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, 2011

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

(Exact name of registrant as specified in its charter)

Maryland	**75-2541756**
(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. ☒Yes ☐No

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). ☐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.

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).
☐ Yes ☒ No

At July 26, 2011, the registrant had issued and outstanding 124,571,291 shares of common stock.

FELCOR LODGING TRUST INCORPORATED

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PART I -- FINANCIAL INFORMATION

Item 1. **Financial Statements.**

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	June 30, 2011	December 31, 2010
Assets		
Investment in hotels, net of accumulated depreciation of $964,606 and $982,564 at June 30, 2011 and December 31, 2010, respectively	$ 1,998,232	$ 1,985,779
Investment in unconsolidated entities	72,733	75,920
Hotels held for sale	43,846	—
Cash and cash equivalents	231,049	200,972
Restricted cash	41,609	16,702
Accounts receivable, net of allowance for doubtful accounts of $344 and $696 at June 30, 2011 and December 31, 2010, respectively	39,266	27,851
Deferred expenses, net of accumulated amortization of $11,850 and $17,892 at June 30, 2011 and December 31, 2010, respectively	31,811	19,940
Other assets	34,281	32,271
Total assets	$ 2,492,827	$ 2,359,435
Liabilities and Equity		
Debt, net of discount of $36,740 and $53,193 at June 30, 2011 and December 31, 2010, respectively	$ 1,612,106	$ 1,548,309
Distributions payable	76,293	76,293
Accrued expenses and other liabilities	142,967	144,451
Total liabilities	1,831,366	1,769,053
Commitments and contingencies		
Redeemable noncontrolling interests in FelCor LP, 640 and 285 units issued and outstanding at June 30, 2011 and December 31, 2010, respectively	3,887	2,004
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, 2011 and December 31, 2010	309,362	309,362
Series C Cumulative Redeemable Preferred Stock, 68 shares, liquidation value of $169,950, issued and outstanding at June 30, 2011 and December 31, 2010	169,412	169,412
Common stock, $0.01 par value, 200,000 shares authorized and 124,569 shares issued at June 30, 2011, and 101,038 shares issued, including shares in treasury, at December 31, 2010	1,246	1,010
Additional paid-in capital	2,350,883	2,190,308
Accumulated other comprehensive income	27,931	26,457
Accumulated deficit	(2,221,290)	(2,054,625)
Less: Common stock in treasury, at cost, of 4,156 shares at December 31, 2010	—	(73,341)
Total FelCor stockholders' equity	637,544	568,583
Noncontrolling interests in other partnerships	20,030	19,795
Total equity	657,574	588,378
Total liabilities and equity	$ 2,492,827	$ 2,359,435

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, 2011 and 2010
(unaudited, in thousands, except for per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Revenues:				
Hotel operating revenue	$ 256,355	$ 227,704	$ 481,848	$ 435,764
Other revenue	1,011	1,007	1,236	1,372
Total revenues	257,366	228,711	483,084	437,136
Expenses:				
Hotel departmental expenses	90,618	78,987	172,874	153,698
Other property related costs	67,646	61,222	133,946	120,862
Management and franchise fees	11,849	10,970	22,332	20,699
Taxes, insurance and lease expense	23,563	23,595	43,621	45,245
Corporate expenses	6,910	6,510	16,447	16,357
Depreciation and amortization	34,011	34,158	67,861	68,639
Impairment loss	11,706	—	11,706	—
Other expenses	1,616	801	2,247	1,362
Total operating expenses	247,919	216,243	471,034	426,862
Operating income	9,447	12,468	12,050	10,274
Interest expense, net	(34,875)	(35,856)	(68,348)	(70,582)
Debt extinguishment	(23,660)	46,186	(23,905)	46,186
Gain on involuntary conversion, net	21	—	171	—
Income (loss) before equity in income (loss) from unconsolidated entities	(49,067)	22,798	(80,032)	(14,122)
Equity in income (loss) from unconsolidated entities	31	286	(1,552)	(1,188)
Income (loss) from continuing operations	(49,036)	23,084	(81,584)	(15,310)
Discontinued operations	6,639	(1,094)	7,461	(25,642)
Net income (loss)	(42,397)	21,990	(74,123)	(40,952)
Net income attributable to noncontrolling interests in other partnerships	(51)	(325)	(109)	(96)
Net loss (income) attributable to redeemable noncontrolling interests in FelCor LP	183	(51)	303	274
Net income (loss) attributable to FelCor	(42,265)	21,614	(73,929)	(40,774)
Preferred dividends	(9,678)	(9,678)	(19,356)	(19,356)
Net income (loss) attributable to FelCor common stockholders	$ (51,943)	$ 11,936	$ (93,285)	$ (60,130)
Basic and diluted per common share data:				
Income (loss) from continuing operations	$ (0.48)	$ 0.19	$ (0.92)	$ (0.53)
Net income (loss)	$ (0.42)	$ 0.17	$ (0.85)	$ (0.92)
Basic and diluted weighted average common shares outstanding	122,992	66,531	109,249	65,014

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, 2011 and 2010
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Net income (loss)	$ (42,397)	$ 21,990	$ (74,123)	$ (40,952)
Foreign currency translation adjustment	186	(2,731)	1,478	(652)
Comprehensive income (loss)	(42,211)	19,259	(72,645)	(41,604)
Comprehensive income attributable to noncontrolling interests in other partnerships	(51)	(325)	(109)	(96)
Comprehensive loss (income) attributable to redeemable noncontrolling interests in FelCor LP	183	(39)	299	277
Comprehensive income (loss) attributable to FelCor	$ (42,079)	$ 18,895	$ (72,455)	$ (41,423)

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, 2011 and 2010
(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	Treasury Stock	Noncontrolling Interests in Other Partnerships	Comprehensive Loss	Total Equity
Balance at December 31, 2009	12,948	$ 478,774	69,413	$ 694	$ 2,021,837	$ 23,528	$ (1,792,822)	$ (71,895)	$ 22,583		$ 682,699
Issuance of common stock	—	—	31,625	316	166,256	—	—	—	—		166,572
Issuance of stock awards	—	—	—	—	(229)	—	—	297	—		68
Amortization of stock awards	—	—	—	—	2,520	—	—	—	—		2,520
Forfeiture of stock awards	—	—	—	—	149	—	—	(639)	—		(490)
Allocation to redeemable noncontrolling interests	—	—	—	—	(687)	—	—	—	—		(687)
Contribution from noncontrolling interests	—	—	—	—	—	—	—	—	15		15
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	(980)		(980)
Other	—	—	—	—	(1,116)	—	(10)	—	116		(1,010)
Preferred dividends accrued:											
$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	—	—	—	—	—	(649)	—	—	—	$ (649)	
Net loss	—	—	—	—	—	—	(40,774)	—	96	(40,678)	
Comprehensive loss										$ (41,327)	(41,327)
Balance at June 30, 2010	12,948	$ 478,774	101,038	$ 1,010	$ 2,188,730	$ 22,879	$ (1,852,962)	$ (72,237)	$ 21,830		$ 788,024
Balance at December 31, 2010	12,948	$ 478,774	101,038	$ 1,010	$ 2,190,308	$ 26,457	$ (2,054,625)	$ (73,341)	$ 19,795		$ 588,378
Issuance of common stock	—	—	27,600	276	158,200	—	—	—	—		158,476
Retirement of treasury stock	—	—	(4,156)	(41)	—	—	(73,300)	73,341	—		—
Issuance of stock awards	—	—	86	1	499	—	—	—	—		500
Amortization of stock awards	—	—	—	—	1,626	—	—	—	—		1,626
Forfeiture of stock awards	—	—	(10)	—	—	—	(78)	—	—		(78)
Conversion of operating partnership units into common shares	—	—	11	—	79	—	—	—	—		79
Allocation to redeemable noncontrolling interests	—	—	—	—	239	—	—	—	—		239
Contribution from noncontrolling interests	—	—	—	—	—	—	—	—	796		796
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	(670)		(670)
Other	—	—	—	—	(68)	—	(2)	—	—		(70)
Preferred dividends accrued:											
$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	—	—	—	—	—	1,474	—	—	—	$ 1,474	
Net loss	—	—	—	—	—	—	(73,929)	—	109	(73,820)	
Comprehensive loss										$ (72,346)	(72,346)
Balance at June 30, 2011	12,948	$ 478,774	124,569	$ 1,246	$ 2,350,883	$ 27,931	$ (2,221,290)	$ —	$ 20,030		$ 657,574

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2011 and 2010
(unaudited, in thousands)

	Six Months Ended June 30,	
	2011	**2010**
Cash flows from operating activities:		
Net loss	$ (74,123)	$ (40,952)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	70,854	74,567
Gain on sale of hotels, net	(6,660)	—
Gain on involuntary conversion, net	(171)	—
Amortization of deferred financing fees and debt discount	9,351	8,608
Amortization of unearned officers' and directors' compensation	3,577	3,257
Equity in loss from unconsolidated entities	1,552	1,188
Distributions of income from unconsolidated entities	810	1,110
Debt extinguishment	23,961	(46,060)
Impairment loss	12,303	21,060
Changes in assets and liabilities:		
Accounts receivable	(11,449)	(5,469)
Restricted cash – operations	2,005	4,066
Other assets	(12,604)	(4,059)
Accrued expenses and other liabilities	(4,880)	23,924
Net cash flow provided by operating activities	14,526	41,240
Cash flows from investing activities:		
Acquisition of hotels	(137,985)	—
Improvements and additions to hotels	(35,244)	(18,393)
Additions to condominium project	(318)	(162)
Proceeds from asset dispositions	52,093	—
Change in restricted cash – investing	(412)	(2,646)
Insurance proceeds	282	—
Distributions from unconsolidated entities	825	559
Contributions to unconsolidated entities	—	(25,122)
Net cash flow used in investing activities	(120,759)	(45,764)
Cash flows from financing activities:		
Proceeds from borrowings	1,087,267	212,121
Repayment of borrowings	(1,050,566)	(347,692)
Payment of deferred financing fees	(18,230)	(6,615)
Change in restricted cash – financing	(24,000)	—
Acquisition of noncontrolling interest	—	(1,000)
Distributions paid to noncontrolling interests	(670)	(980)
Contributions from noncontrolling interests	796	15
Distributions paid to preferred stockholders	(19,356)	—
Net proceeds from common stock issuance	158,476	166,704
Proceeds from FelCor LP unit issuance	2,500	—
Net cash flow provided by financing activities	136,217	22,553
Effect of exchange rate changes on cash	93	(86)
Net change in cash and cash equivalents	30,077	17,943
Cash and cash equivalents at beginning of periods	200,972	263,531
Cash and cash equivalents at end of periods	$ 231,049	$ 281,474
Supplemental cash flow information – interest paid	$ 59,344	$ 64,490

The accompanying notes are an integral part of these 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. We are the sole general partner of, and the owner of a greater than 99% partnership interest in, FelCor Lodging Limited Partnership, or FelCor LP, through which we held ownership interests in (i) 78 hotels in continuing operations with approximately 22,000 rooms and (ii) three hotels designated as held for sale at June 30, 2011. At June 30, 2011, we had an aggregate of 125,208,961 shares and units outstanding, consisting of 124,568,801 shares of FelCor common stock and 640,160 FelCor LP units not owned by FelCor.

