion expenses*. We converted eight hotels to Wyndham brands and management in March 2013. We classified those expenses as conversion expense in our 2013 statements of operations.

- *Other expenses* increased $3.1 million compared to the same period in 2012, primarily due to severance costs for a departing executive officer.

- *Net interest expense* decreased $4.4 million, primarily reflecting our lower average interest rate. Lower interest rates in 2013 are partially offset by an increase in average debt for the period, as well as less capitalized interest attributable to renovation and redevelopment projects.

- *Discontinued operations* include the results of operations for one hotel designated as held for sale at June 30, 2013, one hotel sold in 2013 and ten hotels sold in 2012. Discontinued operations in 2013 included a $7.3 million net gain (primarily related to the sale of one hotel). Discontinued operations for 2012 primarily consisted of a $16.7 million net gain on the sales of six hotels, a $1.3 million impairment loss and $668,000 of debt extinguishment charges.

Comparison of the Six Months ended June 30, 2013 and 2012

For the six months ended June 30, 2013, we recorded a $49.4 million net loss compared to a $16.8 million net loss for the same period last year. Our 2013 net loss included $27.7 million of impairment charges on three hotels included in continuing operations, offset by a $7.3 million net gain on sale of hotels included in discontinued operations (primarily from the sale of one hotel). Our 2012 net loss included a $1.3 million impairment charge for one hotel offset by a $16.7 million net gain on sale of hotels, all of which are included in discontinued operations.

For the six months ended June 30, 2013:

- *Total revenue* was $466.1 million, 4.6% more than last year. The increase was driven by a 3.7% increase in same-store RevPAR, reflecting a 3.6% increase in ADR and a 10 basis point increase in occupancy.

- *Hotel departmental expenses* increased $10.4 million. As a percentage of total revenue, hotel departmental expenses increased from 36.1% last year to 36.7% in the current period. This increase was primarily driven by low profitability margins at the eight transitioning Wyndham hotels and the reopening of our food and beverage outlets at the Fairmont Copley Plaza. Food and beverage operations generally have much higher expenses as a percentage of revenue than the rooms department.

- *Other property-related costs* increased $4.6 million due to a combination of higher costs associated with our sales efforts and marketing programs, in addition to higher credit card commissions resulting from a shift in customer mix at our hotels. As a percentage of total revenue, other property-related costs decreased from 27.0% last year to 26.7% in the current period. This improvement primarily reflects revenue increases driven by ADR as opposed to occupancy.

- *Management and franchise fees* decreased $2.1 million. While revenue increased in 2013, fees declined because fewer properties paid incentive fees as a consequence of converting eight hotels to Wyndham brands and management on March 1, 2013. Wyndham charges lower management fees than the previous management company. In addition, Wyndham's guarantee of a minimum level of net operating profit reduces Wyndham's contractual management fees. As a percentage of total revenue, these costs decreased from 4.7% last year to 4.0% in the current period.

- *Taxes, insurance and lease expense* increased $1.8 million and remained relatively flat as a percentage of total revenue. The increase reflects a combination of higher percentage lease expense (computed as a percentage of hotel revenues in excess of base rent; as revenue increases, percentage rent increases at a faster rate than other expenses) and higher property taxes (last year we achieved significant reductions after appeals).

- *Depreciation and amortization expense* increased $2.8 million, primarily reflecting additional depreciation after investing $121.5 million of capital in our hotels in 2012.

- *Impairment loss.* For the six months ended June 30, 2013, we recorded $27.7 million of impairment charges for three hotels, one of which is currently under contract to be sold. The charges incurred for the remaining two hotels result from reduced estimated hold periods.

- *Conversion expenses*. We converted eight hotels to Wyndham brands and management in March 2013. We classified those expenses as conversion expense in our 2013 statements of operations.

- *Other expenses* increased $3.0 million compared to the same period in 2012, primarily due to severance costs for a departing executive officer.

- *Net interest expense* decreased $8.3 million, primarily reflecting our lower average interest rate. Lower interest rates in 2013 are partially offset by an increase in average debt for the period, as well as less capitalized interest attributable to renovation and redevelopment projects.

- *Discontinued operations* include the results of operations for one hotel designated as held for sale at June 30, 2013, one hotel sold in 2013 and ten hotels sold in 2012. Discontinued operations in 2013 included a $7.3 million net gain (primarily related to the sale of one hotel). Discontinued operations for 2012 primarily consisted of a $16.7 million net gain on the sales of six hotels, a $1.3 million impairment loss and $668,000 of debt extinguishment charges.

Non-GAAP Financial Measures

We refer in this report to certain “non-GAAP financial measures.” These measures, including FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Hotel EBITDA, and Hotel EBITDA margin, are measures of our financial performance that are not calculated and presented in accordance with GAAP. The following tables reconcile these non-GAAP measures to the most comparable GAAP financial measure. Immediately following the reconciliations, we include a discussion of why we believe these measures are useful supplemental measures of our performance and the limitations of such measures.

Reconciliation of Net Income (Loss) to FFO and Adjusted FFO
(in thousands, except per share data)

