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 September 30, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

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

FelCor Lodging Trust Incorporated
FelCor Lodging Limited Partnership

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

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

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

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

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

FelCor Lodging Trust Incorporated:

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

FelCor Lodging Limited Partnership:

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

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

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

At October 26, 2012, FelCor Lodging Trust Incorporated had issued and outstanding 124,213,971 shares of common stock.

EXPLANATORY NOTE

This quarterly report on Form 10-Q for the quarter ended September 30, 2012, combines the filings for FelCor Lodging Trust Incorporated, or FelCor, and FelCor Lodging Limited Partnership, or FelCor LP. Where it is important to distinguish between the two, we either refer specifically to FelCor or FelCor LP. Otherwise we use the terms “we” or “our” to refer to FelCor and FelCor LP, collectively (including their consolidated subsidiaries), unless the context indicates otherwise.

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

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

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

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

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

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

FELCOR LODGING TRUST INCORPORATED and
FELCOR LODGING LIMITED PARTNERSHIP

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PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	September 30, 2012	December 31, 2011
Assets		
Investment in hotels, net of accumulated depreciation of $931,508 and $987,895 at September 30, 2012 and December 31, 2011, respectively	$ 1,813,845	$ 1,953,795
Hotel development	138,749	120,163
Investment in unconsolidated entities	57,352	70,002
Hotels held for sale	40,822	—
Cash and cash equivalents	112,119	93,758
Restricted cash	81,642	84,240
Accounts receivable, net of allowance for doubtful accounts of $419 and $333 at September 30, 2012 and December 31, 2011, respectively	34,722	27,135
Deferred expenses, net of accumulated amortization of $14,262 and $13,119 at September 30, 2012 and December 31, 2011, respectively	25,362	29,772
Other assets	27,040	24,363
Total assets	$ 2,331,653	$ 2,403,228
Liabilities and Equity		
Debt, net of discount of $24,406 and $32,069 at September 30, 2012 and December 31, 2011, respectively	$ 1,598,094	$ 1,596,466
Distributions payable	46,306	76,293
Accrued expenses and other liabilities	159,817	140,548
Total liabilities	1,804,217	1,813,307
Commitments and contingencies		
Redeemable noncontrolling interests in FelCor LP, 625 and 636 units issued and outstanding at September 30, 2012 and December 31, 2011, respectively	3,236	3,026
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 September 30, 2012 and December 31, 2011	309,362	309,362
Series C Cumulative Redeemable Preferred Stock, 68 shares, liquidation value of $169,950, issued and outstanding at September 30, 2012 and December 31, 2011	169,412	169,412
Common stock, $0.01 par value, 200,000 shares authorized; 124,229 and 124,281 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	1,242	1,243
Additional paid-in capital	2,353,538	2,353,251
Accumulated other comprehensive income	26,228	25,738
Accumulated deficit	(2,362,324)	(2,297,468)
Total FelCor stockholders' equity	497,458	561,538
Noncontrolling interests in other partnerships	26,742	25,357
Total equity	524,200	586,895
Total liabilities and equity	$ 2,331,653	$ 2,403,228

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

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Nine Months Ended September 30, 2012 and 2011

(unaudited, in thousands, except for per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Hotel operating revenue	$ 234,796	$ 221,634	$ 692,313	$ 650,068
Other revenue	1,441	1,394	2,672	2,630
Total revenues	236,237	223,028	694,985	652,698
Expenses:				
Hotel departmental expenses	84,563	80,676	250,749	236,004
Other property-related costs	63,940	61,944	188,428	179,399
Management and franchise fees	10,895	10,245	32,188	30,033
Taxes, insurance and lease expense	25,353	23,015	71,983	64,231
Corporate expenses	5,695	6,258	20,074	22,705
Depreciation and amortization	31,749	29,891	92,544	88,960
Impairment loss	—	—	1,335	7,003
Other expenses	2,163	1,208	3,926	3,455
Total operating expenses	224,358	213,237	661,227	631,790
Operating income	11,879	9,791	33,758	20,908
Interest expense, net	(31,359)	(32,865)	(93,547)	(98,172)
Debt extinguishment	(11,661)	(21)	(11,808)	(27,599)
Gain on involuntary conversion, net	—	109	—	292
Loss before equity in income (loss) from unconsolidated entities	(31,141)	(22,986)	(71,597)	(104,571)
Equity in income (loss) from unconsolidated entities	1,536	249	2,674	(1,303)
Loss from continuing operations	(29,605)	(22,737)	(68,923)	(105,874)
Income (loss) from discontinued operations	10,050	(639)	32,535	8,375
Net loss	(19,555)	(23,376)	(36,388)	(97,499)
Net loss attributable to noncontrolling interests in other partnerships	386	378	440	269
Net loss attributable to redeemable noncontrolling interests in FelCor LP	144	166	329	469
Net loss attributable to FelCor	(19,025)	(22,832)	(35,619)	(96,761)
Preferred dividends	(9,678)	(9,678)	(29,034)	(29,034)
Net loss attributable to FelCor common stockholders	$ (28,703)	$ (32,510)	$ (64,653)	$ (125,795)
Basic and diluted per common share data:				
Loss from continuing operations	$ (0.31)	$ (0.26)	$ (0.78)	$ (1.18)
Net loss	$ (0.23)	$ (0.26)	$ (0.52)	$ (1.10)
Basic and diluted weighted average common shares outstanding	123,640	123,062	123,648	113,908

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

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the Three and Nine Months Ended September 30, 2012 and 2011
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Net loss	$ (19,555)	$ (23,376)	$ (36,388)	$ (97,499)
Foreign currency translation adjustment	502	(3,535)	493	(2,057)
Comprehensive loss	(19,053)	(26,911)	(35,895)	(99,556)
Comprehensive loss attributable to noncontrolling interests in other partnerships	386	378	440	269
Comprehensive loss attributable to redeemable noncontrolling interests in FelCor LP	141	184	326	483
Comprehensive loss attributable to FelCor	$ (18,526)	$ (26,349)	$ (35,129)	$ (98,804)

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

FELCOR LODGING TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine Months Ended September 30, 2012 and 2011
(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, 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	—	—	95	1	554	—	—	—	—		555
Amortization of stock awards	—	—	—	—	2,407	—	—	—	—		2,407
Forfeiture of stock awards	—	—	(12)	—	—	—	(86)	—	—		(86)
Conversion of operating partnership units into common shares	—	—	15	—	97	—	—	—	—		97
Allocation to redeemable noncontrolling interests	—	—	—	—	970	—	—	—	—		970
Contribution from noncontrolling interests	—	—	—	—	—	—	—	—	6,646		6,646
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	(868)		(868)
Other	—	—	—	—	(68)	—	(2)	—	—		(70)
Preferred dividends:											
$1.4625 per Series A preferred share	—	—	—	—	—	—	(18,837)	—	—		(18,837)
$1.50 per Series C depositary preferred share	—	—	—	—	—	—	(10,197)	—	—		(10,197)
Comprehensive loss:											
Foreign exchange translation	—	—	—	—	—	(2,043)	—	—	—	$ (2,043)	
Net loss	—	—	—	—	—	—	(96,761)	—	(269)	(97,030)	
Comprehensive loss										$ (99,073)	(99,073)
Balance at September 30, 2011	12,948	$ 478,774	124,580	$ 1,246	$ 2,352,468	$ 24,414	$ (2,253,808)	$ —	$ 25,304		$ 628,398
Balance at December 31, 2011	12,948	$ 478,774	124,281	$ 1,243	$ 2,353,251	$ 25,738	$ (2,297,468)	$ —	$ 25,357		$ 586,895
Amortization of stock awards	—	—	—	—	630	—	—	—	—		630
Forfeiture of stock awards	—	—	(63)	(1)	193	—	(199)	—	—		(7)
Conversion of operating partnership units into common shares	—	—	11	—	45	—	—	—	—		45
Allocation to redeemable noncontrolling interests	—	—	—	—	(581)	—	—	—	—		(581)
Contribution from noncontrolling interests	—	—	—	—	—	—	—	—	2,756		2,756
Distribution to noncontrolling interests	—	—	—	—	—	—	—	—	(931)		(931)
Other	—	—	—	—	—	—	(4)	—	—		(4)
Preferred dividends:											
$1.4625 per Series A preferred share	—	—	—	—	—	—	(18,837)	—	—		(18,837)
$1.50 per Series C depositary preferred share	—	—	—	—	—	—	(10,197)	—	—		(10,197)
Comprehensive loss:											
Foreign exchange translation	—	—	—	—	—	490	—	—	—	$ 490	
Net loss	—	—	—	—	—	—	(35,619)	—	(440)	(36,059)	
Comprehensive loss										$ (35,569)	(35,569)
Balance at September 30, 2012	12,948	$ 478,774	124,229	$ 1,242	$ 2,353,538	$ 26,228	$ (2,362,324)	$ —	$ 26,742		$ 524,200

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

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2012 and 2011
(unaudited, in thousands)

	Nine Months Ended September 30, 2012	2011
Cash flows from operating activities:		
Net loss	$ (36,388)	$ (97,499)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	97,477	105,058
Gain on sale of hotels, net	(26,641)	(7,362)
Gain on involuntary conversion, net	—	(280)
Amortization of deferred financing fees and debt discount	13,646	13,390
Amortization of unearned officers' and directors' compensation	3,748	5,343
Equity in loss (income) from unconsolidated entities	(2,674)	1,303
Distributions of income from unconsolidated entities	3,431	1,534
Debt extinguishment, net	12,598	24,316
Impairment loss	1,335	13,250
Changes in assets and liabilities:		
Accounts receivable	(7,649)	(6,998)
Restricted cash - operations	—	2,663
Other assets	(6,194)	(9,843)
Accrued expenses and other liabilities	20,118	(8,444)
Net cash flow provided by operating activities	72,807	36,431
Cash flows from investing activities:		
Acquisition of hotels	—	(137,985)
Improvements and additions to hotels	(99,985)	(57,470)
Hotel development	(16,707)	—
Additions to condominium project	—	(359)
Proceeds from asset dispositions	124,610	96,435
Change in restricted cash – investing	2,598	(116,258)
Insurance proceeds	—	391
Distributions from unconsolidated entities	11,894	1,386
Net cash flow provided by (used in) investing activities	22,410	(213,860)
Cash flows from financing activities:		
Proceeds from borrowings	378,750	1,087,285
Repayment of borrowings	(395,355)	(1,112,414)
Payment of deferred financing fees	(3,167)	(18,797)
Distributions paid to noncontrolling interests	(931)	(868)
Contributions from noncontrolling interests	2,756	6,646
Distributions paid to preferred stockholders	(59,021)	(29,035)
Net proceeds from common stock issuance	—	158,476
Proceeds from FelCor LP unit issuance	—	2,500
Net cash flow provided by (used in) financing activities	(76,968)	93,793
Effect of exchange rate changes on cash	112	(153)
Net change in cash and cash equivalents	18,361	(83,789)
Cash and cash equivalents at beginning of periods	93,758	200,972
Cash and cash equivalents at end of periods	$ 112,119	$ 117,183
Supplemental cash flow information – interest paid, net of capitalized interest	$ 61,700	$ 92,518