Of the 78 hotels included in continuing operations, we owned a 100% interest in 60 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 65 hotels in which we held greater than 50% ownership interests, and we record the real estate interests of the 13 hotels in which we held 50% ownership interests using the equity method.

At June 30, 2011, 77 of the 78 hotels were leased to operating lessees, and one 50%-owned hotel was operated without a lease. We held majority interests and had direct or indirect controlling interests in all of the operating lessees. Because we owned controlling interests in these lessees (including lessees of 12 of the 13 hotels in which we owned 50% of the real estate interests), we consolidated our lessee interests in these hotels (we refer to these 77 hotels as our Consolidated Hotels) and reflect 100% of those hotels' revenues and expenses on our statement 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 65 hotels (we consolidate our real estate interest in these hotels).

The following table illustrates the distribution of our 77 Consolidated Hotels among our brands at June 30, 2011:

Brand	Hotels	Rooms
Embassy Suites Hotels®	41	10,718
Holiday Inn®	15	5,154
Sheraton® and Westin®	7	2,478
Doubletree® and Hilton®	8	1,856
Marriott® and Renaissance®	3	1,321
Fairmont®	1	383
Morgans Hotel Group	2	282
Total	77	22,192

At June 30, 2011, our Consolidated Hotels were located in the United States (75 hotels in 22 states) and Canada (two hotels in Ontario), with concentrations in California (15 hotels), Florida (11 hotels) and Texas (9 hotels). Approximately 50% of our hotel room revenues were generated from hotels in these three states during the first six months of 2011.

1. Organization — (continued)

At June 30, 2011, of our 77 Consolidated Hotels: (i) subsidiaries of Hilton Hotels Corporation, or Hilton, managed 48 hotels, (ii) subsidiaries of InterContinental Hotels Group, or IHG, managed 15 hotels, (iii) subsidiaries of Starwood Hotels & Resorts Worldwide Inc., or Starwood, managed seven hotels, (iv) subsidiaries of Marriott International Inc., or Marriott, managed three hotels, (v) a subsidiary of Fairmont Hotels and Resorts, or Fairmont, managed one hotel, (vi) a subsidiary of Morgans Hotel Group Corp. managed two hotels, and (vii) an independent management company managed one hotel.

Our hotels managed by Marriott are accounted for on a fiscal year comprised of 52 or 53 weeks ending on the Friday closest to December 31. Our three-month periods ending June 30, 2011 and 2010 includes the results of operations for our Marriott-managed hotels for the 12-week periods ending June 17, 2011 and June 18, 2010, respectively.

The information in our consolidated financial statements for the three and six months ended June 30, 2011 and 2010 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, 2011 and 2010, 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, 2010, included in our Annual Report on Form 10-K. Operating results for the three and six months ended June 30, 2011 are not necessarily indicative of actual operating results for the entire year.

2. Hotel Acquisitions

In May 2011, we acquired two midtown Manhattan hotels, Royalton and Morgans, which have a total of 282 guest rooms. The fair values of the assets acquired and liabilities assumed at the date of acquisition were consistent with the purchase price and were allocated based on third-party appraisals. We expensed acquisition costs (such as, broker, legal and accounting fees) of $915,000, which are not included in the fair value estimates of the net assets acquired. The following table summarizes the fair values of assets acquired and liabilities assumed in our acquisition (in thousands):

Assets		
Investment in hotels[(a)]	$	136,035
Restricted cash		2,500
Accounts receivable		635
Other assets		322
Total assets acquired		139,492
Liabilities		
Accrued expenses and other liabilities		1,507
Net assets acquired	$	137,985

(a) Investment in hotels was allocated to land ($48.7 million), building and improvements ($78.3 million) and furniture, fixtures and equipment ($9.0 million).

2. Hotel Acquisitions — (continued)

The following consolidated unaudited pro forma results of operations for FelCor for the three and six months ended June 30, 2011 and 2010 assume this acquisition occurred on January 1, 2010. The pro forma information includes revenues, operating expenses, depreciation and amortization. The unaudited pro forma results of operations are not necessarily indicative of the results of operations if the acquisition had been completed on the assumed date. The unaudited pro forma results of operations are as follows (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Total revenues	$ 262,141	$ 236,729	$ 494,430	$ 451,972
Net income (loss)	$ (42,142)	$ 22,020	$ (75,321)	$ (42,087)
Earnings per share - basic and diluted	$ (0.42)	$ 0.17	$ (0.86)	$ (0.94)

For the three and six months ended June 30, 2011, we have included $3.3 million of revenues and $319,000 of net income in our consolidated statements of operations related to the operations of these hotels.

3. Change in Accounting Estimate

Effective January 1, 2011, we reclassified certain inventory (such as, china, glass, silver, and linen) aggregating $10.3 million to investment in hotels from other assets. We believe this classification to be preferable to its prior classification because we receive long-term benefits (approximately three years) from these inventories, similar to other long-term physical assets, which are classified as investment in hotels. This change was considered a change in accounting estimate inseparable from a change in accounting policy and will result in changes to our depreciation expense prospectively. As a result, existing inventories will be amortized over a three-year period. Prospectively, significant additions in conjunction with major renovations, expansions or changes in brand standards for these inventories will be capitalized at acquisition, and depreciated over a three year estimated useful life. Minor replacement or replenishment of inventory will be expensed when purchased.

4. Reacquired Stock

Effective January 1, 2011, we have removed previously reacquired capital stock shown as treasury stock from our balance sheet and recorded the related amounts as a reduction of common stock (at $0.01 par value per share) and an increase in accumulated deficit. Prior to 2011, our accounting records included treasury stock. We changed our accounting presentation to be consistent with Maryland law (Maryland is our domicile), which does not contemplate treasury stock. This change in accounting policy was recorded for book purposes as a retirement of treasury stock. Any capital stock reacquired in the future for any purpose will be recorded as a reduction of common stock (at $0.01 par value per share) and an increase in accumulated deficit.

5. Investment in Unconsolidated Entities

We owned 50% interests in joint ventures that owned 13 hotels at June 30, 2011 and December 31, 2010. We also own a 50% interest 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, 2011	December 31, 2010
Investment in hotels, net of accumulated depreciation	$ 181,769	$ 192,584
Total assets	$ 205,326	$ 209,742
Debt	$ 152,893	$ 154,590
Total liabilities	$ 159,268	$ 159,170
Equity	$ 46,058	$ 50,572

Our unconsolidated entities' debt at June 30, 2011 and December 31, 2010 consisted entirely of non-recourse mortgage debt.

In December 2010, we sold our 50% interest in the Sheraton Premier at Tysons Corner.

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,	
	2011	2010	2011	2010
Total revenues	$ 18,328	$ 19,648	$ 30,016	$ 32,387
Net income (loss)	$ 992	$ 1,022	$ (1,243)	$ (2,114)
Net income (loss) attributable to FelCor	$ 496	$ 751	$ (622)	$ (817)
Gain on joint venture liquidation	—	—	—	559
Depreciation of cost in excess of book value	(465)	(465)	(930)	(930)
Equity in income (loss) from unconsolidated entities	$ 31	$ 286	$ (1,552)	$ (1,188)

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

	June 30, 2011	December 31, 2010
Hotel-related investments	$ 14,104	$ 15,736
Cost in excess of book value of hotel investments	49,704	50,634
Land and condominium investments	8,925	9,550
	$ 72,733	$ 75,920

5. Investment in Unconsolidated Entities — (continued)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Hotel investments	$ 34	$ 292	$ (928)	$ (613)
Other investments	(3)	(6)	(624)	(575)
Equity in income (loss) from unconsolidated entities	$ 31	$ 286	$ (1,552)	$ (1,188)

6. Debt

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

	Encumbered Hotels	Interest Rate (%)	Maturity Date	June 30, 2011	December 31, 2010
Line of credit[a]	11 hotels	L + 4.50	August 2014[b]	$ —	$ —
Mortgage debt					
Mortgage debt[c]	10 hotels	L + 0.93 [d]	November 2011	204,714	250,000
Mortgage debt[e]	9 hotels	L + 5.10 [f]	April 2015	211,968	212,000
Mortgage debt	7 hotels	9.02	April 2014	110,973	113,220
Mortgage debt	5 hotels [g]	6.66	June - August 2014	68,300	69,206
Mortgage debt[h]	1 hotel	L + 1.50	June 2012	24,000	27,770
Mortgage debt	1 hotel	5.81	July 2016	11,100	11,321
Other	—	4.25	August 2011	791	524
Senior notes					
Senior secured notes	6 hotels	6.75	June 2019	525,000	—
Senior secured notes[i]	14 hotels	10.00	October 2014	455,260	582,821
Retired debt	—	—	—	—	281,447
Total	64 hotels			$ 1,612,106	$ 1,548,309

(a) We currently have full availability under our $225 million line of credit.
(b) The line of credit can be extended for one year (to 2015), subject to satisfying certain conditions.
(c) $26.5 million was repaid on this note after June 30, 2011 from proceeds of a hotel sale.
(d) We purchased an interest rate cap ($250 million notional amount) that caps LIBOR at 7.8% and expires November 2011.
(e) $8.6 million was repaid on this note after June 30, 2011 from proceeds of a hotel sale.
(f) LIBOR (for this loan) is subject to a 3% floor. We purchased an interest rate cap ($212 million notional amount) that caps LIBOR at 5.0% and expires May 2012.
(g) The hotels securing this debt are subject to separate loan agreements and are not cross-collateralized.
(h) This note was repaid after June 30, 2011.
(i) $492 million in aggregate principal outstanding (after redemption of $144 million in aggregate principal in June 2011) and were initially sold at a discount that provided an effective yield of 12.875% before transaction costs.