	Three Months Ended June 30,					
	2013			2012		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net income (loss)	$ (22,795)			$ 12,028		
Noncontrolling interests	4,112			(159)		
Preferred dividends	(9,678)			(9,678)		
Net income (loss) attributable to FelCor common stockholders	(28,361)			2,191		
Less: Undistributed earnings allocated to unvested restricted stock	—			(10)		
Numerator for basic and diluted income (loss) available to common stockholders	(28,361)	123,814	$ (0.23)	2,181	123,638	$ 0.02
Depreciation and amortization	31,132	—	0.25	29,773	—	0.24
Depreciation, discontinued operations and unconsolidated entities	3,214	—	0.03	4,844	—	0.04
Impairment loss, net of noncontrolling interests in other partnerships	23,647	—	0.19	—	—	—
Impairment loss, discontinued operations	—	—	—	1,335	—	0.01
Gain on sale of hotels, net	(7,259)	—	(0.06)	(16,719)	—	(0.14)
Noncontrolling interests in FelCor LP	(140)	621	—	11	628	—
Undistributed earnings allocated to unvested restricted stock	—	—	—	10	—	—
Conversion of unvested restricted stock	—	792	—	—	278	—
FFO	22,233	125,227	0.18	21,435	124,544	0.17
Acquisition costs	—	—	—	59	—	—
Debt extinguishment, including discontinued operations	—	—	—	805	—	0.01
Severance costs	2,791	—	0.02	—	—	—
Conversion expenses	587	—	0.01	—	—	—
Variable stock compensation	121	—	—	—	—	—
Pre-opening costs, net of noncontrolling interests	322	—	—	43	—	—
Adjusted FFO	$ 26,054	125,227	$ 0.21	$ 22,342	124,544	$ 0.18

Reconciliation of Net Loss to FFO and Adjusted FFO
(in thousands, except per share data)

	Six Months Ended June 30,					
	2013			2012		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net loss	$ (49,400)			$ (16,833)		
Noncontrolling interests	4,532			239		
Preferred dividends	(19,356)			(19,356)		
Net loss attributable to FelCor common stockholders	(64,224)	123,814	$ (0.52)	(35,950)	123,651	$ (0.29)
Depreciation and amortization	62,146	—	0.50	59,310	—	0.48
Depreciation, discontinued operations and unconsolidated entities	6,478	—	0.05	11,136	—	0.09
Impairment loss, net of noncontrolling interests in other partnerships	23,647	—	0.19	—	—	—
Impairment loss, discontinued operations	—	—	—	1,335	—	0.01
Gain on sale of hotels, net	(7,259)	—	(0.06)	(16,719)	—	(0.14)
Noncontrolling interests in FelCor LP	(320)	621	—	(185)	632	—
Conversion of unvested restricted stock	—	565	—	—	233	—
FFO	20,468	125,000	0.16	18,927	124,516	0.15
Acquisition costs	23	—	—	97	—	—
Debt extinguishment, including discontinued operations	—	—	—	812	—	0.01
Severance costs	2,791	—	0.02	380	—	—
Conversion expenses	1,215	—	0.01	—	—	—
Variable stock compensation	223	—	—	—	—	—
Pre-opening costs, net of noncontrolling interests	563	—	0.01	43	—	—
Adjusted FFO	$ 25,283	125,000	$ 0.20	$ 20,259	124,516	$ 0.16

Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA and Same-Store Adjusted EBITDA

(in thousands)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Net income (loss)	$ (22,795)	$ 12,028	$ (49,400)	$ (16,833)
Depreciation and amortization	31,132	29,773	62,146	59,310
Depreciation, discontinued operations and unconsolidated entities	3,214	4,844	6,478	11,136
Interest expense	26,596	30,968	53,102	61,411
Interest expense, discontinued operations and unconsolidated entities	680	1,943	1,352	3,987
Noncontrolling interests in other partnerships	3,972	(148)	4,212	54
EBITDA	42,799	79,408	77,890	119,065
Impairment loss, net of noncontrolling interests in other partnerships	23,647	—	23,647	—
Impairment loss, discontinued operations	—	1,335	—	1,335
Debt extinguishment, including discontinued operations	—	805	—	812
Acquisition costs	—	59	23	97
Gain on sale of hotels, net	(7,259)	(16,719)	(7,259)	(16,719)
Amortization of fixed stock and directors' compensation	1,572	1,242	3,150	2,538
Severance costs	2,791	—	2,791	380
Conversion expenses	587	—	1,215	—
Variable stock compensation	121	—	223	—
Pre-opening costs, net of noncontrolling interests	322	43	563	43
Adjusted EBITDA	$ 64,580	$ 66,173	102,243	107,551
Adjusted EBITDA from discontinued operations	(1,335)	(5,643)	(2,155)	(14,640)
Same-store Adjusted EBITDA	$ 63,245	$ 60,530	$ 100,088	$ 92,911

Reconciliation of Income from Discontinued Operations to Adjusted EBITDA from Discontinued Operations
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Income from discontinued operations	$ 8,103	$ 17,099	$ 8,365	$ 21,273
Depreciation and amortization	491	2,015	1,049	5,471
Interest expense	—	1,245	—	2,612
EBITDA from discontinued operations	$ 8,594	$ 20,359	$ 9,414	$ 29,356
Impairment loss	—	1,335	—	1,335
Debt extinguishment	—	668	—	668
Gain on sale, net	(7,259)	(16,719)	(7,259)	(16,719)
Adjusted EBITDA from discontinued operations	$ 1,335	$ 5,643	$ 2,155	$ 14,640

Hotel EBITDA and Hotel EBITDA Margin
(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Same-store operating revenue:				
Room	$ 191,982	$ 186,906	$ 359,293	$ 345,656
Food and beverage	43,397	38,632	81,367	72,974
Other operating departments	12,598	14,595	23,982	25,591
Same-store operating revenue	247,977	240,133	464,642	444,221
Same-store operating expense:				
Room	49,363	47,694	96,091	91,853
Food and beverage	32,610	29,799	63,655	57,732
Other operating departments	6,038	5,843	11,470	11,240
Other property related costs	62,650	60,699	124,648	120,059
Management and franchise fees	9,315	11,254	18,845	20,898
Taxes, insurance and lease expense	15,119	15,120	29,969	29,326
Same-store operating expense	175,095	170,409	344,678	331,108
Hotel EBITDA	$ 72,882	$ 69,724	$ 119,964	$ 113,113
Hotel EBITDA Margin	29.4%	29.0%	25.8%	25.5%