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

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	September 30, 2012	December 31, 2011
Assets		
Investment in hotels, net of accumulated depreciation of $931,508 and $987,895 at September 30, 2012 and December 31, 2011, respectively	$ 1,813,845	$ 1,953,795
Hotel development	138,749	120,163
Investment in unconsolidated entities	57,352	70,002
Hotels held for sale	40,822	—
Cash and cash equivalents	112,119	93,758
Restricted cash	81,642	84,240
Accounts receivable, net of allowance for doubtful accounts of $419 and $333 at September 30, 2012 and December 31, 2011, respectively	34,722	27,135
Deferred expenses, net of accumulated amortization of $14,262 and $13,119 at September 30, 2012 and December 31, 2011, respectively	25,362	29,772
Other assets	27,040	24,363
Total assets	$ 2,331,653	$ 2,403,228
Liabilities and Partners' Capital		
Debt, net of discount of $24,406 and $32,069 at September 30, 2012 and December 31, 2011, respectively	$ 1,598,094	$ 1,596,466
Distributions payable	46,306	76,293
Accrued expenses and other liabilities	159,817	140,548
Total liabilities	1,804,217	1,813,307
Commitments and contingencies		
Redeemable units, 625 and 636 units issued and outstanding at September 30, 2012 and December 31, 2011, respectively	3,236	3,026
Capital:		
Preferred units:		
Series A Cumulative Convertible Preferred Units, 12,880 units issued and outstanding at September 30, 2012 and December 31, 2011	309,362	309,362
Series C Cumulative Redeemable Preferred Units, 68 units issued and outstanding at September 30, 2012 and December 31, 2011	169,412	169,412
Common units, 124,229 and 124,281 units issued and outstanding at September 30, 2012 and December 31, 2011, respectively	(7,657)	56,916
Accumulated other comprehensive income	26,341	25,848
Total FelCor LP partners' capital	497,458	561,538
Noncontrolling interests	26,742	25,357
Total partners' capital	524,200	586,895
Total liabilities and partners' capital	$ 2,331,653	$ 2,403,228

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

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Nine Months Ended September 30, 2012 and 2011
(unaudited, in thousands, except for per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Hotel operating revenue	$ 234,796	$ 221,634	$ 692,313	$ 650,068
Other revenue	1,441	1,394	2,672	2,630
Total revenues	236,237	223,028	694,985	652,698
Expenses:				
Hotel departmental expenses	84,563	80,676	250,749	236,004
Other property-related costs	63,940	61,944	188,428	179,399
Management and franchise fees	10,895	10,245	32,188	30,033
Taxes, insurance and lease expense	25,353	23,015	71,983	64,231
Corporate expenses	5,695	6,258	20,074	22,705
Depreciation and amortization	31,749	29,891	92,544	88,960
Impairment loss	—	—	1,335	7,003
Other expenses	2,163	1,208	3,926	3,455
Total operating expenses	224,358	213,237	661,227	631,790
Operating income	11,879	9,791	33,758	20,908
Interest expense, net	(31,359)	(32,865)	(93,547)	(98,172)
Debt extinguishment	(11,661)	(21)	(11,808)	(27,599)
Gain on involuntary conversion, net	—	109	—	292
Loss before equity in income (loss) from unconsolidated entities	(31,141)	(22,986)	(71,597)	(104,571)
Equity in income (loss) from unconsolidated entities	1,536	249	2,674	(1,303)
Loss from continuing operations	(29,605)	(22,737)	(68,923)	(105,874)
Income (loss) from discontinued operations	10,050	(639)	32,535	8,375
Net loss	(19,555)	(23,376)	(36,388)	(97,499)
Net loss attributable to noncontrolling interests	386	378	440	269
Net loss attributable to FelCor LP	(19,169)	(22,998)	(35,948)	(97,230)
Preferred distributions	(9,678)	(9,678)	(29,034)	(29,034)
Net loss attributable to FelCor LP common unitholders	$ (28,847)	$ (32,676)	$ (64,982)	$ (126,264)
Basic and diluted per common unit data:				
Loss from continuing operations	$ (0.31)	$ (0.26)	$ (0.78)	$ (1.18)
Net loss	$ (0.23)	$ (0.26)	$ (0.52)	$ (1.10)
Basic and diluted weighted average common units outstanding	124,266	123,700	124,278	114,361

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

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the Three and Nine Months Ended September 30, 2012 and 2011
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Net loss	$ (19,555)	$ (23,376)	$ (36,388)	$ (97,499)
Foreign currency translation adjustment	502	(3,535)	493	(2,057)
Comprehensive loss	(19,053)	(26,911)	(35,895)	(99,556)
Comprehensive loss attributable to noncontrolling interests	386	378	440	269
Comprehensive loss attributable to FelCor LP	$ (18,667)	$ (26,533)	$ (35,455)	$ (99,287)

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

FELCOR LODGING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
For the Nine Months Ended September 30, 2012 and 2011
(unaudited, in thousands)

	Preferred Units	Common Units	Accumulated Other Comprehensive Income	Noncontrolling Interests	Comprehensive Loss	Total Partners' Capital
Balance at December 31, 2010	$478,774	$ 63,235	$ 26,574	$ 19,795		$ 588,378
Issuance of common units	—	158,476	—	—		158,476
FelCor restricted stock compensation	—	2,876	—	—		2,876
Contributions	—	—	—	6,646		6,646
Distributions	—	(29,034)	—	(868)		(29,902)
Allocation to redeemable units	—	1,550	—	—		1,550
Other	—	(70)	—	—		(70)
Comprehensive loss:						
Foreign exchange translation			(2,057)		$ (2,057)	
Net loss		(97,230)		(269)	(97,499)	
Comprehensive loss					$ (99,556)	(99,556)
Balance at September 30, 2011	$478,774	$ 99,803	$ 24,517	$ 25,304		$ 628,398
Balance at December 31, 2011	$478,774	$ 56,916	$ 25,848	$ 25,357		$ 586,895
FelCor restricted stock compensation	—	623	—	—		623
Contributions	—	—	—	2,756		2,756
Distributions	—	(29,034)	—	(931)		(29,965)
Allocation to redeemable units	—	(210)	—	—		(210)
Other	—	(4)	—	—		(4)
Comprehensive loss:						
Foreign exchange translation			493		$ 493	
Net loss		(35,948)		(440)	(36,388)	
Comprehensive loss					$ (35,895)	(35,895)
Balance at September 30, 2012	$478,774	$ (7,657)	$ 26,341	$ 26,742		$ 524,200

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

FELCOR LODGING LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2012 and 2011

(unaudited, in thousands)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash flows from operating activities:		
Net loss	$ (36,388)	$ (97,499)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	97,477	105,058
Gain on sale of hotels, net	(26,641)	(7,362)
Gain on involuntary conversion, net	—	(280)
Amortization of deferred financing fees and debt discount	13,646	13,390
Amortization of unearned officers' and directors' compensation	3,748	5,343
Equity in loss (income) from unconsolidated entities	(2,674)	1,303
Distributions of income from unconsolidated entities	3,431	1,534
Debt extinguishment, net	12,598	24,316
Impairment loss	1,335	13,250
Changes in assets and liabilities:		
Accounts receivable	(7,649)	(6,998)
Restricted cash - operations	—	2,663
Other assets	(6,194)	(9,843)
Accrued expenses and other liabilities	20,118	(8,444)
Net cash flow provided by operating activities	72,807	36,431
Cash flows from investing activities:		
Acquisition of hotels	—	(137,985)
Improvements and additions to hotels	(99,985)	(57,470)
Hotel development	(16,707)	—
Additions to condominium project	—	(359)
Proceeds from asset dispositions	124,610	96,435
Change in restricted cash – investing	2,598	(116,258)
Insurance proceeds	—	391
Distributions from unconsolidated entities	11,894	1,386
Net cash flow provided by (used in) investing activities	22,410	(213,860)
Cash flows from financing activities:		
Proceeds from borrowings	378,750	1,087,285
Repayment of borrowings	(395,355)	(1,112,414)
Payment of deferred financing fees	(3,167)	(18,797)
Distributions paid to noncontrolling interests	(931)	(868)
Contributions from noncontrolling interests	2,756	6,646
Distributions paid to preferred unitholders	(59,021)	(29,035)
Net proceeds from common unit issuance	—	158,476
Proceeds from redeemable unit issuance	—	2,500
Net cash flow provided by (used in) financing activities	(76,968)	93,793
Effect of exchange rate changes on cash	112	(153)
Net change in cash and cash equivalents	18,361	(83,789)
Cash and cash equivalents at beginning of periods	93,758	200,972
Cash and cash equivalents at end of periods	$ 112,119	$ 117,183
Supplemental cash flow information – interest paid, net of capitalized interest	$ 61,700	$ 92,518

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. FelCor is 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) 67 hotels in continuing operations with 19,335 rooms and (ii) two hotels designated as held for sale at September 30, 2012. At September 30, 2012, we had 124,853,983 shares and units outstanding, consisting of 124,229,031 shares of FelCor common stock and 624,952 FelCor LP units not owned by FelCor.

Of the 67 hotels included in continuing operations, we owned a 100% interest in 49 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 54 hotels in which we held majority interests, and we record the real estate interests of the 13 hotels in which we held 50% interests using the equity method. We leased 66 of the 67 hotels in continuing operations to our taxable REIT subsidiaries, of which we own a controlling interest. One 50% owned hotel was operated without a lease. Because we owned controlling interests in these lessees, we consolidated our interests in these 66 hotels (which we refer to as our Consolidated Hotels) and reflect those hotels' operating revenues and expenses in 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 54 hotels (we consolidate our real estate interest in these hotels).