6. Debt — (continued)

In March 2011, we established a $225 million secured line of credit with a group of seven banks. At the same time, we repaid a $198.3 million secured loan and a $28.8 million secured loan with a combination of $52.1 million of cash on hand and funds drawn under our new line of credit (all of which has subsequently been repaid). The repaid loans would have matured in 2013 and 2012 (including extensions), respectively, and were secured by mortgages on 11 hotels. Those same hotels secure repayment of amounts outstanding under the line of credit. The credit facility bears interest at LIBOR, plus 4.5%, with no LIBOR floor.

In May 2011, our wholly-owned subsidiary issued $525.0 million in aggregate principal amount of its 6.75% senior secured notes due 2019. Net proceeds after initial purchasers' discount and expenses were approximately $511 million, a portion of which was used to purchase Royalton and Morgans for $140.0 million, with the remainder available for general corporate purposes.

In May 2011, we repaid loans aggregating $45.3 million secured by two hotels, when we sold the hotels.

In June 2011, we repaid (at maturity) a $7.3 million loan that was secured by one hotel.

In June 2011, we obtained a $24.0 million loan to refinance a loan secured by one hotel. The old loan balance was $27.8 million and provided that, upon refinancing, $3.8 million of the loan would be forgiven. We recognized a $3.7 million net gain from extinguishment of debt in connection with the refinancing.

In June 2011, we repaid the remaining outstanding $46.4 million of our 9% senior notes when they matured.

In June 2011, we redeemed $144 million in aggregate principal amount of our 10% senior notes using $158 million of net proceeds of our recent equity offering. Under the terms of the indenture governing the redeemed notes, the redemption price was 110% of the principal amount of the redeemed notes, together with accrued and unpaid interest thereon to the redemption date. We recognized a $27.4 million debt extinguishment charge related to the prepayment premium and the write-off of a *pro rata* portion of the related debt discount and deferred loan costs.

We reported $34.9 million and $35.9 million of interest expense for the three months ended June 30, 2011 and 2010, respectively, which is net of: (i) interest income of $53,000 and $96,000 and (ii) capitalized interest of $312,000 and $138,000, respectively. We reported $68.3 million and $70.6 million of interest expense for the six months ended June 30, 2011 and 2010, respectively, which is net of: (i) interest income of $94,000 and $201,000 and (ii) capitalized interest of $510,000 and $283,000, respectively.

7. Common Stock Offering

In April 2011, we sold 27.6 million shares of our common stock at $6.00 per share in a public offering. The net proceeds from the offering were $158 million. Net proceeds from this offering (after underwriting discounts and commissions) were used to redeem $144 million of our 10% senior notes.

8. Hotel Operating Revenue, Departmental Expenses, and Other Property Operating Costs

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Room revenue	$ 199,188	$ 179,004	$ 375,168	$ 341,835
Food and beverage revenue	42,576	34,756	79,711	67,411
Other operating departments	14,591	13,944	26,969	26,518
Total hotel operating revenue	$ 256,355	$ 227,704	$ 481,848	$ 435,764

Nearly all of our revenue is comprised of hotel operating revenue, which includes room revenue, food and beverage revenue, and revenue from other hotel operating departments (such as telephones, parking and business centers). 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,			
	2011		**2010**	
	Amount	**% of Total Hotel Operating Revenue**	**Amount**	**% of Total Hotel Operating Revenue**
Room	$ 52,433	20.5%	$ 46,308	20.3%
Food and beverage	31,534	12.3	26,488	11.6
Other operating departments	6,651	2.5	6,191	2.8
Total hotel departmental expenses	$ 90,618	35.3%	$ 78,987	34.7%

	Six Months Ended June 30,			
	2011		**2010**	
	Amount	**% of Total Hotel Operating Revenue**	**Amount**	**% of Total Hotel Operating Revenue**
Room	$ 99,633	20.7%	$ 89,689	20.6%
Food and beverage	60,692	12.6	52,013	11.9
Other operating departments	12,549	2.6	11,996	2.8
Total hotel departmental expenses	$ 172,874	35.9%	$ 153,698	35.3%

8. Hotel Operating Revenue, Departmental Expenses, and Other Property Operating Costs — (continued)

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

	Three Months Ended June 30,			
	2011		2010	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Hotel general and administrative expense	$ 22,328	8.7%	$ 19,878	8.7%
Marketing	20,910	8.2	19,014	8.4
Repair and maintenance	12,739	5.0	11,594	5.1
Utilities	11,669	4.5	10,736	4.7
Total other property operating costs	$ 67,646	26.4%	$ 61,222	26.9%

	Six Months Ended June 30,			
	2011		2010	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Hotel general and administrative expense	$ 44,404	9.2%	$ 39,181	9.0%
Marketing	41,184	8.5	36,730	8.4
Repair and maintenance	25,244	5.2	23,316	5.4
Utilities	23,114	4.9	21,635	4.9
Total other property operating costs	$133,946	27.8%	$ 120,862	27.7%

9. 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,	
	2011	2010	2011	2010
Hotel lease expense[a]	$ 10,497	$ 10,015	$ 18,801	$ 17,773
Land lease expense[b]	2,725	2,550	4,960	4,704
Real estate and other taxes	8,047	8,387	14,946	16,777
Property insurance, general liability insurance and other	2,294	2,643	4,914	5,991
Total taxes, insurance and lease expense	$ 23,563	$ 23,595	$ 43,621	$ 45,245

(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 $5.1 million and $4.7 million for the three months ended June 30, 2011 and 2010, respectively, and $8.0 million and $7.1 million for the six months ended June 30, 2011 and 2010, respectively.

(b) Land lease expense includes percentage rent of $1.2 million and $1.0 million for the three months ended June 30, 2011 and 2010, respectively, and $1.9 million and $1.6 million for the six months ended June 30, 2011 and 2010, respectively.

10. Impairment

Our hotels comprise operations and cash flows that can clearly be distinguished, operationally and for financial reporting purposes, from the remainder of our operations. Accordingly, we consider our hotels to be components for purposes of determining impairment charges and reporting discontinued operations.

During the quarter ended June 30, 2011, we recorded $12.3 million of impairment charges ($11.7 million related to three hotels in continuing operations and $598,000 related to one hotel in discontinued operations). The impairment charge related to continuing operations was based on revised estimated fair market values obtained through the marketing process that were lower than the net book values for these hotels. The inputs used to determine the fair values of these hotels are classified as Level 2 under authoritative guidance for fair value measurements. The impairment charge relating to discontinued operations is primarily related to estimated selling costs with respect to one hotel held for sale at June 30, 2011.

During the quarter ended March 31, 2010, we recorded a $21.1 million impairment charge with regard to two hotels that were subsequently transferred to their lenders in full satisfaction of the related debt. This impairment charge is reflected in discontinued operations. For these impairment charges, we estimated the hotels' fair value by using estimated future cash flows, terminal values based on the projected cash flows and capitalization rates in the range of what is reported in industry publications for operationally similar assets and other available market information. The cash flows used for determining the fair values were discounted using market-based discounts generally used for operationally and geographically similar assets. The inputs used to determine the fair values of these hotels are classified as Level 3 under the authoritative guidance for fair value measurements.

10. Impairment — (continued)

We may record additional impairment charges if operating results of individual hotels are materially different from our forecasts, or the economy and/or lodging industry weakens, or if we shorten our contemplated holding period for additional hotels.

11. Discontinued Operations

We had three hotels held for sale at June 30, 2011. We consider a sale to be probable within the next twelve months (for purposes of determining whether a hotel is held for sale) when a buyer completes its due diligence review of the asset, we have an executed contract for sale, and we have received a substantial non-refundable deposit.

Discontinued operations include results of operations for three hotels designated as held for sale at June 30, 2011, three hotels sold during the quarter ended June 30, 2011, and three hotels disposed in 2010. The following table summarizes the condensed financial information for those hotels (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Hotel operating revenue	$ 8,811	$ 21,633	$ 20,665	$ 39,619
Operating expenses	(8,447) [a]	(21,283)	(19,098) [a]	(62,303) [b]
Operating income (loss) from discontinued operations	$ 364	$ 350	$ 1,567	$ (22,684)
Interest expense, net	(335)	(1,318)	(709)	(2,832)
Debt extinguishment	(50)	(126)	(57)	(126)
Gain on sale of hotels, net	6,660	—	6,660	—
Income (loss) from discontinued operations	$ 6,639	$ (1,094)	$ 7,461	$ (25,642)

(a) Includes an impairment charge of $598,000.
(b) Includes an impairment charge of $21.1 million.