Hotel EBITDA and Hotel EBITDA Margin (continued)
(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Hotel EBITDA - Comparable core (37)	$ 47,988	$ 44,745	$ 79,841	$ 71,158
Hotel EBITDA - Non-strategic (18)	13,694	12,216	23,835	22,770
Hotel EBITDA - Comparable (55)	61,682	56,961	103,676	93,928
Hotel EBITDA - Wyndham (8)	11,200	12,763	16,288	19,185
Hotel EBITDA (63)	$ 72,882	$ 69,724	$ 119,964	$ 113,113
Hotel EBITDA Margin - Comparable core (37)	27.6%	27.4%	24.5%	23.6%
Hotel EBITDA Margin - Non-strategic (18)	30.4%	28.7%	27.8%	27.3%
Hotel EBITDA Margin - Comparable (55)	28.2%	27.6%	25.2%	24.4%
Hotel EBITDA Margin - Wyndham (8)	38.7%	37.5%	30.8%	32.1%
Hotel EBITDA Margin (63)	29.4%	29.0%	25.8%	25.5%

Reconciliation of Same-store Operating Revenue and Same-store Operating Expense to Total Revenue, Total Operating Expense and Operating Income (Loss)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Same-store operating revenue	$ 247,977	$ 240,133	$ 464,642	$ 444,221
Other revenue	1,050	956	1,449	1,231
Total revenue	249,027	241,089	466,091	445,452
Same-store operating expense	175,095	170,409	344,678	331,108
Consolidated hotel lease expense[(a)]	12,166	11,236	21,723	20,429
Unconsolidated taxes, insurance and lease expense	(2,040)	(1,933)	(3,938)	(3,765)
Corporate expenses	6,694	6,167	14,526	14,379
Depreciation and amortization	31,132	29,773	62,146	59,310
Impairment loss	27,706	—	27,706	—
Conversion expenses	587	—	1,215	—
Other expenses	3,916	800	4,737	1,763
Total operating expense	255,256	216,452	472,793	423,224
Operating income (loss)	$ (6,229)	$ 24,637	$ (6,702)	$ 22,228

(a) Consolidated hotel lease expense represents the percentage lease expense of our 51% owned operating lessees. The offsetting percentage lease revenue is included in equity in income from unconsolidated entities.

Substantially all of our non-current assets consist of real estate. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most industry investors consider supplemental measures of performance, which are not measures of operating performance under GAAP, to be helpful in evaluating a real estate company's operations. These supplemental measures are not measures of operating performance under GAAP. However, we consider these non-GAAP measures to be supplemental measures of a hotel REIT's performance and should be considered along with, but not as an alternative to, net income (loss) attributable to FelCor as a measure of our operating performance.

FFO and EBITDA

The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income or loss attributable to parent (computed in accordance with GAAP), excluding gains or losses from sales of property, plus depreciation, amortization and impairment losses. FFO for unconsolidated partnerships and joint ventures are calculated on the same basis. We compute FFO in accordance with standards established by NAREIT. This may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do.

EBITDA is a commonly used measure of performance in many industries. We define EBITDA as net income or loss attributable to parent (computed in accordance with GAAP) plus interest expenses, income taxes, depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect EBITDA on the same basis.

Adjustments to FFO and EBITDA

We adjust FFO and EBITDA when evaluating our performance because management believes that the exclusion of certain additional items provides useful supplemental information to investors regarding our ongoing operating performance and that the presentation of Adjusted FFO, and Adjusted EBITDA when combined with GAAP net income attributable to FelCor, EBITDA and FFO, is beneficial to an investor's better understanding of our operating performance.

- *Gains and losses related to extinguishment of debt and interest rate swaps* - We exclude gains and losses related to extinguishment of debt and interest rate swaps from FFO and EBITDA because we believe that it is not indicative of ongoing operating performance of our hotel assets. This also represents an acceleration of interest expense or a reduction of interest expense, and interest expense is excluded from EBITDA.

- *Cumulative effect of a change in accounting principle* - Infrequently, the Financial Accounting Standards Board promulgates new accounting standards that require the consolidated statements of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments in computing Adjusted FFO and Adjusted EBITDA because they do not reflect our actual performance for that period.

- *Other transaction costs* - From time to time, we periodically incur costs that are not indicative of ongoing operating performance. Such costs include, but are not limited to, conversions costs, acquisition costs, pre-opening costs and severance costs. We exclude these costs from the calculation of Adjusted FFO and Adjusted EBITDA.

- *Variable stock compensation* - We exclude the cost associated with our variable stock compensation. This cost is subject to volatility related to the price and dividends of our common stock that does not necessarily correspond to our operating performance.

In addition, to derive Adjusted EBITDA, we exclude gains or losses on the sale of depreciable assets and impairment losses because including them in EBITDA is inconsistent with reporting the *ongoing* performance of our remaining assets. Additionally, the gain or loss on sale of depreciable assets and impairment losses represents either accelerated depreciation or excess depreciation in previous periods, and depreciation is excluded from EBITDA. We also exclude the amortization of our fixed stock compensation. While this amortization is included in corporate expenses and is not separately stated on our statements of operations, excluding this amortization is consistent with the EBITDA definition.

Hotel EBITDA and Hotel EBITDA Margin

Hotel EBITDA and Hotel EBITDA margin are commonly used measures of performance in the hotel industry and give investors a more complete understanding of the operating results over which our individual hotels and brand/managers have direct control. We believe that Hotel EBITDA and Hotel EBITDA margin are useful to investors by providing greater transparency with respect to two significant measures that we use in our financial and operational decision-making. Additionally, using these measures facilitates comparisons with other hotel REITs and hotel owners. We present Hotel EBITDA and Hotel EBITDA margin in a manner consistent with Adjusted EBITDA, however, we also eliminate all revenues and expenses from continuing operations not directly associated with hotel operations, including other income and corporate-level and other expenses. We eliminate these additional items because we believe property-level results provide investors with supplemental information into the ongoing operational performance of our hotels and the effectiveness of management on a property-level basis. We also eliminate consolidated percentage rent paid to unconsolidated entities, which is effectively eliminated by noncontrolling interests and equity in income from unconsolidated subsidiaries, and include the cost of unconsolidated taxes, insurance and lease expense, to reflect the entire operating costs applicable to our Consolidated Hotels. Hotel EBITDA and Hotel EBITDA margins are presented on a same-store basis.