The following table illustrates the distribution of our 66 Consolidated Hotels at September 30, 2012:

Brand	Hotels	Rooms
Embassy Suites Hotels®	35	9,116
Holiday Inn®	13	4,388
Sheraton® and Westin®	6	2,224
Doubletree® and Hilton®	6	1,450
Marriott® and Renaissance®	3	1,321
Fairmont®	1	383
Independent (Morgans and Royalton)	2	282
Total	66	19,164

At September 30, 2012, our Consolidated Hotels were located in the United States (65 hotels in 22 states) and Canada (one hotel in Ontario), with concentrations in California (14 hotels), Florida (8 hotels) and Texas (7 hotels). Approximately 49% of our hotel room revenues were generated from hotels in these three states during the first nine months of 2012.

At September 30, 2012, of our 66 Consolidated Hotels: (i) subsidiaries of Hilton Hotels Corporation, or Hilton, managed 40 hotels, (ii) subsidiaries of InterContinental Hotels Group, or IHG, managed 13 hotels, (iii) subsidiaries of Starwood Hotels & Resorts Worldwide Inc., or Starwood, managed six 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.

1. Organization — (continued)

In addition to the above hotels, we own (through a 95% interest in a consolidated joint venture) the Knickerbocker, a former hotel and office building, that is being redeveloped as a 4+ star hotel in midtown Manhattan and is expected to open at the end of 2013.

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 September 30, 2012 and 2011 include the results of operations for our Marriott-managed hotels for the 12 week periods ending September 7, 2012 and September 9, 2011, respectively.

The information in our consolidated financial statements for the three and nine months ended September 30, 2012 and 2011 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 nine months ended September 30, 2012 and 2011, 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, 2011, included in our Annual Report on Form 10-K. Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of actual operating results for the entire year.

2. Investment in Unconsolidated Entities

We owned 50% interests in joint ventures that owned 13 hotels at September 30, 2012 and December 31, 2011. We also own 50% interests in entities that own real estate in Myrtle Beach, South Carolina and provide condominium management services. We account for our investments in these unconsolidated entities under the equity method. We do not have any majority-owned subsidiaries that are not consolidated in our financial statements. We make adjustments to our equity in income from unconsolidated entities related to the difference between our basis in investment in unconsolidated entities compared to the historical basis of the assets recorded by the joint ventures.

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

	September 30, 2012	December 31, 2011
Investment in hotels, net of accumulated depreciation	$ 160,297	$ 173,310
Total assets	$ 174,051	$ 199,063
Debt	$ 148,899	$ 150,388
Total liabilities	$ 154,103	$ 156,607
Equity	$ 19,948	$ 42,456

Our unconsolidated entities' debt at September 30, 2012 and December 31, 2011 consisted entirely of non-recourse mortgage debt. In January 2012, one of our unconsolidated joint ventures refinanced $130 million of debt and extended the maturity until 2014.

2. Investment in Unconsolidated Entities — (continued)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Total revenues	$ 21,075	$ 19,975	$ 54,012	$ 49,990
Net income	$ 4,002	$ 1,428	$ 8,138	$ 184
Net income attributable to FelCor	$ 2,001	$ 714	$ 4,069	$ 92
Depreciation of cost in excess of book value	(465)	(465)	(1,395)	(1,395)
Equity in income (loss) from unconsolidated entities	$ 1,536	$ 249	$ 2,674	$ (1,303)

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

	September 30, 2012	December 31, 2011
Hotel-related investments	$ 1,467	$ 12,400
Cost in excess of book value of hotel investments	47,378	48,774
Land and condominium investments	8,507	8,828
	$ 57,352	$ 70,002

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Hotel investments	$ 1,055	$ (199)	$ 2,746	$ (1,127)
Other investments	481	448	(72)	(176)
Equity in income (loss) from unconsolidated entities	$ 1,536	$ 249	$ 2,674	$ (1,303)

3. Debt

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

	Encumbered Hotels	Interest Rate (%)	Maturity Date	September 30, 2012	December 31, 2011
Line of credit	10	L + 4.50	August 2014[a]	$ 117,000	$ —
Hotel mortgage debt					
Mortgage debt	5 [b]	6.66	June - August 2014	65,935	67,375
Mortgage debt	7	L + 5.10 [c]	April 2015	186,529	202,982
Mortgage debt	1	5.81	July 2016	10,521	10,876
Mortgage debt	4 [b]	4.95	October 2022	128,500	—
Mortgage debt	1	4.94	October 2022	32,250	—
Senior notes					
Senior secured notes	6	6.75	June 2019	525,000	525,000
Senior secured notes[d]	11	10.00	October 2014	467,499	459,931
Other[e]	—	L + 1.50	December 2012	64,860	64,860
Retired debt	—	—	—	—	265,442
Total	45			$ 1,598,094	$ 1,596,466

(a) Our $225 million line of credit can be extended for one year (to 2015), subject to satisfying certain conditions.

(b) The hotels securing this debt are subject to separate loan agreements and are not cross-collateralized.

(c) LIBOR (for this loan) is subject to a 3% floor. We purchased an interest rate cap ($202 million notional amount) that caps LIBOR at 5.4% and expires May 2013.

(d) These notes have $492 million in aggregate principal outstanding ($144 million and $96,000 in aggregate principal amount was redeemed in June 2011 and January 2012, respectively) and were initially sold at a discount that provided an effective yield of 12.875% before transaction costs.

(e) This loan is related to our Knickerbocker redevelopment project and is fully secured by restricted cash and a mortgage. Because we were able to assume an existing loan when we purchased this hotel, we were not required to pay any local mortgage recording tax. When that loan is transferred to a new lender and made part of our construction loan, we expect to only pay such tax to the extent of the incremental principal amount of the construction loan.

In May 2012, we repaid $69.2 million in secured loans when we sold the mortgaged hotels.

In August 2012, we repaid $24.9 million in secured loans when we sold a mortgaged hotel.

3. Debt – (continued)

In September 2012, we obtained $160.8 million in gross proceeds from five mortgage loans. The 10-year loans mature in 2022, bear an average fixed interest rate of 4.95% and are neither cross-collateralized nor cross-defaulting. A portion of the proceeds from the new loans was used to repay a 9.02% mortgage loan, of which $107 million was outstanding, that would otherwise mature in 2014. The repaid loan was secured by a pool of seven hotels, including four of the five hotels mortgaged to support the new loans. The remaining three hotels (two of which are non-strategic) that secured the repaid loan are now unencumbered. Also in September 2012, we repaid the remaining $60 million balance of a mortgage loan using excess proceeds from the new loans as well as asset sale proceeds. This repaid loan, which would have otherwise matured in 2013, was secured by five properties, of which four are now unencumbered (two of which are non-strategic) and one was mortgaged to secure one of the new loans. The repayments resulted in $11.6 million in debt extinguishment costs, primarily prepayment penalties.

We reported $31.4 million and $32.9 million of interest expense for the three months ended September 30, 2012 and 2011, respectively, which is net of: (i) interest income of $34,000 and $59,000 and (ii) capitalized interest of $3.1 million and $403,000, respectively. We reported $93.5 million and $98.2 million of interest expense for the nine months ended September 30, 2012 and 2011, respectively, which is net of: (i) interest income of $117,000 and $151,000 and (ii) capitalized interest of $9.7 million and $913,000, respectively.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Room revenue	$ 188,886	$ 177,858	$ 544,664	$ 507,375
Food and beverage revenue	33,673	30,288	109,472	104,102
Other operating departments	12,237	13,488	38,177	38,591
Total hotel operating revenue	$ 234,796	$ 221,634	$ 692,313	$ 650,068

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

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

	Three Months Ended September 30,			
	2012		2011	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Room	$ 49,794	21.2%	$ 47,805	21.6%
Food and beverage	29,176	12.4	26,892	12.1
Other operating departments	5,593	2.4	5,979	2.7
Total hotel departmental expenses	$ 84,563	36.0%	$ 80,676	36.4%

	Nine Months Ended September 30,			
	2012		2011	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Room	$ 144,419	20.9%	$ 135,514	20.8%
Food and beverage	89,354	12.9	82,935	12.8
Other operating departments	16,976	2.4	17,555	2.7
Total hotel departmental expenses	$ 250,749	36.2%	$ 236,004	36.3%

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

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

	Three Months Ended September 30,			
	2012		2011	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Hotel general and administrative expense	$ 20,920	8.9	$ 20,202	9.1
Marketing	19,565	8.3	18,060	8.1
Repair and maintenance	11,914	5.1	11,514	5.2
Utilities	11,541	4.9	12,168	5.5
Total other property-related costs	$ 63,940	27.2	$ 61,944	27.9

	Nine Months Ended September 30,			
	2012		2011	
	Amount	% of Total Hotel Operating Revenue	Amount	% of Total Hotel Operating Revenue
Hotel general and administrative expense	$ 62,972	9.1	$ 59,260	9.1
Marketing	59,008	8.5	54,165	8.3
Repair and maintenance	35,817	5.2	33,625	5.2
Utilities	30,631	4.4	32,349	5.0
Total other property-related costs	$ 188,428	27.2	$ 179,399	27.6

5. Taxes, Insurance and Lease Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Hotel lease expense[(a)]	$ 10,910	$ 10,582	$ 31,339	$ 29,383
Land lease expense[(b)]	3,381	3,130	8,568	7,991
Real estate and other taxes	8,359	7,394	24,267	20,865
Property insurance, general liability insurance and other	2,703	1,909	7,809	5,992
Total taxes, insurance and lease expense	$ 25,353	$ 23,015	$ 71,983	$ 64,231

(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 $5.5 million and $5.2 million for the three months ended September 30, 2012 and 2011, respectively, and $15.0 million and $13.3 million for the nine months ended September 30, 2012 and 2011, respectively.

(b) Land lease expense includes percentage rent of $2.0 million and $1.7 million for the three months ended September 30, 2012 and 2011, respectively, and $4.3 million and $3.6 million for the nine months ended September 30, 2012 and 2011, respectively.

6. Impairment

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

We may record impairment charges if operating results of individual hotels are materially different from our forecasts, if the economy and/or lodging industry weakens, or if we shorten our contemplated holding period for additional hotels. During the quarter ended June 30, 2012, we recorded a $1.3 million impairment charge related to one hotel included in continuing operations. The impairment charge related to this hotel was based on a third-party offer to purchase (a Level 2 input under authoritative guidance for fair value measurements) at a price below our previously estimated fair market value.