12. Income (Loss) Per Share

The following table sets forth the computation of basic and diluted income (loss) per share (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Numerator:				
Net income (loss) attributable to FelCor	$ (42,265)	$ 21,614	$ (73,929)	$ (40,774)
Discontinued operations attributable to FelCor	(6,616)	1,089	(7,435)	25,527
Income (loss) from continuing operations attributable to FelCor	(48,881)	22,703	(81,364)	(15,247)
Less: Preferred dividends	(9,678)	(9,678)	(19,356)	(19,356)
Less: Undistributed earnings allocated to unvested restricted stock	—	(352)	—	—
Numerator for continuing operations attributable to FelCor common stockholders	(58,559)	12,673	(100,720)	(34,603)
Discontinued operations attributable to FelCor	6,616	(1,089)	7,435	(25,527)
Numerator for basic and diluted income (loss) attributable to FelCor common stockholders	$ (51,943)	$ 11,584	$ (93,285)	$ (60,130)
Denominator:				
Denominator for basic and diluted income (loss) per share	122,992	66,531	109,249	65,014
Basic and diluted income (loss) per share data:				
Income (loss) from continuing operations	$ (0.48)	$ 0.19	$ (0.92)	$ (0.53)
Discontinued operations	$ 0.05	$ (0.02)	$ 0.07	$ (0.39)
Net income (loss)	$ (0.42)	$ 0.17	$ (0.85)	$ (0.92)

Securities that could potentially dilute earnings per share in the future that were not included in the computation of diluted income (loss) per share, 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,	
	2011	2010	2011	2010
Series A convertible preferred shares	9,985	9,985	9,985	9,985

Series A preferred dividends that would be excluded from net income (loss) attributable to FelCor common stockholders, if these Series A preferred shares were dilutive, were $6.3 million for the three months ended June 30, 2011 and 2010, and $12.6 million for the six months ended June 30, 2011 and 2010.

13. Dividends

In January 2011, we reinstated our current quarterly preferred dividend and paid current quarterly preferred dividends in January, May and August 2011. We are restricted from paying any common dividends unless and until all accrued and current preferred dividends are paid. Our Board of Directors will determine whether and when to declare future dividends (including the accrued but unpaid preferred dividends) based upon various factors, including operating results, economic conditions, other operation trends, our financial condition and capital requirements, as well as minimum REIT distribution requirements. We had $76.3 million of aggregate accrued dividends payable to holders of our Series A and Series C preferred stock at June 30, 2011 and December 31, 2010.

14. Noncontrolling Interests

We record the noncontrolling interests of other consolidated partnerships as a separate component of equity in the condensed consolidated balance sheets. Additionally, the condensed consolidated statements of operations separately present earnings and other comprehensive income attributable to controlling and non-controlling interests. We adjust the noncontrolling interests of FelCor LP each period so that the carrying value equals the greater of its carrying value based on the accumulation of historical cost or its redemption value. The historical cost of the noncontrolling interests of FelCor LP is based on the proportional relationship between the carrying value of equity associated with our common stockholders relative to that of the unitholders of FelCor LP. Net income (loss) is allocated to the noncontrolling partners of FelCor LP based on their weighted average ownership percentage during the period.

In May 2011, we sold 367,647 units of limited partner interest in our operating partnership at $6.80 per unit. At June 30, 2011, these units were carried at $2.4 million, which is the issue price of the units less the holders' share of allocated losses for the period the units were outstanding. The other outstanding 272,513 units of limited partner interest were carried at $1.5 million at June 30, 2011. This value is based on the June 30, 2011 closing price for our common stock ($5.33/share).

The changes in redeemable noncontrolling interests for the six months ended June 30, 2011 and 2010 are shown below (in thousands):

	Six Months Ended June 30,	
	2011	2010
Balance at beginning of period	$ 2,004	$ 1,062
Issuance of units	2,500	—
Conversion of units	(79)	—
Redemption value allocation	(239)	687
Comprehensive income (loss):		
Foreign exchange translation	4	(3)
Net loss	(303)	(274)
Balance at end of period	$ 3,887	$ 1,472

15. 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, 2011. 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) 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; and (iii) our debt that is not traded publicly is based on estimated effective borrowing rates for debt with similar terms, loan to estimated fair value and remaining maturities (the estimated fair value of all our debt was $1.7 billion at June 30, 2011 and December 31, 2010).

16. Subsequent Events

In July 2011, we sold three hotels that were classified as held for sale and recorded in discontinued operations at June 30, 2011 for combined gross proceeds of $46 million.

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

General

Beginning in 2010, a combination of improved demand and the relatively low number of new hotel openings fueled the start of the lodging industry recovery. As the recovery moved into 2011, hotel occupancy continued to grow resulting from an increased imbalance between the improving demand and moderating supply. The imbalance between demand, primarily corporate transient, and supply has allowed hotels to increase their average daily rate, or ADR.

Our hotels are taking advantage of the growth in corporate and premium segments to remix their customer base and replace lower-rated business with customers in these premium segments. Additionally, our hotels are increasing rates, where appropriate. For the first six months of 2011, revenue per available room, or RevPAR, at our hotels improved 5.7% compared to the same period last year (6.0% at our comparable hotels and 1.9% at our hotels marketed for sale). Improved RevPAR was driven by improvements in ADR (3.7%) and occupancy (1.9%). As ADR becomes a larger contributor to RevPAR growth, Hotel EBITDA margin generally improves because we are charging more for the same room. In the first six months of 2011, our Hotel EBITDA margin improved by 165 basis points compared to the same period last year. We expect ADR will contribute significantly to RevPAR growth and improved Hotel EBITDA margin through 2011.

As part of our long-term strategic plan:

- We began marketing 14 non-strategic hotels for sale during the fourth quarter of 2010. Through the date of this report, we have sold six hotels in 2011, one hotel in 2010 and we currently have agreements to sell, or are negotiating contracts to sell, five additional hotels.

- In March 2011, we established a $225 million secured line of credit. We had no borrowings under the line at June 30, 2011, and the full $225 million is available for general corporate purposes, including repayment of other debt and future acquisitions.

- In April 2011, we received approximately $158 million of aggregate net proceeds (after underwriting discounts and commissions) from a public offering of 27.6 million shares of our common stock. Proceeds from this offering were used to redeem $144 million of our 10% senior notes.

- In May 2011, our wholly-owned subsidiary issued $525.0 million in aggregate principal amount of 6.75% senior secured notes due 2019. Net proceeds after the initial purchasers' discount and expenses were approximately $511 million, a portion of which were used to purchase two midtown Manhattan hotels, Royalton and Morgans (282 guest rooms, in total), for $140.0 million, with the remainder available for general corporate purposes.

- We repaid the remainder of our 9% senior notes ($46.4 million) that matured in June 2011.

In January 2011, we reinstated our current quarterly preferred dividend and paid current quarterly preferred dividends in January, May and August 2011. We are restricted from paying any common dividends unless and until all accrued and current preferred dividends are paid. Our Board of Directors will determine whether and when to declare future dividends (including accrued but unpaid preferred dividends) based upon various factors, including operating results, economic conditions, other operation trends, our financial condition and capital requirements, as well as minimum REIT distribution requirements.

Results of Operations

Comparison of the Three Months ended June 30, 2011 and 2010

For the three months ended June 30, 2011, we recorded $51.9 million ($0.42 per share) of net loss attributable to common stockholders compared to $11.9 million ($0.17 per share) of net income attributable to common stockholders for the same period in 2010. Our 2011 net loss included $23.7 million of net losses from debt extinguishment and $12.3 million of impairment charges, which were partially offset by $6.7 million of net gains on asset sales. Our 2010 net income included a $46.1 million gain from debt extinguishment.

In the second quarter of 2011:

- *Total revenue* was $257.4 million, a 12.5% increase compared to the same period in 2010. The increase in revenue is primarily attributed to a 5.3% increase in same store RevPAR (6.2% at our comparable hotels and -3.9% at our hotels marketed for sale), which includes a 1.9% increase in occupancy and a 3.4% increase in ADR and $16.8 million in revenue from our recently-acquired hotels (the Fairmont Copley Plaza, acquired in August 2010, and Royalton and Morgans, acquired in May 2011).

- *Hotel departmental expenses* increased $11.6 million compared to the same period in 2010 due to a combination of higher occupancies and $7.6 million of hotel departmental expenses from our recently-acquired hotels. As a percentage of total revenue, hotel departmental expenses increased from 34.5% to 35.2% compared to the same period in 2010. These changes in departmental expenses as a percent of revenue are primarily due to the mix and nature of the business of the Fairmont Copley Plaza, which receives a significant portion of its revenue from food and beverage operations. Food and beverage revenue generally has much higher expenses as a percent of revenue than room revenue.

- *Other property related costs* increased $6.4 million due to a combination of higher occupancies, and $3.8 million from our recently-acquired hotels. As a percentage of total revenue, these costs remained essentially flat compared to the same period in 2010.

- *Management and franchise fees* increased $879,000 compared to the same period in 2010 due to a combination of higher revenues (which serve as the basis for determining such fees), and $437,000 of management and franchise fees for our recently-acquired hotels. As a percent of total revenue, management and franchise fees remained unchanged from the same period in 2010.

- *Taxes, insurance and lease expense* remained essentially flat compared to the same period in 2010, but decreased as a percentage of total revenue from 10.3% to 9.2% compared to the same period in 2010. Favorable resolution of property tax appeals, reductions in property insurance and improved liability claims experience were offset by $1.1 million of incremental expenses at our recently-acquired hotels.

- *Depreciation and amortization expense* decreased $147,000 compared to the same period in 2010. As a percent of total revenue, depreciation and amortization expense decreased to 13.2% compared to 14.9% for the same period in 2010. Our asset values, the basis from which we calculate depreciation, declined between the end of the second quarter of 2010 and the second quarter of 2011 as a result of impairment charges recorded in late 2010. As a consequence, our second quarter depreciation expense declined from 2010 to 2011. However, this decline was partially offset by $942,000 of depreciation expense related to our recently-acquired hotels.

- *Impairment charges* of $11.7 million relate to three hotels we are currently marketing for sale. The charges are based on revised estimated fair values obtained through the marketing process that were lower than the net book values for these hotels.

- *Net interest expense* decreased $981,000 compared to the same period in 2010, primarily reflecting our lower average interest rate resulting from our recent refinancing activity.

- *Extinguishment of debt.* During the quarter ended June 30, 2011, we redeemed $144 million of our 10% senior notes due in October 2014 and recognized a $27.4 million debt extinguishment charge related to the 10% prepayment premium and the write-off of a *pro rata* portion of the related debt discount and deferred loan costs, all of which was partially offset by a $3.7 million extinguishment gain on a refinanced mortgage note.

- *Discontinued operations* relates to three hotels sold in May 2011 and three hotels held for sale at June 30, 2011. We recorded net gains of $6.7 million from the hotel sales and recorded an impairment charge of $598,000 (primarily related to anticipated selling costs) with respect to one hotel held for sale.