Use and Limitations of Non-GAAP Measures

Our management and Board of Directors use FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-store Adjusted EBITDA, Hotel EBITDA and Hotel EBITDA margin to evaluate the performance of our hotels and to facilitate comparisons between us and other lodging REITs, hotel owners who are not REITs and other capital intensive companies. We use Hotel EBITDA and Hotel EBITDA margin in evaluating hotel-level performance and the operating efficiency of our hotel managers.

The use of these non-GAAP financial measures has certain limitations. These non-GAAP financial measures as presented by us, may not be comparable to non-GAAP financial measures as calculated by other real estate companies. These measures do not reflect certain expenses or expenditures that we incurred and will incur, such as depreciation, interest and capital expenditures. Management compensates for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of our operating performance. Our reconciliations to the most comparable GAAP financial measures, and our consolidated statements of operations and cash flows, include interest expense, capital expenditures, and other excluded items, all of which should be considered when evaluating our performance, as well as the usefulness of our non-GAAP financial measures.

These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP. They should not be considered as alternatives to operating profit, cash flow from operations, or any other operating performance measure prescribed by GAAP. These non-GAAP financial measures reflect additional ways of viewing our operations that we believe, when viewed with our GAAP results and the reconciliations to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not to rely on a single financial measure.

Pro Rata Share of Rooms Owned

The following table sets forth, at June 30, 2013, our *pro rata* share of hotel rooms, included in continuing operations, after giving consideration to the portion of rooms attributed to our partners in our consolidated and unconsolidated joint ventures:

	Hotels	Room Count at June 30, 2013
Consolidated Hotels	63	18,384
Unconsolidated hotel operations	1	171
Total hotels	64	18,555
50% joint ventures	13	(1,573)
60% joint venture	1	(214)
82% joint venture	1	(40)
90% joint ventures	3	(68)
Pro rata rooms attributed to joint venture partners		(1,895)
Pro rata share of rooms owned		16,660

Hotel Portfolio Composition

The following table illustrates the distribution of same-store hotels.

Brand	Hotels	Rooms	2012 Hotel Operating Revenue (in thousands)	2012 Hotel EBITDA (in thousands)[a]
Embassy Suites Hotels	20	5,433	$ 256,200	$ 78,381
Wyndham and Wyndham Grand[b]	8	2,526	120,354	37,957
Renaissance and Marriott	3	1,321	111,976	17,911
DoubleTree by Hilton and Hilton	5	1,206	56,071	16,705
Sheraton and Westin	4	1,604	68,369	14,539
Fairmont	1	383	41,255	4,286
Holiday Inn	2	968	40,512	4,218
Morgans and Royalton	2	282	32,129	3,457
Core hotels	**45**	**13,723**	**726,866**	**177,454**
Non-strategic hotels	18	4,661	164,498	44,071
Same-store hotels	**63**	**18,384**	**$ 891,364**	**$ 221,525**
Market				
San Francisco area	4	1,637	$ 99,659	$ 21,034
Los Angeles area	3	677	33,287	13,759
South Florida	3	923	47,298	13,255
Boston	3	916	68,121	12,125
New York area	4	817	57,052	9,732
Myrtle Beach	2	640	36,973	9,428
Atlanta	3	952	35,410	9,229
Philadelphia	2	728	36,122	8,882
Tampa	1	361	45,152	7,956
San Diego	1	600	26,445	6,688
Other markets	19	5,472	241,347	65,366
Core hotels	**45**	**13,723**	**726,866**	**177,454**
Non-strategic hotels	18	4,661	164,498	44,071
Same-store hotels	**63**	**18,384**	**$ 891,364**	**$ 221,525**
Location				
Urban	17	5,305	$ 316,354	$ 74,439
Resort	10	2,928	183,807	41,472
Airport	9	2,957	126,906	33,739
Suburban	9	2,533	99,799	27,804
Core hotels	**45**	**13,723**	**726,866**	**177,454**
Non-strategic hotels	18	4,661	164,498	44,071
Same-store hotels	**63**	**18,384**	**$ 891,364**	**$ 221,525**

(a) Hotel EBITDA is a non-GAAP financial measure. A detailed reconciliation and further discussion of Hotel EBITDA is contained in the “Non-GAAP Financial Measures” section of Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of this Quarterly Report on Form 10-Q.

(b) These hotels converted from Holiday Inn (brand and management) on March 1, 2013.

Hotel Operating Statistics

The following tables set forth occupancy, ADR and RevPAR for the three and six months ended June 30, 2013 and 2012, and the percentage changes therein for the periods presented, for our same-store Consolidated Hotels included in continuing operations.