During the quarter ended September 30, 2011, we recorded a $946,000 impairment charge in discontinued operations for one hotel to reduce our carrying value to its fair value less estimated selling costs. Our fair value estimate was based on the purchaser's contract price (a Level 2 input).

During the quarter ended June 30, 2011, we recorded $12.3 million of impairment charges ($7.0 million related to two hotels in continuing operations and $5.3 million related to two hotels in discontinued operations). The impairment charges for three of the hotels were 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 related to the remaining hotel in discontinued operations was primarily related to estimated selling costs.

7. Discontinued Operations

We had two hotels held for sale at September 30, 2012. We consider a sale to be probable within the next twelve months and classify it as held for sale when a buyer completes its due diligence review, we have an executed contract for sale, and we have received a substantial non-refundable deposit.

Discontinued operations include results of operations for two hotels designated as held for sale at September 30, 2012, one hotel sold in August 2012, six hotels which were sold in May 2012 and eight hotels sold in 2011. The following table summarizes the condensed financial information for those hotels (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Hotel operating revenue	$ 7,558	$ 25,477	$ 49,506	$ 99,556
Operating expenses	(7,065)	(25,684) [(a)]	(40,831)	(97,265) [(a)]
Operating income (loss) from discontinued operations	493	(207)	8,675	2,291
Interest expense, net	(239)	(799)	(1,991)	(4,548)
Debt extinguishment, net	(126)	(334)	(790)	3,282
Loss on involuntary conversion, net	—	—	—	(12)
Gain on sale of hotels, net	9,922	701	26,641	7,362
Income (loss) from discontinued operations	$ 10,050	$ (639)	$ 32,535	$ 8,375

(a) Includes a $946,000 impairment charge for the three months ended September 30, 2011 and a $6.2 million impairment charge for the nine months ended September 30, 2011.

8. Loss Per Share/Unit

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

FelCor Loss Per Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator:				
Net loss attributable to FelCor	$ (19,025)	$ (22,832)	$ (35,619)	$ (96,761)
Discontinued operations attributable to FelCor	(10,000)	623	(32,372)	(8,361)
Loss from continuing operations attributable to FelCor	(29,025)	(22,209)	(67,991)	(105,122)
Less: Preferred dividends	(9,678)	(9,678)	(29,034)	(29,034)
Numerator for continuing operations attributable to FelCor common stockholders	(38,703)	(31,887)	(97,025)	(134,156)
Discontinued operations attributable to FelCor	10,000	(623)	32,372	8,361
Numerator for basic and diluted loss attributable to FelCor common stockholders	$ (28,703)	$ (32,510)	$ (64,653)	$(125,795)
Denominator:				
Denominator for basic and diluted loss per share	123,640	123,062	123,648	113,908
Basic and diluted loss per share data:				
Loss from continuing operations	$ (0.31)	$ (0.26)	$ (0.78)	$ (1.18)
Discontinued operations	$ 0.08	$ (0.01)	$ 0.26	$ 0.07
Net loss	$ (0.23)	$ (0.26)	$ (0.52)	$ (1.10)

8. Loss Per Share/Unit — (continued)

FelCor LP Loss Per Unit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator:				
Net loss attributable to FelCor LP	$ (19,169)	$ (22,998)	$ (35,948)	$ (97,230)
Discontinued operations attributable to FelCor LP	(10,050)	626	(32,535)	(8,388)
Loss from continuing operations attributable to FelCor LP	(29,219)	(22,372)	(68,483)	(105,618)
Less: Preferred distributions	(9,678)	(9,678)	(29,034)	(29,034)
Numerator for continuing operations attributable to FelCor LP common unitholders	(38,897)	(32,050)	(97,517)	(134,652)
Discontinued operations attributable to FelCor LP	10,050	(626)	32,535	8,388
Numerator for basic and diluted loss attributable to FelCor common unitholders	$ (28,847)	$ (32,676)	$ (64,982)	$(126,264)
Denominator:				
Denominator for basic and diluted loss per unit	124,266	123,700	124,278	114,361
Basic and diluted loss per unit data:				
Loss from continuing operations	$ (0.31)	$ (0.26)	$ (0.78)	$ (1.18)
Discontinued operations	$ 0.08	$ (0.01)	$ 0.26	$ 0.07
Net loss	$ (0.23)	$ (0.26)	$ (0.52)	$ (1.10)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Series A convertible preferred shares/units	9,985	9,985	9,985	9,985

Series A preferred dividends (distributions) that would be excluded from net income (loss) attributable to FelCor common stockholders (or FelCor LP common unitholders), if these Series A preferred shares/units were dilutive, were $6.3 million for the three months ended September 30, 2012 and 2011, and $18.8 million for the nine months ended September 30, 2012 and 2011.

9. Dividends/Distributions

In January 2011, FelCor reinstated its current quarterly preferred dividend and has paid current quarterly preferred dividends each quarter since January 2011. At December 31, 2011, we had $76.3 million of aggregate accrued dividends (of which $67.7 million related to dividends in arrears) payable to holders of our Series A and Series C preferred stock.

In July 2012, FelCor paid quarterly dividends of $0.4875 per share to holders of its Series A preferred stock and $0.50 per depositary share to holders of its Series C preferred stock. In addition, FelCor paid $1.51 per share and $1.55 per depositary share to its Series A preferred stockholders and Series C preferred stockholders, respectively, for dividends in arrears. Proceeds received from the sale of six hotels in May 2012 were used to fund a $30.0 million dividend in arrears payment.

At September 30, 2012, FelCor had $46.3 million of aggregate accrued dividends (of which $37.7 million related to dividends in arrears). On October 31, FelCor paid dividends of $2.39 per share to holders of its Series A preferred stock and $2.45 per depositary share to holders of its Series C preferred stock. The dividend payment included dividends in arrears of $1.9025 per share and $1.95 per depositary share for holders of Series A and Series C preferred stock, respectively. FelCor has now paid all of the outstanding accrued preferred dividends.

FelCor obtains funds from FelCor LP to pay common or preferred dividends. We are restricted from paying any common dividends unless and until all accrued and current preferred dividends are paid. FelCor's Board of Directors will determine whether and when to declare future dividends based upon various factors, including operating results, economic conditions, other operation trends, our financial condition (and related debt covenant compliance) and capital requirements, as well as minimum REIT distribution requirements.

10. Fair Value of Financial Instruments

Disclosures about fair value of our financial instruments are based on pertinent information available to management as of September 30, 2012. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

Our estimates of the fair value of (i) cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses approximate carrying value due to the relatively short maturity of these instruments; (ii) our publicly-traded debt is based on observable market data (a Level 2 input) and has an estimated fair value of $1.1 billion at September 30, 2012 and December 31, 2011; and (iii) our debt that is not publicly-traded is based on a discounted cash flow model using effective borrowing rates for debt with similar terms, loan to estimated fair value of collateral and remaining maturities (a Level 3 input) and has an estimated fair value of $631.2 million and $640.9 million at September 30, 2012 and December 31, 2011, respectively. The estimated fair value of all our debt was $1.8 billion and $1.7 billion at September 30, 2012 and December 31, 2011, respectively.

11. Redeemable Noncontrolling Interests in FelCor LP / Redeemable Units

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

At September 30, 2012, we had 624,952 limited partnership units outstanding. We sold 367,647 units of limited partner interest in our operating partnership at $6.80 per unit in May 2011. At September 30, 2012, these units are carried at $2.0 million, which is the issue price less the holders' share of allocated losses for the period the units were outstanding. We carried the remaining 257,305 outstanding units of limited partner interest at $1.2 million, based on the closing price of FelCor's common stock at September 30, 2012 ($4.74/share).

Changes in redeemable noncontrolling interests (or redeemable units) for the nine months ended September 30, 2012 and 2011 are shown below (in thousands):

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Balance at beginning of period	$ 3,026	$ 2,004
Issuance of units	—	2,500
Conversion of units	(45)	(97)
Redemption value allocation	581	(970)
Comprehensive loss:		
Foreign exchange translation	3	(14)
Net loss	(329)	(469)
Balance at end of period	$ 3,236	$ 2,954

12. FelCor LP's Consolidating Financial Information

Certain of FelCor LP's 100% owned subsidiaries (FelCor/CSS Holdings, L.P.; FelCor Lodging Holding Company, L.L.C.; FelCor TRS Borrower 1, L.P.; FelCor TRS Borrower 4, L.L.C.; FelCor TRS Holdings, L.L.C.; FelCor Canada Co.; FelCor/St. Paul Holdings, L.P.; FelCor Hotel Asset Company, L.L.C.; FelCor Copley Plaza, L.L.C.; FelCor St. Pete (SPE), L.L.C.; FelCor Esmeralda (SPE), L.L.C.; Los Angeles International Airport Hotel Associates, a Texas L.P.; Madison 237 Hotel, L.L.C.; and Royalton 44 Hotel, L.L.C., collectively, "Subsidiary Guarantors"), together with FelCor, guarantee, fully and unconditionally, except where subject to customary release provisions as described below, and jointly and severally, our senior debt.

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

The following tables present consolidating information for the Subsidiary Guarantors.