Comparison of the Six Months ended June 30, 2011 and 2010

For the six months ended June 30, 2011, we recorded $93.3 million, ($0.85 per share) of net loss attributable to common stockholders compared to $60.1 million ($0.92 per share) of net loss attributable to common stockholders for the same period in 2010. Our 2011 net loss included $24.0 million of net losses from debt extinguishment and $12.3 million of impairment charges, which were partially offset by $6.7 million of net gains on asset sales. Our 2010 net loss included a $46.1 million gain from debt extinguishment and $21.1 million of impairment charges.

In the six months ended June 30, 2011:

- *Total revenue* was $483.1 million, a 10.5% increase compared to the same period in 2010. The increase in revenue is primarily attributed to a 5.7% increase in same store RevPAR (6.0% at our comparable hotels and 1.9% at our hotels marketed for sale), which includes a 1.9% increase in occupancy and a 3.7% increase in ADR and $23.5 million in revenue from our recently-acquired hotels.

- *Hotel departmental expenses* increased $19.2 million compared to the same period in 2010 due to a combination of higher occupancies and $12.2 million of hotel departmental expenses from our recently-acquired hotels. As a percentage of total revenue, hotel departmental expenses increased from 35.2% to 35.8% compared to the same period in 2010. These changes in departmental expenses as a percent of revenue are primarily due to the mix and nature of the business of the Fairmont Copley Plaza, which receives a significant portion of its revenue from food and beverage operations. Food and beverage revenue generally has much higher expenses as a percent of revenue than room revenue.

- *Other property related costs* increased $13.1 million due to a combination of higher occupancies and $6.4 million from our recently-acquired hotels. As a percentage of total revenue, they remained essentially flat compared to the same period in 2010.

- *Management and franchise fees* increased $1.6 million compared to the same period in 2010 due to a combination of higher revenues (which serve as the basis for determining such fees) and $639,000 of management and franchise fees for our recently-acquired hotels. As a percent of total revenue, management and franchise fees remained unchanged from the same period in 2010.

- *Taxes, insurance and lease expense* decreased $1.6 million compared to the same period in 2010. As a percent of total revenue, taxes, insurance and lease expense decreased to 9.0% compared to 10.4% for the same period in 2010. Decreases in property insurance, estimated Canadian taxes, favorable resolution of property tax appeals, and improved liability claims experience were partially offset by $1.8 million of incremental expenses at our recently-acquired hotels.

- *Depreciation and amortization expense* decreased $778,000 compared to the same period in 2010. As a percent of total revenue, depreciation and amortization expense decreased to 14.0% compared to 15.7% for the same period in 2010. Our asset values, the basis from which we calculate depreciation, declined between the end of the second quarter of 2010 and the second quarter of 2011 as a result of impairment charges recorded in late 2010. As a consequence, our depreciation expense in the first six months of the year declined from 2010 to 2011. However, this decline was partially offset by $1.6 million of depreciation expense related to our recently-acquired hotels.

- *Impairment charges* of $11.7 million relate to three hotels we are currently marketing for sale. The charges are based on revised estimated fair values obtained through the marketing process that were lower than the net book values for these hotels.

- *Net interest expense* decreased $2.2 million compared to the same period in 2010, primarily reflecting our lower average debt.

- *Extinguishment of debt.* During the six months ended June 30, 2011, we redeemed $144 million of our 10% senior notes due in October 2014 and recognized a $27.4 million debt extinguishment charge related to the 10% prepayment premium and the write-off of a *pro rata* portion of the debt discount and deferred loan costs, all of which was partially offset by a $3.7 million extinguishment gain on a refinanced mortgage note.

- *Discontinued operations* relates to three hotels sold in May 2011 and three hotels held for sale as of June 30, 2011. We recorded net gains of $6.7 million from the hotel sales and recorded an impairment charge of $598,000 (primarily related to anticipated selling costs) with respect to one hotel held for sale. In 2010, we recorded impairment charges of $21.1 million on hotels disposed in 2010.

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.

The following table details our computation of FFO and Adjusted FFO (in thousands, except for per share data):

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

	Three Months Ended June 30,					
	2011			2010		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net income (loss)	$ (42,397)			$ 21,990		
Noncontrolling interests	132			(376)		
Preferred dividends	(9,678)			(9,678)		
Net income (loss) attributable to FelCor common stockholders	(51,943)			11,936		
Less: undistributed earnings allocated to unvested restricted stock	—			(352)		
Numerator for basic and diluted income (loss) attributable to common stockholders	(51,943)	122,992	(0.42)	11,584	66,531	0.17
Depreciation and amortization	34,011	—	0.26	34,158	—	0.50
Depreciation, discontinued operations and unconsolidated entities	4,402	—	0.04	6,566	—	0.10
Gain on sale of hotels, net	(6,660)	—	(0.05)	—	—	—
Gain on involuntary conversion, net	(21)	—	—	—	—	—
Noncontrolling interests in FelCor LP	(183)	433	—	51	295	—
Undistributed earnings allocated to unvested restricted stock	—	—	—	352	—	0.01
Conversion of options and unvested restricted stock	—	—	—	—	828	—
FFO	(20,394)	123,425	(0.17)	52,711	67,654	0.78
Impairment loss	11,706	—	0.09	—	—	—
Impairment loss, discontinued operations	598	—	—	—	—	—
Acquisition costs	827	—	0.01	—	—	—
Debt extinguishment, including discontinued operations	23,710	—	0.19	(46,060)	—	(0.68)
Conversion of options and unvested restricted stock	—	855	0.01	—	—	—
Adjusted FFO	$ 16,447	124,280	$ 0.13	$ 6,651	67,654	$ 0.10

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

	Six Months Ended June 30,					
	2011			2010		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net loss	$ (74,123)			$ (40,952)		
Noncontrolling interests	194			178		
Preferred dividends	(19,356)			(19,356)		
Numerator for basic and diluted loss attributable to common stockholders	(93,285)	109,249	(0.85)	(60,130)	65,014	(0.92)
Depreciation and amortization	67,861	—	0.61	68,639	—	1.04
Depreciation, discontinued operations and unconsolidated entities	9,448	—	0.09	13,346	—	0.21
Noncontrolling interests in FelCor LP	(303)	359	—	(274)	295	—
Gain on sale of hotels, net	(6,660)	—	(0.06)	—	—	—
Gain on involuntary conversion, net	(171)	—	—	—	—	—
Gain on sale of unconsolidated entities	—	—	—	(559)	—	(0.01)
Conversion of options and unvested restricted stock	—	—	—	—	651	—
FFO	(23,110)	109,608	(0.21)	21,022	65,960	0.32
Impairment loss	11,706	—	0.11	—	—	—
Impairment loss, discontinued operations	598	—	0.01	21,060	—	0.32
Acquisition costs	946	—	0.01	—	—	—
Debt extinguishment, including discontinued operations	23,961	—	0.22	(46,060)	—	(0.70)
Conversion of options and unvested restricted stock	—	860	(0.01)	—	(651)	—
Adjusted FFO	$ 14,101	110,468	$ 0.13	$ (3,978)	65,309	$ (0.06)

The following table details our computation of EBITDA, Adjusted EBITDA, and Hotel EBITDA (in thousands):

Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA, and Hotel EBITDA
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Net income (loss)	$ (42,397)	$ 21,990	$ (74,123)	$ (40,952)
Depreciation and amortization	34,011	34,158	67,861	68,639
Depreciation, discontinued operations and unconsolidated entities	4,402	6,566	9,448	13,346
Interest expense	34,928	35,952	68,442	70,782
Interest expense, discontinued operations and unconsolidated entities	1,462	2,529	2,964	5,543
Amortization of stock compensation	1,774	1,642	3,577	3,257
Noncontrolling interests in other partnerships	(51)	(325)	(109)	(96)
EBITDA	34,129	102,512	78,060	120,519
Impairment loss	11,706	—	11,706	—
Impairment loss, discontinued operations	598	—	598	21,060
Debt extinguishment, including discontinued operations	23,710	(46,060)	23,961	(46,060)
Acquisition costs	827	—	946	—
Gain on sale of hotels, net	(6,660)	—	(6,660)	—
Gain on involuntary conversion, net	(21)	—	(171)	—
Gain on sale of unconsolidated subsidiary	—	—	—	(559)
Adjusted EBITDA	64,289	56,452	108,440	94,960
Other revenue	(1,011)	(1,007)	(1,236)	(1,372)
Adjusted EBITDA from acquired hotels[(a)]	(567)	2,394	(567)	315
Equity in income from unconsolidated subsidiaries (excluding interest and depreciation)	(4,947)	(4,874)	(8,287)	(7,857)
Noncontrolling interests in other partnerships (excluding interest and depreciation)	610	935	1,237	1,327
Consolidated hotel lease expense	10,497	10,015	18,801	17,773
Unconsolidated taxes, insurance and lease expense	(1,753)	(1,671)	(3,436)	(3,363)
Interest income	(53)	(96)	(94)	(200)
Other expenses (excluding acquisition costs)	789	801	1,301	1,362
Corporate expenses (excluding amortization expense of stock compensation)	5,136	4,868	12,870	13,100
Adjusted EBITDA from discontinued operations	(2,134)	(4,149)	(5,156)	(6,060)
Hotel EBITDA	$ 70,856	$ 63,668	$ 123,873	$ 109,985

(a) For same-store metrics, we have included the hotel acquired in August 2010 and excluded the two hotels acquired in May 2011 for all periods presented.

The following tables detail our computation of Hotel EBITDA, Hotel EBITDA margin, hotel operating expenses on our same-store hotels, and includes the reconciliation of hotel operating expenses to total operating expenses with respect to our Consolidated Hotels at the dates presented.

Hotel EBITDA and Hotel EBITDA Margin
(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Total revenues	$ 257,366	$ 228,711	$ 483,084	$ 437,136
Other revenue	(1,011)	(1,007)	(1,236)	(1,372)
Hotel operating revenue	256,355	227,704	481,848	435,764
Revenue from acquired hotels[(a)]	(3,343)	12,034	(3,343)	17,889
Same-store hotel operating revenue	253,012	239,738	478,505	453,653
Same-store hotel operating expenses	(182,156)	(176,070)	(354,632)	(343,668)
Hotel EBITDA	$ 70,856	$ 63,668	$ 123,873	$ 109,985
Hotel EBITDA margin[(b)]	28.0%	26.6%	25.9%	24.2%

(a) For same-store metrics, we have included the hotel acquired in August 2010 and excluded the two hotels acquired in May 2011 for all periods presented.
(b) Hotel EBITDA as a percentage of same-store hotel operating revenue.