Operating Statistics by Brand

	Occupancy (%)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	%Variance	2013	2012	%Variance
Embassy Suites Hotels	78.5	78.6	(0.2)	75.8	76.3	(0.7)
Renaissance and Marriott	73.2	72.1	1.6	74.0	72.8	1.7
DoubleTree by Hilton and Hilton	76.9	74.7	3.0	69.2	68.8	0.6
Sheraton and Westin	69.7	70.9	(1.6)	66.6	64.2	3.7
Fairmont	80.3	76.3	5.2	70.4	52.0	35.3
Holiday Inn	88.3	81.0	9.0	78.4	70.7	10.8
Morgans and Royalton	89.4	88.0	1.6	85.3	82.0	4.0
Comparable core hotels (37)	**77.6**	**76.7**	**1.2**	**73.8**	**72.2**	**2.3**
Non-strategic hotels (18)	78.0	75.2	3.7	74.8	73.4	2.0
Comparable hotels (55)	**77.7**	**76.3**	**1.9**	**74.1**	**72.5**	**2.2**
Wyndham and Wyndham Grand[a]	71.2	82.1	(13.2)	67.4	76.9	(12.3)
Same-store hotels (63)	**76.8**	**77.1**	**(0.3)**	**73.2**	**73.1**	**0.1**

	ADR ($)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	%Variance	2013	2012	%Variance
Embassy Suites Hotels	146.80	143.36	2.4	149.91	144.90	3.5
Renaissance and Marriott	214.91	198.38	8.3	218.02	204.53	6.6
DoubleTree by Hilton and Hilton	148.39	140.78	5.4	147.76	137.27	7.6
Sheraton and Westin	122.30	118.13	3.5	115.59	111.01	4.1
Fairmont	313.17	312.75	0.1	273.98	286.27	(4.3)
Holiday Inn	138.09	127.93	7.9	126.97	120.24	5.6
Morgans and Royalton	336.33	318.31	5.7	300.28	286.60	4.8
Comparable core hotels (37)	**161.92**	**154.90**	**4.5**	**159.74**	**151.86**	**5.2**
Non-strategic hotels (18)	119.38	117.63	1.5	118.78	117.31	1.3
Comparable hotels (55)	**149.38**	**144.03**	**3.7**	**147.61**	**141.52**	**4.3**
Wyndham and Wyndham Grand[a]	148.81	155.56	(4.3)	144.36	145.14	(0.5)
Same-store hotels (63)	**149.31**	**145.73**	**2.5**	**147.19**	**142.05**	**3.6**

	RevPAR ($)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	%Variance	2013	2012	%Variance
Embassy Suites Hotels	115.19	112.75	2.2	113.65	110.60	2.8
Renaissance and Marriott	157.39	142.95	10.1	161.40	148.88	8.4
DoubleTree by Hilton and Hilton	114.13	105.12	8.6	102.22	94.42	8.3
Sheraton and Westin	85.29	83.72	1.9	76.94	71.29	7.9
Fairmont	251.44	238.79	5.3	192.81	148.87	29.5
Holiday Inn	121.92	103.58	17.7	99.53	85.05	17.0
Morgans and Royalton	300.74	280.12	7.4	256.00	234.95	9.0
Comparable core hotels (37)	**125.68**	**118.85**	**5.7**	**117.95**	**109.62**	**7.6**
Non-strategic hotels (18)	93.13	88.51	5.2	88.86	86.07	3.2
Comparable hotels (55)	**116.12**	**109.88**	**5.7**	**109.41**	**102.65**	**6.6**
Wyndham and Wyndham Grand[a]	105.95	127.67	(17.0)	97.27	111.55	(12.8)
Same-store hotels (63)	**114.72**	**112.34**	**2.1**	**107.74**	**103.88**	**3.7**

(a) These hotels converted from Holiday Inn (brand and management) on March 1, 2013.

Hotel Operating Statistics by Market

	Occupancy (%)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	%Variance	2013	2012	%Variance
San Francisco area	87.4	83.7	4.5	81.2	78.7	3.2
Los Angeles area	80.7	81.1	(0.6)	74.5	80.9	(8.0)
South Florida	79.3	76.9	3.2	85.0	81.5	4.4
Boston	79.9	76.6	4.3	71.5	59.7	19.7
New York area	84.8	83.7	1.4	77.8	76.0	2.4
Myrtle Beach	75.7	74.3	1.9	56.5	58.6	(3.5)
Atlanta	73.3	77.5	(5.3)	73.9	74.7	(1.2)
Philadelphia	79.0	79.0	—	66.1	59.7	10.7
Tampa	81.8	86.0	(4.8)	82.8	85.2	(2.8)
Other markets	72.3	71.5	1.0	70.6	69.2	2.1
Comparable core hotels (37)	**77.6**	**76.7**	**1.2**	**73.8**	**72.2**	**2.3**

	ADR ($)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	%Variance	2013	2012	%Variance
San Francisco area	182.98	166.10	10.2	173.76	161.38	7.7
Los Angeles area	141.67	137.24	3.2	139.22	131.81	5.6
South Florida	134.39	137.36	(2.2)	164.33	162.07	1.4
Boston	251.75	249.28	1.0	224.95	221.86	1.4
New York area	223.10	212.20	5.1	210.12	200.73	4.7
Myrtle Beach	162.69	158.37	2.7	145.28	139.29	4.3
Atlanta	113.40	107.12	5.9	113.45	108.91	4.2
Philadelphia	182.05	179.46	1.4	170.15	167.72	1.4
Tampa	182.67	181.15	0.8	199.34	191.09	4.3
Other markets	140.96	135.67	3.9	143.07	136.39	4.9
Comparable core hotels (37)	**161.92**	**154.90**	**4.5**	**159.74**	**151.86**	**5.2**

	RevPAR ($)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	%Variance	2013	2012	%Variance
San Francisco area	159.95	138.97	15.1	141.14	127.05	11.1
Los Angeles area	114.30	111.34	2.7	103.66	106.70	(2.8)
South Florida	106.63	105.64	0.9	139.74	132.04	5.8
Boston	201.17	191.05	5.3	160.81	132.45	21.4
New York area	189.28	177.59	6.6	163.49	152.50	7.2
Myrtle Beach	123.19	117.65	4.7	82.16	81.60	0.7
Atlanta	83.16	82.99	0.2	83.80	81.41	2.9
Philadelphia	143.82	141.84	1.4	112.41	100.13	12.3
Tampa	149.46	155.73	(4.0)	165.02	162.76	1.4
Other markets	101.85	97.02	5.0	101.04	94.38	7.1
Comparable core hotels (37)	**125.68**	**118.85**	**5.7**	**117.95**	**109.62**	**7.6**

Hotel Portfolio

The following table sets forth certain descriptive information regarding the hotels in which we held ownership interest at June 30, 2013.