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

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING BALANCE SHEET
September 30, 2012
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net investment in hotels	$ 68,183	$ 809,852	$ 935,810	$ —	$ 1,813,845
Hotel development	—	—	138,749	—	138,749
Equity investment in consolidated entities	1,375,446	—	—	(1,375,446)	—
Investment in unconsolidated entities	43,977	11,962	1,413	—	57,352
Hotels held for sale	—	113	40,709	—	40,822
Cash and cash equivalents	72,214	35,888	4,017	—	112,119
Restricted cash	—	7,158	74,484	—	81,642
Accounts receivable, net	436	34,004	282	—	34,722
Deferred expenses, net	16,966	—	8,396	—	25,362
Other assets	10,792	10,569	5,679	—	27,040
Total assets	$ 1,588,014	$ 909,546	$ 1,209,539	$ (1,375,446)	$ 2,331,653
Debt, net	$ 992,499	$ —	$ 605,595	$ —	$ 1,598,094
Distributions payable	46,306	—	—	—	46,306
Accrued expenses and other liabilities	48,515	97,882	13,420	—	159,817
Total liabilities	1,087,320	97,882	619,015	—	1,804,217
Redeemable units	3,236	—	—	—	3,236
Preferred units	478,774	—	—	—	478,774
Common units	18,684	785,573	563,532	(1,375,446)	(7,657)
Accumulated other comprehensive income	—	26,341	—	—	26,341
Total FelCor LP partners' capital	497,458	811,914	563,532	(1,375,446)	497,458
Noncontrolling interests	—	(250)	26,992	—	26,742
Total partners' capital	497,458	811,664	590,524	(1,375,446)	524,200
Total liabilities and partners' capital	$ 1,588,014	$ 909,546	$ 1,209,539	$ (1,375,446)	$ 2,331,653

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

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING BALANCE SHEET
December 31, 2011
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net investment in hotels	$ 67,828	$ 805,280	$ 1,080,687	$ —	$ 1,953,795
Hotel development	—	—	120,163	—	120,163
Equity investment in consolidated entities	1,478,347	—	—	(1,478,347)	—
Investment in unconsolidated entities	56,492	12,063	1,447	—	70,002
Cash and cash equivalents	23,503	67,001	3,254	—	93,758
Restricted cash	—	11,514	72,726	—	84,240
Accounts receivable, net	540	26,357	238	—	27,135
Deferred expenses, net	24,101	—	5,671	—	29,772
Other assets	8,507	10,817	5,039	—	24,363
Total assets	$ 1,659,318	$ 933,032	$ 1,289,225	$ (1,478,347)	$ 2,403,228
Debt, net	$ 984,931	$ —	$ 611,535	$ —	$ 1,596,466
Distributions payable	76,293	—	—	—	76,293
Accrued expenses and other liabilities	33,530	98,127	8,891	—	140,548
Total liabilities	1,094,754	98,127	620,426	—	1,813,307
Redeemable units	3,026	—	—	—	3,026
Preferred units	478,774	—	—	—	478,774
Common units	82,764	810,554	641,945	(1,478,347)	56,916
Accumulated other comprehensive income	—	25,848	—	—	25,848
Total FelCor LP partners' capital	561,538	836,402	641,945	(1,478,347)	561,538
Noncontrolling interests	—	(1,497)	26,854	—	25,357
Total partners' capital	561,538	834,905	668,799	(1,478,347)	586,895
Total liabilities and partners' capital	$ 1,659,318	$ 933,032	$ 1,289,225	$ (1,478,347)	$ 2,403,228

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

FELCOR LODGING LIMITED PARTNERSHIP

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

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 234,796	$ —	$ —	$ 234,796
Percentage lease revenue	2,575	—	43,556	(46,131)	—
Other revenue	7	1,269	165	—	1,441
Total revenues	2,582	236,065	43,721	(46,131)	236,237
Expenses:					
Hotel operating expenses	—	159,398	—	—	159,398
Taxes, insurance and lease expense	319	65,786	5,379	(46,131)	25,353
Corporate expenses	139	3,116	2,440	—	5,695
Depreciation and amortization	1,248	12,715	17,786	—	31,749
Other expenses	88	1,697	378	—	2,163
Total operating expenses	1,794	242,712	25,983	(46,131)	224,358
Operating income	788	(6,647)	17,738	—	11,879
Interest expense, net	(21,532)	(293)	(9,534)	—	(31,359)
Debt extinguishment	—	—	(11,661)	—	(11,661)
Loss before equity in income from unconsolidated entities	(20,744)	(6,940)	(3,457)	—	(31,141)
Equity in loss from consolidated entities	559	—	—	(559)	—
Equity in income from unconsolidated entities	1,040	507	(11)	—	1,536
Loss from continuing operations	(19,145)	(6,433)	(3,468)	(559)	(29,605)
Income from discontinued operations	(24)	(861)	10,935	—	10,050
Net loss	(19,169)	(7,294)	7,467	(559)	(19,555)
Loss attributable to noncontrolling interests	—	286	100	—	386
Net loss attributable to FelCor LP	(19,169)	(7,008)	7,567	(559)	(19,169)
Preferred distributions	(9,678)	—	—	—	(9,678)
Net loss attributable to FelCor LP common unitholders	$ (28,847)	$ (7,008)	$ 7,567	$ (559)	$ (28,847)

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

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Three Months Ended September 30, 2011
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 221,634	$ —	$ —	$ 221,634
Percentage lease revenue	2,439	—	40,808	(43,247)	—
Other revenue	—	1,241	153	—	1,394
Total revenues	2,439	222,875	40,961	(43,247)	223,028
Expenses:					
Hotel operating expenses	—	152,865	—	—	152,865
Taxes, insurance and lease expense	383	60,984	4,895	(43,247)	23,015
Corporate expenses	139	3,486	2,633	—	6,258
Depreciation and amortization	1,138	11,534	17,219	—	29,891
Other expenses	(13)	1,138	83	—	1,208
Total operating expenses	1,647	230,007	24,830	(43,247)	213,237
Operating income	792	(7,132)	16,131	—	9,791
Interest expense, net	(23,710)	(588)	(8,567)	—	(32,865)
Debt extinguishment	—	—	(21)	—	(21)
Gain on involuntary conversion, net	—	109	—	—	109
Loss before equity in income from unconsolidated entities	(22,918)	(7,611)	7,543	—	(22,986)
Equity in income from consolidated entities	(751)	—	—	751	—
Equity in income from unconsolidated entities	(54)	315	(12)	—	249
Loss from continuing operations	(23,723)	(7,296)	7,531	751	(22,737)
Loss from discontinued operations	725	(1,481)	117	—	(639)
Net loss	(22,998)	(8,777)	7,648	751	(23,376)
Loss attributable to noncontrolling interests	—	152	226	—	378
Net loss attributable to FelCor LP	(22,998)	(8,625)	7,874	751	(22,998)
Preferred distributions	(9,678)	—	—	—	(9,678)
Net loss attributable to FelCor LP common unitholders	$ (32,676)	$ (8,625)	$ 7,874	$ 751	$ (32,676)

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

FELCOR LODGING LIMITED PARTNERSHIP

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

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 692,313	$ —	$ —	$ 692,313
Percentage lease revenue	5,401	—	124,972	(130,373)	—
Other revenue	12	2,311	349	—	2,672
Total revenues	5,413	694,624	125,321	(130,373)	694,985
Expenses:					
Hotel operating expenses	—	471,365	—	—	471,365
Taxes, insurance and lease expense	1,065	185,955	15,336	(130,373)	71,983
Corporate expenses	333	10,816	8,925	—	20,074
Depreciation and amortization	3,523	36,541	52,480	—	92,544
Impairment loss	—	—	1,335	—	1,335
Other expenses	564	2,877	485	—	3,926
Total operating expenses	5,485	707,554	78,561	(130,373)	661,227
Operating income	(72)	(12,930)	46,760	—	33,758
Interest expense, net	(63,906)	(921)	(28,720)	—	(93,547)
Debt extinguishment	(7)	—	(11,801)	—	(11,808)
Loss before equity in income from unconsolidated entities	(63,985)	(13,851)	6,239	—	(71,597)
Equity in loss from consolidated entities	26,048	—	—	(26,048)	—
Equity in income from unconsolidated entities	2,058	650	(34)	—	2,674
Loss from continuing operations	(35,879)	(13,201)	6,205	(26,048)	(68,923)
Income from discontinued operations	(69)	9,065	23,539	—	32,535
Net loss	(35,948)	(4,136)	29,744	(26,048)	(36,388)
Loss attributable to noncontrolling interests	—	575	(135)	—	440
Net loss attributable to FelCor LP	(35,948)	(3,561)	29,609	(26,048)	(35,948)
Preferred distributions	(29,034)	—	—	—	(29,034)
Net loss attributable to FelCor LP common unitholders	$ (64,982)	$ (3,561)	$ 29,609	$ (26,048)	$ (64,982)

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

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Nine Months Ended September 30, 2011
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Revenues:					
Hotel operating revenue	$ —	$ 650,068	$ —	$ —	$ 650,068
Percentage lease revenue	5,315	—	119,145	(124,460)	—
Other revenue	10	2,332	288	—	2,630
Total revenues	5,325	652,400	119,433	(124,460)	652,698
Expenses:					
Hotel operating expenses	—	445,436	—	—	445,436
Taxes, insurance and lease expense	1,199	172,858	14,634	(124,460)	64,231
Corporate expenses	434	12,436	9,835	—	22,705
Depreciation and amortization	3,456	33,834	51,670	—	88,960
Impairment loss	—	4,315	2,688	—	7,003
Other expenses	11	3,261	183	—	3,455
Total operating expenses	5,100	672,140	79,010	(124,460)	631,790
Operating income	225	(19,740)	40,423	—	20,908
Interest expense, net	(67,637)	(1,881)	(28,654)	—	(98,172)
Debt extinguishment	(27,354)	—	(245)	—	(27,599)
Gain on involuntary conversion, net	(21)	316	(3)	—	292
Loss before equity in loss from unconsolidated entities	(94,787)	(21,305)	11,521	—	(104,571)
Equity in income from consolidated entities	(2,010)	—	—	2,010	—
Equity in loss from unconsolidated entities	(1,319)	50	(34)	—	(1,303)
Loss from continuing operations	(98,116)	(21,255)	11,487	2,010	(105,874)
Income from discontinued operations	886	(7,120)	14,609	—	8,375
Net loss	(97,230)	(28,375)	26,096	2,010	(97,499)
Loss attributable to noncontrolling interests	—	305	(36)	—	269
Net loss attributable to FelCor LP	(97,230)	(28,070)	26,060	2,010	(97,230)
Preferred distributions	(29,034)	—	—	—	(29,034)
Net loss attributable to FelCor LP common unitholders	$(126,264)	$ (28,070)	$ 26,060	$ 2,010	$ (126,264)

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

FELCOR LODGING LIMITED PARTNERSHIP

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

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net loss	$ (19,169)	$ (7,294)	$ 7,467	$ (559)	$ (19,555)
Foreign currency translation adjustment	—	502	—	—	502
Comprehensive loss	(19,169)	(6,792)	7,467	(559)	(19,053)
Comprehensive loss attributable to noncontrolling interests	—	286	100	—	386
Comprehensive loss attributable to FelCor LP	$ (19,169)	$ (6,506)	$ 7,567	$ (559)	$ (18,667)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Three Months Ended September 30, 2011
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net loss	$ (22,998)	$ (8,777)	$ 7,648	$ 751	$ (23,376)
Foreign currency translation adjustment	—	(3,535)	—	—	(3,535)
Comprehensive loss	(22,998)	(12,312)	7,648	751	(26,911)
Comprehensive loss attributable to noncontrolling interests	—	152	226	—	378
Comprehensive loss attributable to FelCor LP	$ (22,998)	$ (12,160)	$ 7,874	$ 751	$ (26,533)