Reconciliation of Total Operating Expenses to Same-store Hotel Operating Expenses
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Total operating expenses	$ 247,919	$ 216,243	$ 471,034	$ 426,862
Unconsolidated taxes, insurance and lease expense	1,753	1,671	3,436	3,363
Consolidated hotel lease expense	(10,497)	(10,015)	(18,801)	(17,773)
Corporate expenses	(6,910)	(6,510)	(16,447)	(16,357)
Depreciation and amortization	(34,011)	(34,158)	(67,861)	(68,639)
Impairment loss	(11,706)	—	(11,706)	—
Other expenses	(1,616)	(801)	(2,247)	(1,362)
Expenses from acquired hotels[(a)]	(2,776)	9,640	(2,776)	17,574
Same-store hotel operating expenses	$ 182,156	$ 176,070	$ 354,632	$ 343,668

(a) For same-store metrics, we have included the hotel acquired in August 2010 and excluded the two hotels acquired in May 2011 for all periods presented.

Reconciliation of Ratio of Operating Income to Total Revenues to Hotel EBITDA Margin

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Ratio of operating income to total revenues	3.7%	5.5%	2.5%	2.4%
Other revenue	(0.4)	(0.4)	(0.3)	(0.3)
Revenue from acquired hotels[a]	(1.1)	4.8	(0.5)	3.8
Unconsolidated taxes, insurance and lease expense	(0.7)	(0.7)	(0.7)	(0.7)
Consolidated hotel lease expense	4.1	4.2	3.9	3.9
Other expenses	0.6	0.3	0.5	0.3
Corporate expenses	2.7	2.7	3.4	3.6
Depreciation and amortization	13.4	14.2	14.1	15.1
Impairment loss	4.6	—	2.4	—
Expenses from acquired hotels[a]	1.1	(4.0)	0.6	(3.9)
Hotel EBITDA margin	28.0%	26.6%	25.9%	24.2%

(a) For same-store metrics, we have included the hotel acquired in August 2010 and excluded the two hotels acquired in May 2011 for all periods presented.

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 White Paper on Funds From Operations approved by the Board of Governors of 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 and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO 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, including but not limited to those described below, 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 debt extinguishment and interest rate swaps* - We exclude gains and losses related to debt extinguishment 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.
- *Impairment losses* - We exclude the effect of impairment losses and gains or losses on disposition of assets in computing Adjusted FFO and Adjusted EBITDA because we believe that including these is not consistent with reflecting the ongoing performance of our remaining assets. Additionally, we believe that impairment charges and gains or losses on disposition of assets represent accelerated depreciation, or excess depreciation, and depreciation is excluded from FFO by the NAREIT definition and 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.

In addition, to derive Adjusted EBITDA we exclude gains or losses on the sale of depreciable assets because we believe that including them in EBITDA is not consistent with reflecting the ongoing performance of our remaining assets. Additionally, the gain or loss on sale of depreciable assets represents either accelerated depreciation or excess depreciation in previous periods, and depreciation is excluded from EBITDA.

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 operating 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 used by us 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 by eliminating from continuing operations all revenues and expenses not directly associated with hotel operations including but not limited to corporate-level expenses; impairment losses; gains or losses on disposition of assets; and gains and losses related to extinguishment of debt. We eliminate corporate-level costs and expenses 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 exclude the effect of impairment losses, gains or losses on disposition of assets, and gains or losses related to extinguishment of debt because we believe that including these is not consistent with reflecting the ongoing performance of our remaining assets. 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 hotels. Hotel EBITDA and Hotel EBITDA margins are presented on a same-store basis.

Limitations of Non-GAAP Measures

Our management and Board of Directors use Hotel EBITDA and Hotel EBITDA margin to evaluate the performance of our hotels and to facilitate comparisons between us and other hotel owners, in evaluating hotel-level performance and the operating efficiency of our hotel managers.

The use of these non-GAAP financial measures has certain limitations. Hotel EBITDA and Hotel EBITDA margin, as presented by us, may not be comparable to these measures as calculated by other companies. These measures do not reflect certain expenses that we incurred and will incur, such as depreciation and amortization, 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. Hotel EBITDA and Hotel EBITDA margin 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. We strongly encourage 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, 2011, 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, 2011
Consolidated Hotels	77	22,192
Unconsolidated hotel operations	1	171
Total hotels	78	22,363
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		20,468

Hotel Portfolio Composition

The following table illustrates the distribution of comparable hotels (this excludes eight hotels in continuing operations that are currently being marketed for sale, as well as Royalton and Morgans, which were acquired in May 2011).

Brand	Hotels	Rooms	% of Total Rooms	% of 2010 Hotel EBITDA[(a)]
Embassy Suites Hotels	37	9,757	50	58
Holiday Inn	13	4,338	22	19
Doubletree and Hilton	8	1,856	10	10
Sheraton and Westin	5	1,858	9	8
Renaissance and Marriott	3	1,321	7	3
Fairmont	1	383	2	2 [(b)]
Market				
South Florida	5	1,439	7	8
Los Angeles area	4	899	5	7
San Francisco area	6	2,138	11	7
Boston	3	915	5	5
Atlanta	3	952	5	5
Philadelphia	2	729	4	4
Central California Coast	2	408	2	4
Myrtle Beach	2	640	3	4
New Orleans	2	744	4	4
San Antonio	3	874	5	4
Orlando	3	761	4	4
Minneapolis	2	528	3	4
San Diego	1	600	3	3
Dallas	2	784	4	3
Other	27	7,102	35	34
Location				
Urban	18	5,919	30	33
Suburban	25	6,158	32	28
Airport	14	4,509	23	22
Resort	10	2,927	15	17

(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) Represents Hotel EBITDA from date of acquisition (August 2010).

Hotel Operating Statistics

The following tables set forth occupancy, ADR and RevPAR for the three and six months ended June 30, 2011 and 2010, and the percentage changes therein for the periods presented, for our same-store Consolidated Hotels (excluding Morgans and Royalton, which were acquired in May 2011) included in continuing operations.

Operating Statistics by Brand

Occupancy (%)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**%Variance**	**2011**	**2010**	**%Variance**
Embassy Suites Hotels	78.7	76.6	2.8	75.5	73.9	2.2
Holiday Inn	79.2	78.1	1.4	74.0	73.8	0.3
Doubletree and Hilton	75.9	75.5	0.5	69.7	69.5	0.3
Sheraton and Westin	71.2	70.0	1.7	69.1	67.3	2.7
Renaissance and Marriott	72.8	67.8	7.4	71.9	66.6	8.0
Fairmont	84.1	84.6	(0.6)	68.6	68.2	0.6
Comparable hotels	**77.6**	**75.8**	**2.4**	**73.6**	**72.2**	**2.0**
Hotels marketed for sale	66.0	67.8	(2.7)	67.2	66.4	1.1
Total same-store hotels	76.3	74.9	1.9	72.9	71.6	1.9

ADR ($)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**%Variance**	**2011**	**2010**	**%Variance**
Embassy Suites Hotels	129.86	127.12	2.2	131.46	129.48	1.5
Holiday Inn	122.69	116.33	5.5	116.89	110.29	6.0
Doubletree and Hilton	126.28	118.61	6.5	126.72	116.83	8.5
Sheraton and Westin	109.05	106.79	2.1	109.94	105.45	4.3
Renaissance and Marriott	177.78	168.37	5.6	187.10	175.96	6.3
Fairmont	268.90	253.54	6.1	242.34	223.61	8.4
Comparable hotels	**131.86**	**127.13**	**3.7**	**131.29**	**126.25**	**4.0**
Hotels marketed for sale	108.91	110.28	(1.2)	111.62	110.79	0.7
Total same-store hotels	129.68	125.45	3.4	129.30	124.68	3.7

RevPAR ($)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**%Variance**	**2011**	**2010**	**%Variance**
Embassy Suites Hotels	102.22	97.32	5.0	99.25	95.63	3.8
Holiday Inn	97.16	90.86	6.9	86.51	81.39	6.3
Doubletree and Hilton	95.82	89.51	7.1	88.29	81.16	8.8
Sheraton and Westin	77.64	74.75	3.9	75.98	70.99	7.0
Renaissance and Marriott	129.46	114.15	13.4	134.50	117.12	14.8
Fairmont	226.12	214.52	5.4	166.30	152.56	9.0
Comparable hotels	**102.28**	**96.34**	**6.2**	**96.68**	**91.19**	**6.0**
Hotels marketed for sale	71.87	74.76	(3.9)	74.96	73.57	1.9
Total same-store hotels	98.94	93.97	5.3	94.29	89.25	5.7