Core Hotels	Brand	State	Rooms	% Owned [(a)]
Birmingham	Embassy Suites Hotel	AL	242	
Phoenix – Biltmore	Embassy Suites Hotel	AZ	232	
Dana Point – Doheny Beach	DoubleTree Suites by Hilton	CA	196	
Indian Wells – Esmeralda Resort & Spa	Renaissance Resort	CA	560	
Los Angeles – International Airport/South	Embassy Suites Hotel	CA	349	
Napa Valley	Embassy Suites Hotel	CA	205	
Mandalay Beach – Hotel & Resort	Embassy Suites Hotel	CA	249	
San Diego Bayside	Wyndham	CA	600	
San Francisco – Airport/Waterfront	Embassy Suites Hotel	CA	340	
San Francisco – Airport/South San Francisco	Embassy Suites Hotel	CA	312	
San Francisco – Fisherman's Wharf	Holiday Inn	CA	585	
San Francisco – Union Square	Marriott	CA	400	
Santa Monica	Wyndham	CA	132	
Deerfield Beach – Resort & Spa	Embassy Suites Hotel	FL	244	
Ft. Lauderdale – 17th Street	Embassy Suites Hotel	FL	361	
Miami – International Airport	Embassy Suites Hotel	FL	318	
Orlando – International Drive South/Convention	Embassy Suites Hotel	FL	244	
Orlando – Walt Disney World Resort	DoubleTree Suites by Hilton	FL	229	
St. Petersburg – Vinoy Resort & Golf Club	Renaissance Resort	FL	361	
Atlanta – Buckhead	Embassy Suites Hotel	GA	316	
Atlanta – Gateway – Atlanta Airport	Sheraton	GA	395	
Atlanta – Perimeter Center	Embassy Suites Hotel	GA	241	50%
Chicago – Lombard/Oak Brook	Embassy Suites Hotel	IL	262	50%
Boston – at Beacon Hill	Wyndham	MA	304	
Boston – Copley Plaza	Fairmont	MA	383	
Boston – Marlborough	Embassy Suites Hotel	MA	229	
Baltimore – at BWI Airport	Embassy Suites Hotel	MD	251	90%
New Orleans – French Quarter	Wyndham	LA	374	
Charlotte – SouthPark	DoubleTree Suites by Hilton	NC	208	
Parsippany	Embassy Suites Hotel	NJ	274	50%
Secaucus – Meadowlands	Embassy Suites Hotel	NJ	261	50%
New York – Morgans	Independent	NY	114	
New York – Royalton	Independent	NY	168	
Philadelphia – Historic District	Wyndham	PA	364	
Philadelphia – Society Hill	Sheraton	PA	364	
Pittsburgh – at University Center (Oakland)	Wyndham	PA	251	
Charleston – The Mills House	Wyndham Grand	SC	214	
Myrtle Beach – Oceanfront Resort	Embassy Suites Hotel	SC	255	
Myrtle Beach Resort	Hilton	SC	385	
Nashville – Opryland – Airport (Briley Parkway)	Holiday Inn	TN	383	

Hotel Portfolio (continued)

Core Hotels	Brand	State	Rooms	% Owned [(a)]
Austin	DoubleTree Suites by Hilton	TX	188	90 %
Dallas – Love Field	Embassy Suites Hotel	TX	248	
Dallas – Park Central	Westin	TX	536	60 %
Houston – Medical Center	Wyndham	TX	287	
Burlington Hotel & Conference Center	Sheraton	VT	309	
Unconsolidated Hotel				
New Orleans – French Quarter – Chateau LeMoyne	Holiday Inn	LA	171	50 %
Hotel under Development				
New York – Knickerbocker Hotel	Independent	NY	330	95 %
Non-strategic Hotels				
Milpitas – Silicon Valley	Embassy Suites Hotel	CA	266	
San Rafael – Marin County	Embassy Suites Hotel	CA	235	50 %
Wilmington	DoubleTree by Hilton	DE	244	90 %
Jacksonville – Baymeadows	Embassy Suites Hotel	FL	277	
Orlando – International Airport	Holiday Inn	FL	288	
Atlanta – Airport	Embassy Suites Hotel	GA	232	
Kansas City – Overland Park	Embassy Suites Hotel	KS	199	50 %
Indianapolis – North	Embassy Suites Hotel	IN	221	82 %
Baton Rouge	Embassy Suites Hotel	LA	223	
Minneapolis – Airport	Embassy Suites Hotel	MN	310	
Bloomington	Embassy Suites Hotel	MN	218	
Kansas City – Plaza	Embassy Suites Hotel	MO	266	50 %
Charlotte	Embassy Suites Hotel	NC	274	50 %
Raleigh – Crabtree	Embassy Suites Hotel	NC	225	50 %
Toronto – Airport	Holiday Inn	Ontario	446	
Austin – Central	Embassy Suites Hotel	TX	260	50 %
San Antonio – International Airport	Embassy Suites Hotel	TX	261	50 %
San Antonio – NW I-10	Embassy Suites Hotel	TX	216	50 %
Non-strategic Hotel Held for Sale (included in discontinued operations)				
Atlanta – Galleria	Sheraton Suites	GA	278	

(a) We own 100% of the real estate interests unless otherwise noted.

Liquidity and Capital Resources

Operating Activities

During the first six months of 2013, our operations (primarily hotel operations) provided $29.3 million in cash, $676,000 less than the same period last year. Our consolidated statements of cash flows combines cash flow from continuing and discontinued operations. Operating cash flow from discontinued operations was $2.2 million and $12.0 million for the six months ended June 30, 2013 and 2012, respectively. The absence of these cash flows should not have a material impact on our business, as these hotels would not provide an acceptable return on future required capital expenditures.