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

FELCOR LODGING LIMITED PARTNERSHIP

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

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net loss	$ (35,948)	$ (4,136)	$ 29,744	$ (26,048)	$ (36,388)
Foreign currency translation adjustment	—	493	—	—	493
Comprehensive loss	(35,948)	(3,643)	29,744	(26,048)	(35,895)
Comprehensive loss attributable to noncontrolling interests	—	575	(135)	—	440
Comprehensive loss attributable to FelCor LP	$ (35,948)	$ (3,068)	$ 29,609	$ (26,048)	$ (35,455)

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Nine Months Ended September 30, 2011
(in thousands)

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Net loss	$ (97,230)	$ (28,375)	$ 26,096	$ 2,010	$ (97,499)
Foreign currency translation adjustment	—	(2,057)	—	—	(2,057)
Comprehensive loss	(97,230)	(30,432)	26,096	2,010	(99,556)
Comprehensive loss attributable to noncontrolling interests	—	305	(36)	—	269
Comprehensive loss attributable to FelCor LP	$ (97,230)	$ (30,127)	$ 26,060	$ 2,010	$ (99,287)

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

FELCOR LODGING LIMITED PARTNERSHIP

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

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Operating activities:					
Cash flows from operating activities	$ (36,423)	$ 13,966	$ 95,264	$ —	$ 72,807
Investing activities:					
Improvements and additions to hotels	(6,875)	(58,989)	(34,121)	—	(99,985)
Hotel development	—	—	(16,707)	—	(16,707)
Proceeds from asset dispositions	(14)	22,750	101,874	—	124,610
Distributions from unconsolidated entities	11,894	—	—	—	11,894
Intercompany financing	139,246	—	—	(139,246)	—
Other	—	4,003	(1,405)	—	2,598
Cash flows from investing activities	144,251	(32,236)	49,641	(139,246)	22,410
Financing activities:					
Proceeds from borrowings	—	—	378,750	—	378,750
Repayment of borrowings	(96)	—	(395,259)	—	(395,355)
Distributions paid to preferred unitholders	(59,021)	—	—	—	(59,021)
Intercompany financing	—	(12,955)	(126,291)	139,246	—
Other	—	—	(1,342)	—	(1,342)
Cash flows from financing activities	(59,117)	(12,955)	(144,142)	139,246	(76,968)
Effect of exchange rate changes on cash	—	112	—	—	112
Change in cash and cash equivalents	48,711	(31,113)	763	—	18,361
Cash and cash equivalents at beginning of period	23,503	67,001	3,254	—	93,758
Cash and cash equivalents at end of period	$ 72,214	$ 35,888	$ 4,017	$ —	$ 112,119

FELCOR LODGING TRUST INCORPORATED AND FELCOR LODGING LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

FELCOR LODGING LIMITED PARTNERSHIP

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Nine Months Ended September 30, 2011
(in thousands

	FelCor LP	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Total Consolidated
Operating activities:					
Cash flows from operating activities	$ (65,797)	$ 10,612	$ 91,616	$ —	$ 36,431
Investing activities:					
Acquisition of hotels	—	(137,985)	—	—	(137,985)
Improvements and additions to hotels	(2,228)	(22,699)	(32,543)	—	(57,470)
Proceeds from asset dispositions	14,132	(76)	82,379	—	96,435
Change in restricted cash - investing	—	(1,675)	(114,583)	—	(116,258)
Intercompany financing	(445,364)	—	—	445,364	—
Other	1,386	391	(359)	—	1,418
Cash flows from investing activities	(432,074)	(162,044)	(65,106)	445,364	(213,860)
Financing activities:					
Proceeds from borrowings	525,000	—	562,285	—	1,087,285
Repayment of borrowings	(233,761)	—	(878,653)	—	(1,112,414)
Payment of deferred financing fees	(14,017)	—	(4,780)	—	(18,797)
Distributions paid to preferred unitholders	(29,035)	—	—	—	(29,035)
Net proceeds from common unit issuance	158,476	—	—	—	158,476
Contributions from noncontrolling interests	—	—	6,646	—	6,646
Intercompany financing	—	155,807	289,557	(445,364)	—
Other	2,500	—	(868)	—	1,632
Cash flows from financing activities	409,163	155,807	(25,813)	(445,364)	93,793
Effect of exchange rate changes on cash	—	(153)	—	—	(153)
Change in cash and cash equivalents	(88,708)	4,222	697	—	(83,789)
Cash and cash equivalents at beginning of period	155,350	43,647	1,975	—	200,972
Cash and cash equivalents at end of period	$ 66,642	$ 47,869	$ 2,672	$ —	$ 117,183

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

General

Our strategic plan involves increasing stockholder value by creating a high-growth diversified portfolio and a strong and flexible balance sheet with a low cost of capital.

Since the second quarter, we continued to progress on our strategic plan:

- During the third quarter, we sold a non-strategic hotel for gross proceeds of $25.5 million. In addition, we sold two additional non-strategic hotels for gross proceeds of $70 million in October 2012 and one non-strategic hotel (with hard-money deposit received in October) for gross proceeds of $8.7 million in November 2012.

- We used proceeds from asset sales to pay the remaining accrued preferred dividends ($37.7 million) in October 2012.

- We obtained $160.8 million in proceeds from five single-asset ten-year mortgage loans that closed in September 2012. Proceeds from the new loans were used to repay $107 million on a 9.02% mortgage loan that would otherwise mature in 2014. We also used those proceeds (plus asset sale proceeds) to repay the remaining $60.3 million balance of another mortgage loan. The average interest rate on the new loans (4.95%) is more than 400 basis points lower than the repaid 9.02% loan, and we were able to unencumber seven hotels.

In the third quarter, RevPAR increased 6.2%, which exceeded the industry average of 5.1%. ADR increased 6.9%, offset by a slight decline in occupancy of 50 basis points. RevPar at the core 45 hotels increased 6.6%, compared to 4.7% for the 21 non-strategic hotels. Hotel EBITDA margins increased 58 basis points to 25.2% for the quarter.

Results of Operations

Comparison of the Three Months ended September 30, 2012 and 2011

For the three months ended September 30, 2012, we recorded a $19.6 million net loss compared to a $23.4 million net loss for the same period in 2011. Our 2012 net loss included $11.8 million in debt extinguishment charges (of which $126,000 are included in discontinued operations) and $1.1 million of hurricane-related charges (of which $228,000 are included in discontinued operations). The 2012 charges are partially offset by a $9.9 million net gain from an asset sale included in discontinued operations.

In the third quarter of 2012:

- *Total revenue* was $236.2 million, 5.9% more than the same period in 2011. This increase primarily reflects a 6.2% increase in same-store RevPAR (6.6% at our core hotels and 4.7% at our non-strategic hotels), reflecting a 6.9% increase in ADR (partially offset by a 50 basis point decrease in occupancy).

- *Hotel departmental expenses* increased $3.9 million. As a percentage of total revenue, hotel departmental expenses decreased from 36.2% to 35.8% compared to the same period in 2011. This improvement primarily reflects revenue increases being driven by ADR as opposed to occupancy.

- *Other property-related costs* increased $2.0 million due primarily to higher marketing costs. As a percentage of total revenue, other property-related costs decreased from 27.8% to 27.1% compared to the same period in 2011. This improvement primarily reflects revenue increases being driven by ADR as opposed to occupancy.

- *Management and franchise fees* increased $650,000 compared to the same period in 2011, primarily reflecting higher revenues (which serve as the basis for determining such fees). As a percentage of total revenue, these costs remained essentially unchanged from the same period in 2011.

- *Taxes, insurance and lease expense* increased $2.3 million and as a percentage of total revenue from 10.3% to 10.7% compared to the same period in 2011. The higher percentage of revenue reflects a combination of increased percentage lease expense (computed as a percentage of hotel revenues in excess of base rent; as revenue increases, percentage rent increases at a faster rate) in 2012, as well as lower property taxes (reductions received after appeals) and lower general liability insurance (due to favorable claims experience) in 2011.

- *Corporate expenses* decreased $563,000 (as a percentage of total revenue decreasing from 2.8% to 2.4%), which primarily reflects lower restricted stock amortization in 2012, as a significant amount of restricted stock vested in 2011.

- *Depreciation and amortization expense* increased $1.9 million, compared to the same period in 2011, which is primarily attributable to hotel capital expenditures of $89.0 million in 2011 and $100.0 million in 2012.

- *Other expenses* increased $955,000 compared to the same period in 2011. This increase primarily reflects $851,000 in hurricane-related charges at three of our hotels affected by Hurricane Isaac.

- *Net interest expense* decreased $1.5 million compared to the same period in 2011, which primarily reflects lower average debt outstanding and higher capitalized interest related to the Knickerbocker Hotel development, all of which was partially offset by an increase in our weighted-average interest rate.

- *Debt extinguishment* charges during the third quarter of 2012 ($11.7 million) include prepayment penalties and the write-off of deferred loan costs primarily related to the repayment of $167.6 million in debt secured by properties in continuing operations.

- *Discontinued operations* included the results of operations for two hotels held for sale at September 30, 2012, and one hotel sold in August 2012. In addition to these three hotels, discontinued operations for the same period in 2011 included results of operations for six hotels sold in May 2012 and five hotels sold in 2011 subsequent to June 30, 2011. Discontinued operations in 2012 primarily consisted of a $9.9 million net gain on the sale of one hotel. Discontinued operations for the third quarter of 2011 included a $946,000 impairment charge and a $701,000 net gain on the sale of hotels.

Comparison of the Nine Months ended September 30, 2012 and 2011

For the nine months ended September 30, 2012, we recorded a $36.4 million net loss compared to a $97.5 million net loss for the same period in 2011. Our 2012 net loss included $26.6 million in net gains from asset sales included in discontinued operations. The net gains were offset by (i) $12.6 million in net losses from debt extinguishment charges (of which $790,000 is included in discontinued operations), (ii) $1.3 million in impairment charges for a non-strategic hotel, and (iii) $1.1 million in hurricane-related charges (of which $228,000 is included in discontinued operations). Our 2011 net loss included $24.3 million of net losses from debt extinguishment charges (of which a $3.3 million offsetting net gain is included in discontinued operations) and $13.3 million of impairment charges (of which $6.2 million is included in discontinued operations). These 2011 charges were partially offset by $7.4 million in net gains from asset sales included in discontinued operations.