Comparable Hotels[a] Operating Statistics for Our Top Markets

	Occupancy (%)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	%Variance	2011	2010	%Variance
South Florida	76.5	75.6	1.2	79.8	80.3	(0.6)
Los Angeles area	83.0	77.7	6.9	78.4	74.1	5.8
San Francisco area	80.7	78.8	2.4	74.5	72.1	3.4
Boston	84.2	84.9	(0.8)	76.4	75.7	0.9
Atlanta	79.4	76.8	3.4	77.1	76.3	1.2
Philadelphia	82.4	80.4	2.5	70.2	70.5	(0.4)
Central California Coast	76.3	80.4	(5.1)	72.5	75.1	(3.5)
Myrtle Beach	72.8	73.4	(0.9)	56.9	58.9	(3.4)
New Orleans	79.0	73.7	7.2	74.5	71.2	4.6
San Antonio	75.6	76.7	(1.5)	74.8	75.7	(1.3)
Orlando	82.5	77.9	5.9	84.2	82.7	1.7
Minneapolis	78.9	77.6	1.7	77.1	73.7	4.6
San Diego	79.3	78.8	0.7	76.6	75.2	1.9
Dallas	64.4	64.7	(0.5)	67.0	63.1	6.2
	ADR ($)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	%Variance	2011	2010	%Variance
South Florida	120.27	114.69	4.9	139.85	140.49	(0.5)
Los Angeles area	139.67	136.03	2.7	139.01	134.27	3.5
San Francisco area	139.78	129.18	8.2	137.18	126.28	8.6
Boston	204.13	188.61	8.2	178.61	166.41	7.3
Atlanta	103.22	102.77	0.4	104.98	103.81	1.1
Philadelphia	140.67	131.80	6.7	133.90	123.10	8.8
Central California Coast	152.74	157.51	(3.0)	143.86	148.58	(3.2)
Myrtle Beach	154.56	144.16	7.2	134.64	126.35	6.6
New Orleans	140.19	128.85	8.8	141.64	130.57	8.5
San Antonio	94.20	98.55	(4.4)	94.70	98.44	(3.8)
Orlando	110.99	107.63	3.1	116.33	111.12	4.7
Minneapolis	131.30	125.63	4.5	125.85	124.06	1.4
San Diego	113.59	118.10	(3.8)	117.64	116.68	0.8
Dallas	106.50	110.58	(3.7)	114.77	111.42	3.0
	RevPAR ($)					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	%Variance	2011	2010	%Variance
South Florida	92.00	86.68	6.1	111.65	112.86	(1.1)
Los Angeles area	115.90	105.64	9.7	108.99	99.47	9.6
San Francisco area	112.77	101.79	10.8	102.20	91.00	12.3
Boston	171.97	160.18	7.4	136.54	126.04	8.3
Atlanta	81.95	78.94	3.8	80.99	79.16	2.3
Philadelphia	115.84	105.94	9.3	93.93	86.74	8.3
Central California Coast	116.55	126.61	(7.9)	104.25	111.55	(6.5)
Myrtle Beach	112.44	105.87	6.2	76.58	74.38	3.0
New Orleans	110.77	94.97	16.6	105.57	93.01	13.5
San Antonio	71.21	75.62	(5.8)	70.80	74.55	(5.0)
Orlando	91.61	83.87	9.2	97.89	91.94	6.5
Minneapolis	103.56	97.47	6.2	97.01	91.39	6.1
San Diego	90.14	93.04	(3.1)	90.11	87.71	2.7
Dallas	68.55	71.55	(4.2)	76.96	70.36	9.4

(a) Excludes eight hotels in continuing operations that are currently being marketed for sale, as well as Royalton and Morgans, which were acquired in May 2011.

Hotel Portfolio

The following table sets forth certain descriptive information regarding the hotels in which we held ownership interest at June 30, 2011.

Comparable Hotels [(a)]	Brand	State	Rooms	% Owned [(b)]
Birmingham	Embassy Suites Hotel	AL	242	
Phoenix – Biltmore	Embassy Suites Hotel	AZ	232	
Anaheim – North	Embassy Suites Hotel	CA	222	
Dana Point – Doheny Beach	Doubletree Guest Suites	CA	196	
Indian Wells – Esmeralda Resort & Spa	Renaissance Resort	CA	560	
Los Angeles – International Airport/South	Embassy Suites Hotel	CA	349	
Milpitas – Silicon Valley	Embassy Suites Hotel	CA	266	
Napa Valley	Embassy Suites Hotel	CA	205	
Oxnard – Mandalay Beach – Hotel & Resort	Embassy Suites Hotel	CA	248	
San Diego – On the Bay	Holiday Inn	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	
San Rafael – Marin County	Embassy Suites Hotel	CA	235	50%
Santa Barbara – Goleta	Holiday Inn	CA	160	
Santa Monica Beach – at the Pier	Holiday Inn	CA	132	
Wilmington	Doubletree	DE	244	90%
Boca Raton	Embassy Suites Hotel	FL	263	
Deerfield Beach – Resort & Spa	Embassy Suites Hotel	FL	244	
Ft. Lauderdale – 17th Street	Embassy Suites Hotel	FL	361	
Ft. Lauderdale – Cypress Creek	Sheraton Suites	FL	253	
Miami – International Airport	Embassy Suites Hotel	FL	318	
Orlando – International Airport	Holiday Inn	FL	288	
Orlando – International Drive South/Convention	Embassy Suites Hotel	FL	244	
Orlando – Walt Disney World Resort	Doubletree Guest Suites	FL	229	
St. Petersburg – Vinoy Resort & Golf Club	Renaissance Resort	FL	361	
Tampa – Tampa Bay	Doubletree Guest Suites	FL	203	
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%
Indianapolis – North	Embassy Suites Hotel	IN	221	82%
Kansas City – Overland Park	Embassy Suites Hotel	KS	199	50%
Baton Rouge	Embassy Suites Hotel	LA	223	
New Orleans – Convention Center	Embassy Suites Hotel	LA	370	
New Orleans – French Quarter	Holiday Inn	LA	374	
Boston – at Beacon Hill	Holiday Inn	MA	303	
Boston – Copley Plaza	Fairmont	MA	383	
Boston – Marlborough	Embassy Suites Hotel	MA	229	
Baltimore – at BWI Airport	Embassy Suites Hotel	MD	251	90%
Bloomington	Embassy Suites Hotel	MN	218	
Minneapolis – Airport	Embassy Suites Hotel	MN	310	
Kansas City – Plaza	Embassy Suites Hotel	MO	266	50%
Charlotte	Embassy Suites Hotel	NC	274	50%

Hotel Portfolio (continued)

Comparable Hotels [a]	Brand	State	Rooms	% Owned [b]
Charlotte – SouthPark	Doubletree Guest Suites	NC	208	
Raleigh/Durham	Doubletree Guest Suites	NC	203	
Raleigh – Crabtree	Embassy Suites Hotel	NC	225	50%
Parsippany	Embassy Suites Hotel	NJ	274	50%
Secaucus – Meadowlands	Embassy Suites Hotel	NJ	261	50%
Philadelphia – Historic District	Holiday Inn	PA	364	
Philadelphia – Society Hill	Sheraton	PA	365	
Pittsburgh – at University Center (Oakland)	Holiday Inn	PA	251	
Charleston – Mills House	Holiday Inn	SC	214	
Myrtle Beach – Oceanfront Resort	Embassy Suites Hotel	SC	255	
Myrtle Beach Resort	Hilton	SC	385	
Nashville – Airport – Opryland Area	Embassy Suites Hotel	TN	296	
Nashville – Opryland – Airport (Briley Parkway)	Holiday Inn	TN	383	
Austin	Doubletree Guest Suites	TX	188	90%
Austin – Central	Embassy Suites Hotel	TX	260	50%
Dallas – Love Field	Embassy Suites Hotel	TX	248	
Dallas – Park Central	Westin	TX	536	60%
Houston – Medical Center	Holiday Inn	TX	287	
San Antonio – International Airport	Embassy Suites Hotel	TX	261	50%
San Antonio – International Airport	Holiday Inn	TX	397	
San Antonio – NW I-10	Embassy Suites Hotel	TX	216	50%
Burlington Hotel & Conference Center	Sheraton	VT	309	
Hotels Acquired in 2011				
Morgans New York	Morgans Hotel	NY	114	
Royalton New York	Morgans Hotel	NY	168	
Hotels Marketed for Sale				
Phoenix – Crescent	Sheraton	AZ	342	
Jacksonville – Baymeadows	Embassy Suites Hotel	FL	277	
Atlanta – Airport	Embassy Suites Hotel	GA	232	
Atlanta – Galleria	Sheraton Suites	GA	278	
St. Paul – Downtown	Embassy Suites Hotel	MN	208	
Dallas – Market Center	Embassy Suites Hotel	TX	244	
Canada				
Toronto – Airport	Holiday Inn	Ontario	446	
Toronto – Yorkdale	Holiday Inn	Ontario	370	
Hotels in Discontinued Operations				
Orlando– North[c]	Embassy Suites Hotel	FL	277	
Corpus Christi[c]	Embassy Suites Hotel	TX	150	
Dallas – DFW International Airport South[c]	Embassy Suites Hotel	TX	305	
Unconsolidated Hotel				
New Orleans – French Quarter – Chateau LeMoyne	Holiday Inn	LA	171	50%

(a) Excludes eight hotels in continuing operations that are currently being marketed for sale, three hotels in discontinued operations and two hotels acquired in May 2011.
(b) We own 100% of the real estate interests unless otherwise noted.
(c) This hotel was sold after June 30, 2011.

Liquidity and Capital Resources

Operating Activities

During the first six months of 2011, cash provided by operating activities (primarily hotel operations) was $14.5 million ($18.7 million from continuing operations), $26.7 million less than the same period in 2010. This decrease is due primarily to an $8.5 million payment of liquidated damages to IHG with respect to our 2009 sale of two IHG-managed hotels, increased hotel-level employee bonus payments and decreases in other accrued liabilities, which offset increased cash from hotel operations. At June 30, 2011, we had $231.0 million of cash and cash equivalents, including $47.4 million held under management agreements to meet working capital needs.

The lodging recovery that began in 2010 is continuing in 2011. ADR and occupancy have improved significantly in the first six months of 2011, resulting in a 5.7% increase in our RevPAR (6.0% at our comparable hotels and 1.9% at our hotels marketed for sale). We expect our RevPAR for the year will increase by 6% to 7.5% compared to 2010, assuming continued occupancy and ADR growth. We expect to generate $52 million to $58 million of cash from operating activities in 2011.

We are subject to increases in hotel operating expenses, including wages and benefits, repair and maintenance, utilities and insurance, that can fluctuate disproportionately to revenues. Some of these operating expenses are difficult to predict and control, which lends volatility to our operating results. From 2008 to 2010, we implemented extensive cost containment initiatives at our hotels, including reducing headcount and improving productivity and energy efficiency. Our 2011 hotel cost per occupied room remains more than $3 below our 2008 levels. If RevPAR decreases and/or Hotel EBITDA margins shrink, our operations, earnings and/or cash flow could be materially adversely affected.