At June 30, 2013, we had $66.2 million of cash and cash equivalents, including $42.2 million held by third-party management companies.

RevPAR for the lodging industry remains strong. RevPAR at our comparable hotels for the first six months increased 6.6%, driven by a 4.3% increase in ADR. We expect our RevPAR at our comparable hotels to increase 6.0-6.75% during 2013, primarily from ADR growth as supply growth in our markets generally remains well below historical levels. We expect to generate $75.2 million to $80.8 million of cash flow from operations in 2013.

Investing Activities

During the first six months of 2013, we used $46.8 million of cash in investing activities compared to $26.3 million of cash provided from investing activities during the same period last year. So far in 2013, compared to last year, we spent $26.3 million less on improvements and additions to hotels, which was more than offset by an increase of $11.9 million in hotel development and a decrease of $79.9 million in net proceeds from hotel sales.

We expect to invest approximately $205 million of capital in our hotels in 2013. This includes: (i) approximately $105 million for renovations and redevelopment at our operating hotels, which will be funded from operating cash flow, cash on hand and borrowings under our line of credit and (ii) approximately $100 million to develop the Knickerbocker Hotel, funded primarily by cash, draws on an $85 million construction loan and $45 million in financing that is currently being raised through the EB-5 visa program.

Our strategic plan contemplates selling 39 non-strategic hotels that do not meet our investment criteria. We have sold 21 of these 39 hotels to date, and we have 18 non-strategic hotels remaining to sell. We are currently marketing nine non-strategic hotels, of which we are evaluating offers or have agreed to sell five, including three under contract. We will use the proceeds from dispositions to repay debt and reduce leverage.

Financing Activities

During the first six months of 2013, cash from financing activities increased by $123.9 million compared to the same period last year, driven by a $41.0 million increase in 2013 in net borrowings on our line of credit, a $10.1 million decrease in 2013 in our recurring principal payments, and $74.3 million of non-recurring principal payments in 2012, primarily related to asset sales. In 2013, we expect to pay approximately $5 million of normally occurring principal payments and $39 million of preferred dividends, all of which will be funded from operating cash flow and cash on hand. We are using proceeds from hotel sales to make additional non-recurring principal payments.

Except for our senior notes and line of credit, our mortgage debt is generally recourse solely to the specific hotels securing the debt, except in case of fraud, misapplication of funds and certain other customary limited recourse carve-out provisions that could extend recourse to us. Much of our secured debt allows us to substitute collateral under certain conditions and is prepayable, subject (in some instances) to various prepayment, yield maintenance or defeasance obligations.

Most of our secured debt (other than our senior notes and line of credit) includes lock-box arrangements under certain circumstances. We are permitted to spend an amount required to cover our budgeted hotel operating expenses, taxes, debt service, insurance and capital expenditure reserves, even if revenues are flowing through a lock-box because a specified debt service coverage ratio is not met. With the exception of loans secured by two properties, all of our consolidated loans subject to lock-box provisions currently exceed the applicable minimum debt service coverage ratios.

Senior Notes. Our senior notes require that we satisfy total leverage, secured leverage and interest coverage tests in order to: (i) incur additional indebtedness, except to refinance maturing debt with replacement debt, as defined under our indentures; (ii) pay dividends in excess of the minimum distributions required to qualify as a REIT; (iii) repurchase capital stock; or (iv) merge. We currently exceed all minimum thresholds. These notes are guaranteed by us, and payment of our 10% notes is secured by a pledge of the limited partner interests in FelCor LP owned by FelCor. In addition, our senior notes are secured by a combination of first lien mortgages and related security interests and/or negative pledges on 27 hotels (11 hotels for our 10% senior notes, six hotels for our 6.75% senior notes and ten hotels for our 5.625% senior notes), as well as pledges of equity interests in certain subsidiaries of FelCor LP.

Inflation

Operators of hotels, in general, possess the ability to adjust room rates daily to reflect the effects of inflation. Competitive pressures may, however, require us to reduce room rates in the near term and may limit our ability to raise room rates in the future. We are also subject to the risk that inflation will cause increases in hotel operating expenses disproportionately to revenues. If competition requires us to reduce room rates or limits our ability to raise room rates in the future, we may not be able to adjust our room rates to reflect the effects of inflation in full, in which case our operating results and liquidity could be adversely affected.

Seasonality

The lodging business is seasonal in nature. Generally, hotel revenues are greater in the second and third calendar quarters than in the first and fourth calendar quarters, although this may not be true for hotels in major tourist destinations. Revenues for hotels in tourist areas generally are substantially greater during tourist season than other times of the year. Seasonal variations in revenue at our hotels can be expected to cause quarterly fluctuations in our revenues. Quarterly earnings also may be adversely affected by events beyond our control, such as extreme weather conditions, economic factors and other considerations affecting travel. To the extent that cash flow from operations is insufficient during any quarter, due to temporary or seasonal fluctuations in revenues, we may utilize cash on hand or borrowings to satisfy our obligations.

Disclosure Regarding Forward-Looking Statements

This report and the documents incorporated by reference in this report include forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements can be identified by the use of forward-looking terminology, such as “believes,” “expects,” “anticipates,” “may,” “will,” “should,” “seeks,” or other variations of these terms (including their use in the negative), or by discussions of strategies, plans or intentions. A number of factors could cause actual results to differ materially from those anticipated by these forward-looking statements. Certain of these risks and uncertainties are described in greater detail under “Risk Factors” in our Annual Report on Form 10-K or in our other filings with the Securities and Exchange Commission, or the SEC.

These forward-looking statements are necessarily dependent upon assumptions and estimates that may prove to be incorrect. Accordingly, while we believe that the plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot assure you that deviations from these plans, intentions or expectations will not be material. The forward-looking statements included in this report, and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf, are expressly qualified in their entirety by the risk factors and cautionary statements discussed in our filings to the SEC. We undertake no obligation to publicly update any forward-looking statements to reflect future circumstances or changes in our expectations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

At June 30, 2013, approximately 89% of our consolidated debt bears fixed-rate interest.