In the nine months ended September 30, 2012:

- *Total revenue* was $695.0 million, 6.5% more than the same period in 2011. This increase primarily reflects a 5.1% increase in same-store RevPAR (for both our core hotels and our non-strategic hotels), reflecting a 5.8% increase in ADR (partially offset by a 50 basis point decrease in occupancy), as well as $11.5 million in incremental revenue from our recently-acquired hotels (Royalton and Morgans, acquired in May 2011). Several of our core hotels were under significant renovation or redevelopment during the nine months ended September 30, 2012.

- *Hotel departmental expenses* increased $14.7 million (including $6.8 million of incremental hotel departmental expenses from our recently-acquired hotels). As a percentage of total revenue, hotel departmental expenses decreased slightly from 36.2% to 36.1% in the current period. Improvement from increases in ADR was offset by decreasing food and beverage margins.

- *Other property-related costs* increased $9.0 million due to a combination of higher costs (such as marketing programs) and $3.5 million of incremental other property-related costs from our recently-acquired hotels. As a percentage of total revenue, other property-related costs decreased from 27.5% to 27.1% compared to the same period in 2011. This improvement primarily reflects revenue increases being driven by ADR as opposed to occupancy.

- *Management and franchise fees* increased $2.2 million compared to the same period in 2011, primarily reflecting higher revenues (which serve as the basis for determining such fees). As a percentage of total revenue, these costs remained essentially unchanged from the same period in 2011.

- *Taxes, insurance and lease expense* increased $7.8 million (including $999,000 of incremental taxes, insurance, and lease expenses from our recently-acquired hotels) and as a percentage of total revenue from 9.8% to 10.4% compared to the same period in 2011. The higher percentage of revenue reflects a combination of increased percentage lease expense (computed as a percentage of hotel revenues in excess of base rent; as revenue increases, percentage rent increases at a faster rate) in 2012, as well as lower property taxes (reductions received after appeals) and lower estimated Canadian taxes in 2011.

- *Corporate expenses* decreased $2.6 million (decreasing as a percentage of total revenue from 3.5% to 2.9%), which reflects: (i) lower restricted stock amortization in 2012, as a significant amount of restricted stock vested in 2011 and (ii) lower payroll tax withholding with respect to restricted cash awards, which were lower in 2012 than in 2011. With respect to the restricted cash awards, amounts withheld decreased as a result of a decrease in the amount of restricted cash granted compared to the prior year. We recognize payroll tax withholding on these awards as an expense when awarded rather than expensed over the normal three-year vesting periods (as is the case with the remainder of the awards).

- *Depreciation and amortization expense* increased $3.6 million compared to the same period in 2011, which includes $1.3 million of incremental depreciation expense related to our recently-acquired hotels. The remainder of the increase primarily reflects depreciation associated with hotel capital expenditures of $89.0 million in 2011 and $100.0 million in 2012.

- *Impairment loss.* In 2012 and 2011, with respect to hotels currently marketed for sale, we recorded impairment charges of $1.3 million (one hotel) and $7.0 million (two hotels), respectively. 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.

- *Other expenses* increased $471,000 compared to the same period in 2011, which primarily reflects 2012 hurricane-related charges and other expenses, offset by a reduction in acquisition costs.

- *Net interest expense* decreased $4.6 million compared to the same period in 2011, which primarily reflects lower average debt outstanding and increased capitalized interest related to the Knickerbocker Hotel, all of which was partially offset by an increase in our average interest rate.

- *Debt extinguishment* charges during the nine months ended September 30, 2012 ($11.8 million) include prepayment penalties and the write-off of deferred loan costs primarily related to the repayment of $167.6 million in mortgage debt secured by properties in continuing operations. During the nine months ended September 30, 2011, we redeemed $144.0 million of our 10% senior notes which were due 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.

- *Discontinued operations* included the results of operations for two hotels held for sale at September 30, 2012, one hotel sold in August 2012, and six hotels sold in May 2012. In addition to these nine properties, discontinued operations for the same period in 2011 included results of operations for eight hotels sold in 2011. Discontinued operations in 2012 included a $26.6 million net gain on the sale of hotels. Discontinued operations in 2011 reflects a $7.4 million net gain on the sale of hotels, $3.3 million in net gains from debt extinguishment, and $6.2 million in impairment charges.

Non-GAAP Financial Measures

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

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

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

	Three Months Ended September 30,					
	2012			2011		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net loss	$ (19,555)			$ (23,376)		
Noncontrolling interests	530			544		
Preferred dividends	(9,678)			(9,678)		
Net loss attributable to FelCor common stockholders	(28,703)	123,640	$ (0.23)	(32,510)	123,062	$ (0.26)
Depreciation and amortization	31,749	—	0.26	29,891	—	0.24
Depreciation, discontinued operations and unconsolidated entities	3,664	—	0.03	7,508	—	0.06
Gain on involuntary conversion	—	—	—	(109)	—	—
Impairment loss, discontinued operations	—	—	—	946	—	0.01
Gain on sale of hotels	(9,922)	—	(0.08)	(701)	—	(0.01)
Noncontrolling interests in FelCor LP	(144)	626	(0.01)	(166)	638	—
Conversion of unvested restricted stock	—	—	—	—	709	—
FFO	(3,356)	124,266	(0.03)	4,859	124,409	0.04
Acquisition costs	16	—	—	413	—	0.01
Hurricane loss	851	—	0.01	—	—	—
Hurricane loss, discontinued operations and unconsolidated entities	231	—	—	—	—	—
Debt extinguishment, including discontinued operations	11,786	—	0.09	355	—	—
Severance costs	71	—	—	—	—	—
Abandoned projects	219	—	—	—	—	—
Pre-opening costs	202	—	—	—	—	—
Conversion of unvested restricted stock	—	358	0.01	—	—	—
Adjusted FFO	$ 10,020	124,624	$ 0.08	$ 5,627	124,409	$ 0.05

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

	Nine Months Ended September 30,					
	2012			2011		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net loss	$ (36,388)			$ (97,499)		
Noncontrolling interests	769			738		
Preferred dividends	(29,034)			(29,034)		
Net loss attributable to FelCor common stockholders	(64,653)	123,648	$ (0.52)	(125,795)	113,908	$ (1.10)
Depreciation and amortization	92,544	—	0.75	88,960	—	0.78
Depreciation, discontinued operations and unconsolidated entities	13,315	—	0.11	25,750	—	0.23
Gain on involuntary conversion	—	—	—	(292)	—	—
Loss on involuntary conversion, discontinued operations	—	—	—	12	—	—
Impairment loss	1,335	—	0.01	7,003	—	0.06
Impairment loss, discontinued operations	—	—	—	6,247	—	0.05
Gain on sale of hotels	(26,641)	—	(0.22)	(7,362)	—	(0.06)
Noncontrolling interests in FelCor LP	(329)	630	—	(469)	453	(0.01)
Conversion of unvested restricted stock	—	280	—	—	—	—
FFO	15,571	124,558	0.13	(5,946)	114,361	(0.05)
Acquisition costs	114	—	—	1,359	—	0.01
Hurricane loss	851	—	0.01	—	—	—
Hurricane loss, discontinued operations and unconsolidated entities	231	—	—	—	—	—
Debt extinguishment, including discontinued operations	12,598	—	0.10	24,316	—	0.21
Severance costs	451	—	—	—	—	—
Abandoned projects	219	—	—	—	—	—
Pre-opening costs	245	—	—	—	—	—
Conversion of unvested restricted stock	—	—	—	—	828	—
Adjusted FFO	$ 30,280	124,558	$ 0.24	$ 19,729	115,189	$ 0.17

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Net loss	$ (19,555)	$ (23,376)	$ (36,388)	$ (97,499)
Depreciation and amortization	31,749	29,891	92,544	88,960
Depreciation, discontinued operations and unconsolidated entities	3,664	7,508	13,315	25,750
Interest expense	31,393	32,924	93,664	98,323
Interest expense, discontinued operations and unconsolidated entities	934	2,009	4,060	8,016
Noncontrolling interests in other partnerships	386	378	440	269
EBITDA	48,571	49,334	167,635	123,819
Impairment loss	—	—	1,335	7,003
Impairment loss, discontinued operations	—	946	—	6,247
Hurricane loss	851	—	851	—
Hurricane loss, discontinued operations and unconsolidated entities	231	—	231	—
Debt extinguishment, including discontinued operations	11,786	355	12,598	24,316
Acquisition costs	16	413	114	1,359
Gain on sale of hotels	(9,922)	(701)	(26,641)	(7,362)
Gain on involuntary conversion	—	(109)	—	(292)
Loss on involuntary conversion, discontinued operations	—	—	—	12
Amortization of stock compensation	1,210	1,766	3,748	5,343
Severance costs	71	—	451	—
Abandoned projects	219	—	219	—
Pre-opening costs	202	—	245	—
Adjusted EBITDA	$ 53,235	$ 52,004	$ 160,786	$ 160,445

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 at the dates presented.

Hotel EBITDA and Hotel EBITDA Margin
(dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Same-store operating revenue:				
Room	$ 188,886	$ 177,858	$ 544,664	$ 516,384
Food and beverage	33,673	30,288	109,472	105,999
Other operating departments	12,237	13,488	38,177	39,140
Same-store operating revenue	234,796	221,634	692,313	661,523
Same-store operating expense:				
Room	49,794	47,805	144,419	139,330
Food and beverage	29,176	26,892	89,354	85,343
Other operating departments	5,593	5,979	16,976	17,719
Other property related costs	63,940	61,944	188,428	182,859
Management and franchise fees	10,895	10,245	32,188	30,376
Taxes, insurance and lease expense	16,170	14,149	46,135	41,099
Same-store operating expense	175,568	167,014	517,500	496,726
Hotel EBITDA	$ 59,228	$ 54,620	$ 174,813	$ 164,797
Hotel EBITDA Margin	25.2%	24.6%	25.3%	24.9%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Same-store operating revenue[a]	$ 234,796	$ 221,634	$ 692,313	$ 661,523
Other revenue	1,441	1,394	2,672	2,630
Revenue from acquired hotels	—	—	—	(11,455)
Total revenue	236,237	223,028	694,985	652,698
Same-store operating expense[a]	175,568	167,014	517,500	496,726
Consolidated hotel lease expense[b]	10,910	10,582	31,339	29,383
Unconsolidated taxes, insurance and lease expense	(1,727)	(1,716)	(5,491)	(5,152)
Corporate expenses	5,695	6,258	20,074	22,705
Depreciation and amortization	31,749	29,891	92,544	88,960
Impairment loss	—	—	1,335	7,003
Hurricane loss	851	—	851	—
Expenses from acquired hotels	—	—	—	(11,290)
Other expenses	1,312	1,208	3,075	3,455
Total operating expense	224,358	213,237	661,227	631,790
Operating income	$ 11,879	$ 9,791	$ 33,758	$ 20,908

(a) For same-store metrics, we have included the two hotels acquired in May 2011 for all periods presented as if they were acquired at the beginning of the period.
(b) Consolidated hotel lease expense represents the percentage lease expense of our 51% owned operating lessees. The offsetting percentage lease revenue is included in equity in income from unconsolidated entities.