Investing Activities

During the first six months of 2011, cash used in investing activities increased $75.0 million compared to the same period in 2010 due primarily to our purchase of Royalton and Morgans and increased 2011 capital expenditures, which were partially offset by $52.1 million of proceeds from hotel sales. In the first six months of 2011, we completed approximately $35.2 million of capital improvements at our hotels, and we expect to spend approximately $45 million in non-discretionary capital and $35 million to $40 million in discretionary capital, in total, in 2011 (including more than $20 million at the Fairmont Copley Plaza), which investments will be funded from operating cash flow or cash on hand.

In May 2011, we acquired Royalton and Morgans. The hotels require limited initial capital (both hotels are in excellent condition and were recently renovated).

As part of our strategic plan, we intend to sell non-strategic hotels that do not meet our investment criteria, thereby freeing our capital for redeployment (*e.g.*, reduce overall leverage, acquire other hotels and invest in remaining FelCor properties that generate a higher return on invested capital). We began marketing 14 hotels for sale during the fourth quarter of 2010, and we expect to sell most of these hotels during 2011. Through July 2011, we have sold six of these hotels for approximately $100 million in aggregate gross proceeds and have agreements to sell, or are negotiating contracts to sell, five additional hotels. We have also identified 21 additional non-strategic hotels. We will continue to monitor the transaction environment and will bring these additional hotels to market at the appropriate time.

Financing Activities

During the first six months of 2011, cash provided by financing activities increased by $113.7 million compared to the same period in 2010, due primarily to issuance of our 6.75% senior notes, repayment of $46.4 million of our maturing 9% senior notes, the repayment of $7.3 million of secured debt, repayment of $45.3 million of secured debt from proceeds of hotel sales and payment of preferred dividends in 2011. We expect to pay approximately $7 million in normally occurring principal payments and $39 million in preferred dividends in 2011, which payments will be funded from operating cash flow or cash on hand. We expect to repay, refinance or extend the remaining debt maturing in 2011.

In January 2011, we reinstated our current quarterly preferred dividend and paid current quarterly dividends in January, April and August 2011. We are restricted from paying any common dividends unless and until all accrued and current preferred dividends are paid. Our Board of Directors will determine whether and when to declare future dividends (including the accrued but unpaid preferred dividends) based upon various factors, including operating results, economic conditions, other operation trends, our financial condition and capital requirements, as well as minimum REIT distribution requirements. We had $76.3 million of aggregate accrued dividends payable to holders of our Series A and Series C preferred stock at June 30, 2011.

Senior Secured Notes Offering. In May 2011, our wholly-owned subsidiary issued $525.0 million in aggregate principal amount of its 6.75% senior secured notes due 2019. Net proceeds after initial purchasers' discount and expenses were approximately $511 million, a portion of which was used to purchase Royalton and Morgans, with the remainder available for general corporate purposes.

Common Stock Offering. In April 2011, we raised approximately $158 million in net proceeds from a public offering of 27.6 million shares of our common stock. Net proceeds from this offering, after underwriting discounts and commissions, were used to redeem $144 million of our 10% senior notes for $158 million.

Line of credit. In March 2011, we established a $225.0 million secured line of credit. At the same time, we repaid a $198.3 million secured loan and a $28.8 million secured loan, with a combination of $52.1 million of cash on hand and funds drawn under the new line of credit (all of which has subsequently been repaid). The repaid loans would have matured in 2013 and 2012 (including extensions), respectively, and were secured by mortgages on 11 hotels. Those same hotels secure repayment of amounts outstanding under the line of credit. The credit facility bears interest at LIBOR, plus 4.5%, with no LIBOR floor.

Secured Debt. At June 30, 2011, we had a total of $1.6 billion of consolidated secured debt with 64 encumbered consolidated hotels having a $1.9 billion aggregate net book value.

In May 2011, we repaid loans aggregating $45.3 million secured by two hotels, when we sold the hotels.

In June 2011, we repaid (at maturity) a $7.3 million loan that was secured by one hotel.

In June 2011, we obtained a $24.0 million loan to refinance a loan secured by one hotel. The old loan balance was $27.8 million and provided that, upon refinancing, $3.8 million of the loan would be forgiven. We recognized a $3.7 million net gain from extinguishment of debt in connection with the refinancing.

Except in the case of 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, which 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 in cases where a specified debt service coverage ratio is not met. With the exception of one note, 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 meet the REIT qualification test; (iii) repurchase capital stock; or (iv) merge. At June 30, 2011, we exceeded the relevant 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, payment of our senior notes are secured by combinations of first lien mortgages and related security interests and/or negative pledges on up to 14 hotels (for our 10% notes) and six hotels (for our 6.75% notes), and pledges of equity interests in certain subsidiaries of FelCor LP.

In June 2011, we repaid the remaining outstanding $46.4 million of our 9% senior notes when they matured.

In June 2011, we redeemed $144 million in aggregate principal of our 10% senior notes using $158 million of net proceeds of our recent equity offering. Under the terms of the indenture governing the redeemed notes, the redemption price was 110% of the principal amount of the redeemed notes, together with accrued and unpaid interest thereon to the redemption date. We recognized a $27.4 million debt extinguishment charge related to the prepayment premium and the write-off of a *pro rata* portion of the related debt discount and deferred loan costs.

Interest Rate Caps. To fulfill requirements under certain loans, we entered into interest rate cap agreements with aggregate notional amounts of $462.0 million and $639.2 million at June 30, 2011 and December 31, 2010, respectively. These interest rate caps were not designated as hedges and had insignificant fair values at both June 30, 2011 and December 31, 2010, resulting in no significant net earnings impact.

Inflation

Operators of hotels, in general, possess the ability to adjust room rates daily to reflect the effects of inflation. Competition 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, 2011, approximately 73% of our consolidated debt had fixed interest rates.

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, 2011
(dollars in thousands)

	Expected Maturity Date							
	2011	**2012**	**2013**	**2014**	**2015**	**Thereafter**	**Total**	**Fair Value**
Liabilities								
Fixed-rate:								
Debt	$ 2,769	$ 4,571	$ 4,949	$660,708	$ 564	$ 533,813	$ 1,207,374	$1,283,004
Average interest rate	7.97%	7.68%	7.70%	9.52%	5.81%	6.73%	8.27%	
Floating-rate:								
Debt	205,886	24,825	978	1,083	208,700	—	441,472	$ 437,593
Average interest rate [(a)]	1.27%	2.35%	8.10%	8.10%	8.58%	—	4.82%	
Total debt	$208,655	$29,396	$ 5,927	$661,791	$ 209,264	$ 533,813	$ 1,648,846	
Average interest rate	1.36%	3.18%	7.76%	9.52%	8.57%	6.73%	7.34%	
Net discount							(36,740)	
Total debt							$ 1,612,106	

(a) The average floating interest rate represents the implied forward rates in the yield curve at June 30, 2011.

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
4.1	Indenture, dated as of May 10, 2011, by and between FelCor Escrow Holdings, L.L.C. and Wilmington Trust Company, as trustee, and Deutsche Bank Trust Company Americas, as Collateral Agent, Registrar and Paying Agent (filed as Exhibit 4.1 to FelCor Lodging Trust Incorporated's Current Report on Form 8-K dated May 23, 2011 ("FelCor's May 23, 2011, 8-K") and included herein by reference).
4.2	First Supplemental Indenture, dated as of May 23, 2011, by and among FelCor Escrow Holdings, L.L.C., FelCor Lodging Limited Partnership, FelCor Lodging Trust Incorporated, certain of their subsidiaries, as guarantors, and Wilmington Trust Company, as trustee, and Deutsche Bank Trust Company Americas, as Collateral Agent, Registrar and Paying Agent (filed as Exhibit 4.2 to FelCor's May 23, 2011, 8-K and included herein by reference).
4.3	Registration Rights Agreement, dated May 10, 2011, among FelCor Lodging Limited Partnership, FelCor Lodging Trust Incorporated, the subsidiary guarantors named therein, and J.P. Morgan Securities LLC (filed as Exhibit 4.3 to FelCor's May 23, 2011, 8-K and included herein by reference).
4.4	Fourth Supplemental Indenture, dated as of March 3, 2011, by and among FelCor Lodging Trust Incorporated, FelCor Lodging Limited Partnership, certain of their subsidiaries, as guarantors, and U.S. Bank National Association, as trustee (filed as Exhibit 4.4 to FelCor's May 23, 2011, 8-K and included herein by reference).
4.5	Fifth Supplemental Indenture, dated as of May 23, 2011, by and among FelCor Lodging Trust Incorporated, FelCor Lodging Limited Partnership, certain of their subsidiaries, as guarantors, and U.S. Bank National Association, as trustee (filed as Exhibit 4.5 to FelCor's May 23, 2011, 8-K and included herein by reference).
10.1	Form of [Fee and] Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (filed as Exhibit 4.2 to FelCor's May 23, 2011, 8-K and included herein by reference).
10.2	Pledge Agreement, dated as of May 23, 2011, among FelCor Lodging Limited Partnership, FelCor Lodging Trust Incorporated, the subsidiaries named therein, and Deutsche Bank Trust Company Americas, as Collateral Agent (filed as Exhibit 10.2 to FelCor's May 23, 2011, 8-K and included herein by reference).
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit Number	Description of Exhibit
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.*

Attached as Exhibit 101 to this report are the following documents for FelCor Lodging Trust Incorporated formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets at June 30, 2011 and December 31, 2010; (ii) the Consolidated Statements of Operations, for the three and six months ended June 30, 2011 and 2010; (iii) the Consolidated Statements of Comprehensive Income (Loss), for the three and six months ended June 30, 2011 and 2010; (iv) the Consolidated Statements of Changes in Equity, for the six months ended June 30, 2011 and 2010; (v) the Consolidated Statements of Cash Flows, for the six months ended June 30, 2011 and 2010; and (vi) 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.

SIGNATURE

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, 2011

By: /s/ Lester C. Johnson

Name: Lester C. Johnson

Title: Senior Vice President, Chief Accounting Officer

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, 2011

/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, Andrew J. Welch, 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, 2011

/s/Andrew J. Welch

Andrew J. Welch
Chief Financial Officer

Exhibit 32

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, 2011 (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, 2011

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

/s/Andrew J. Welch
Andrew J. Welch
Chief Financial Officer