The following table provides information about our financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents scheduled maturities and weighted average interest rates, by maturity dates. The fair value of our fixed-rate debt indicates the estimated principal amount of debt having the same debt service requirements that could have been borrowed at the date presented, at then current market interest rates.

Expected Maturity Date
at June 30, 2013
(dollars in thousands)

	Expected Maturity Date							
	2013	**2014**	**2015**	**2016**	**2017**	**Thereafter**	**Total**	**Fair Value**
Liabilities								
Fixed-rate:								
Debt	$ 2,464	$300,192	$ 3,107	$ 11,462	$ 2,810	$1,197,656	$1,517,691	$1,562,188
Average interest rate	5.77%	9.25%	5.11%	5.61%	4.95%	6.03%	6.66%	
Floating-rate:								
Debt	—	—	—	181,861	—	—	181,861	$ 181,861
Average interest rate [(a)]	—	—	—	5.51%	—	—	5.51%	
Total debt	$ 2,464	$300,192	$ 3,107	$193,323	$ 2,810	$1,197,656	$1,699,552	
Average interest rate	5.77%	9.25%	5.11%	5.51%	4.95%	6.03%	6.54%	
Net discount							(7,606)	
Total debt							$1,691,946	

(a) The average floating interest rate considers the implied forward rates in the yield curve at June 30, 2013.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934) as of the end of the period covered by this report (the “Evaluation Date”). Based on this evaluation, our chief executive officer and chief financial officer concluded, as of the Evaluation Date, that our disclosure controls and procedures were effective, such that the information relating to us required to be disclosed in our reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures.

(b) Changes in internal control over financial reporting.

There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15 (f) promulgated under the Securities Exchange Act of 1934) during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 6. Exhibits.

The following exhibits are furnished in accordance with the provisions of Item 601 of Regulation S-K:

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor.
31.3	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor LP.
31.4	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor LP.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for FelCor.
32.2	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for FelCor LP.
101.INS	XBRL Instance Document. *Submitted electronically with this report.*
101.SCH	XBRL Taxonomy Extension Schema Document. *Submitted electronically with this report.*
101.CAL	XBRL Taxonomy Calculation Linkbase Document. *Submitted electronically with this report.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *Submitted electronically with this report.*
101.LAB	XBRL Taxonomy Label Linkbase Document. *Submitted electronically with this report.*
101.PRE	XBRL Taxonomy Presentation Linkbase Document. *Submitted electronically with this report.*

* Previously filed.

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) FelCor's Consolidated Balance Sheets at June 30, 2013 and December 31, 2012; (ii) FelCor's Consolidated Statements of Operations for the three and six months ended June 30, 2013 and 2012; (iii) FelCor's Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2013 and 2012; (iv) FelCor's Consolidated Statements of Changes in Equity for the six months ended June 30, 2013 and 2012; (v) FelCor's Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012; (vi) FelCor LP's

Consolidated Balance Sheets at June 30, 2013 and December 31, 2012; (vii) FelCor LP's Consolidated Statements of Operations for the three and six months ended June 30, 2013 and 2012; (viii) FelCor LP's Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2013 and 2012; (ix) FelCor LP's Consolidated Statements of Partners' Capital for the six months ended June 30, 2013 and 2012; (x) FelCor LP's Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012; and (xi) the Notes to Consolidated Financial Statements. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FELCOR LODGING TRUST INCORPORATED

Date: August 2, 2013

By: /s/ Jeffrey D. Symes

Name: Jeffrey D. Symes

Title: Senior Vice President, Chief Accounting Officer and Controller

FELCOR LODGING LIMITED PARTNERSHIP
a Delaware limited partnership

By: FelCor Lodging Trust Incorporated
Its General Partner

Date: August 2, 2013

By: /s/ Jeffrey D. Symes

Name: Jeffrey D. Symes

Title: Senior Vice President, Chief Accounting Officer and Controller

Exhibit 31.1

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Richard A. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FelCor Lodging Trust Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2013

/s/ Richard A. Smith
Richard A. Smith
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Michael C. Hughes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FelCor Lodging Trust Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2013

/s/ Michael C. Hughes

Michael C. Hughes
Chief Financial Officer

Exhibit 31.3

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Richard A. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FelCor Lodging Limited Partnership;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2013

/s/ Richard A. Smith

Richard A. Smith
Chief Executive Officer of FelCor Lodging Trust Incorporated, as general partner of FelCor Lodging Limited Partnership

Exhibit 31.4

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Michael C. Hughes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FelCor Lodging Limited Partnership;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2013

/s/ Michael C. Hughes

Michael C. Hughes
Chief Financial Officer of FelCor Lodging Trust Incorporated, as general partner of FelCor Lodging Limited Partnership

Exhibit 32.1

Section 906 Certification

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to
18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of FelCor Lodging Trust Incorporated (the "Company") hereby certify, to such officers' knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the three and six months ended June 30, 2013 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended;

and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 2, 2013

/s/ Richard A. Smith
Richard A. Smith
Chief Executive Officer

/s/ Michael C. Hughes
Michael C. Hughes
Chief Financial Officer

Exhibit 32.2

Section 906 Certification

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to
18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of FelCor Lodging Trust Incorporated as general partner of FelCor Lodging Limited Partnership (the "Company") hereby certify, to such officers' knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the three and six months ended June 30, 2013 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended;

and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 2, 2013

/s/ Richard A. Smith

Richard A. Smith
Chief Executive Officer of FelCor Lodging Trust Incorporated,
as general partner of FelCor Lodging Limited Partnership

/s/ Michael C. Hughes

Michael C. Hughes
Chief Financial Officer of FelCor Lodging Trust Incorporated,
as general partner of FelCor Lodging Limited Partnership