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

FFO and EBITDA

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

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

Adjustments to FFO and EBITDA

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

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

In addition, to derive Adjusted EBITDA we exclude gains or losses on the sale of depreciable assets and impairment losses 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 and impairment losses 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.

Use and Limitations of Non-GAAP Measures

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

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

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

Pro Rata Share of Rooms Owned

The following table sets forth, at September 30, 2012, 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 September 30, 2012
Consolidated Hotels	66	19,164
Unconsolidated hotel operations	1	171
Total hotels	67	19,335
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		17,440

Hotel Portfolio Composition

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

Brand	Hotels	Rooms	% of Total Rooms	2011 Hotel EBITDA (in thousands)[(a)]
Embassy Suites Hotels	21	5,743	30	$ 79,999
Holiday Inn	9	3,120	16	32,543
Doubletree and Hilton	5	1,206	6	15,352
Sheraton and Westin	4	1,604	8	15,203
Renaissance and Marriott	3	1,321	7	11,357
Fairmont	1	383	3	5,700
Morgans and Royalton	2	282	1	3,845
Core hotels	**45**	**13,659**	**71**	**163,999**
Non-strategic hotels	21	5,505	29	46,989
Same-store hotels	**66**	**19,164**	**100**	**$ 210,988**
Market				
San Francisco area	4	1,637	9	$ 16,813
Boston	3	916	5	14,031
Los Angeles area	3	677	4	13,731
South Florida	3	923	5	13,116
New York area	4	817	4	9,703
Philadelphia	2	728	4	8,808
Atlanta	3	952	5	8,420
Myrtle Beach	2	640	3	7,862
Dallas	2	784	4	7,153
San Diego	1	600	3	6,144
Other markets	18	4,985	25	58,218
Core hotels	**45**	**13,659**	**71**	**163,999**
Non-strategic hotels	21	5,505	29	46,989
Same-store hotels	**66**	**19,164**	**100**	**$ 210,988**
Location				
Urban	16	4,931	26	$ 64,858
Airport	10	3,267	17	35,579
Resort	10	2,928	16	35,204
Suburban	9	2,533	12	28,358
Core hotels	**45**	**13,659**	**71**	**163,999**
Non-strategic hotels	21	5,505	29	46,989
Same-store hotels	**66**	**19,164**	**100**	**$ 210,988**

(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.

Hotel Operating Statistics

The following tables set forth occupancy, ADR and RevPAR for the three and nine months ended September 30, 2012 and 2011, and the percentage changes therein for the periods presented, for our same-store Consolidated Hotels included in continuing operations.

Operating Statistics by Brand

	Occupancy (%)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	%Variance	2012	2011	%Variance
Embassy Suites Hotels	76.7	80.1	(4.3)	76.4	77.9	(1.9)
Holiday Inn	82.1	82.4	(0.3)	76.9	76.5	0.5
Doubletree and Hilton	78.1	76.2	2.5	71.9	70.9	1.4
Sheraton and Westin	69.0	67.1	2.8	65.8	67.8	(2.9)
Renaissance and Marriott	68.3	63.0	8.4	71.3	68.9	3.4
Fairmont	81.7	83.1	(1.7)	62.0	73.5	(15.7)
Morgans and Royalton	85.6	86.3	(0.8)	83.2	86.1	(3.4)
Core hotels (45)	**76.7**	**77.4**	**(0.9)**	**74.1**	**75.0**	**(1.2)**
Non-strategic hotels (21)	70.1	70.1	(0.1)	72.0	71.4	0.8
Same-store hotels (66)	**74.8**	**75.3**	**(0.7)**	**73.5**	**74.0**	**(0.6)**

	ADR ($)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	%Variance	2012	2011	%Variance
Embassy Suites Hotels	146.48	137.34	6.7	145.14	137.96	5.2
Holiday Inn	155.56	141.23	10.1	143.96	131.10	9.8
Doubletree and Hilton	142.08	132.03	7.6	139.02	132.94	4.6
Sheraton and Westin	114.61	111.93	2.4	112.28	111.93	0.3
Renaissance and Marriott	171.56	155.56	10.3	194.01	177.49	9.3
Fairmont	275.15	249.60	10.2	281.34	245.10	14.8
Morgans and Royalton	295.74	284.71	3.9	289.76	274.93	5.4
Core hotels (45)	**154.26**	**143.37**	**7.6**	**151.69**	**142.65**	**6.3**
Non-strategic hotels (21)	116.60	111.31	4.8	117.12	112.27	4.3
Same-store hotels (66)	**144.06**	**134.74**	**6.9**	**141.91**	**134.17**	**5.8**

	RevPAR ($)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	%Variance	2012	2011	%Variance
Embassy Suites Hotels	112.30	110.00	2.1	110.84	107.41	3.2
Holiday Inn	127.79	116.39	9.8	110.66	100.30	10.3
Doubletree and Hilton	111.00	100.61	10.3	99.99	94.28	6.1
Sheraton and Westin	79.09	75.15	5.2	73.91	75.89	(2.6)
Renaissance and Marriott	117.18	97.98	19.6	138.32	122.33	13.1
Fairmont	224.93	207.53	8.4	174.41	180.20	(3.2)
Morgans and Royalton	253.11	245.67	3.0	241.05	236.74	1.8
Core hotels (45)	**118.37**	**111.02**	**6.6**	**112.43**	**106.96**	**5.1**
Non-strategic hotels (21)	81.73	78.06	4.7	84.30	80.19	5.1
Same-store hotels (66)	**107.78**	**101.49**	**6.2**	**104.31**	**99.23**	**5.1**

Operating Statistics for Our Top Markets

Occupancy (%)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	%Variance	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	%Variance
San Francisco area	89.7	89.5	0.2	82.4	81.0	1.7
Boston	81.4	84.5	(3.7)	70.4	79.2	(11.1)
Los Angeles area	80.2	86.4	(7.2)	81.0	80.3	0.8
South Florida	72.7	74.2	(2.0)	78.5	79.2	(0.9)
New York area	78.5	83.7	(6.2)	76.8	78.9	(2.6)
Philadelphia	72.8	75.6	(3.8)	66.6	72.0	(7.4)
Atlanta	75.6	75.9	(0.5)	75.0	76.7	(2.2)
Myrtle Beach	82.1	80.4	2.0	66.5	64.8	2.6
Dallas	60.7	61.2	(0.8)	65.2	65.1	0.2
San Diego	88.3	87.9	0.5	83.2	80.4	3.4
Other markets	72.9	72.0	1.3	72.1	72.4	(0.4)
Core hotels (45)	**76.7**	**77.4**	**(0.9)**	**74.1**	**75.0**	**(1.2)**
Non-strategic hotels (21)	70.1	70.1	(0.1)	72.0	71.4	0.8
Same-store hotels (66)	**74.8**	**75.3**	**(0.7)**	**73.5**	**74.0**	**(0.6)**

ADR ($)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	%Variance	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	%Variance
San Francisco area	190.07	165.02	15.2	171.84	148.81	15.5
Boston	217.57	197.56	10.1	206.71	185.42	11.5
Los Angeles area	173.31	162.41	6.7	156.34	151.80	3.0
South Florida	115.28	113.30	1.7	147.52	142.58	3.5
New York area	205.13	195.32	5.0	202.24	193.30	4.6
Philadelphia	145.95	131.40	11.1	147.82	133.01	11.1
Atlanta	107.82	104.65	3.0	108.54	104.87	3.5
Myrtle Beach	174.37	169.53	2.9	153.84	149.24	3.1
Dallas	105.38	99.74	5.6	105.98	110.01	(3.7)
San Diego	138.88	127.11	9.3	130.99	121.13	8.1
Other markets	138.39	129.66	6.7	143.81	137.13	4.9
Core hotels (45)	**154.26**	**143.37**	**7.6**	**151.69**	**142.65**	**6.3**
Non-strategic hotels (21)	116.60	111.31	4.8	117.12	112.27	4.3
Same-store hotels (66)	**144.06**	**134.74**	**6.9**	**141.91**	**134.17**	**5.8**

RevPAR ($)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	%Variance	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	%Variance
San Francisco area	170.41	147.69	15.4	141.59	120.59	17.4
Boston	177.00	166.90	6.1	145.53	146.77	(0.8)
Los Angeles area	139.00	140.32	(0.9)	126.59	121.96	3.8
South Florida	83.83	84.05	(0.3)	115.85	112.96	2.6
New York area	160.99	163.48	(1.5)	155.35	152.47	1.9
Philadelphia	106.19	99.33	6.9	98.51	95.75	2.9
Atlanta	81.46	79.44	2.5	81.43	80.47	1.2
Myrtle Beach	143.13	136.38	4.9	102.26	96.73	5.7
Dallas	63.98	61.03	4.8	69.08	71.59	(3.5)
San Diego	122.69	111.78	9.8	108.93	97.41	11.8
Other markets	100.89	93.35	8.1	103.75	99.28	4.5
Core hotels (45)	**118.37**	**111.02**	**6.6**	**112.43**	**106.96**	**5.1**
Non-strategic hotels (21)	81.73	78.06	4.7	84.30	80.19	5.1
Same-store hotels (66)	**107.78**	**101.49**	**6.2**	**104.31**	**99.23**	**5.1**

Hotel Portfolio

The following table sets forth certain descriptive information regarding the hotels in which we held ownership interest at September 30, 2012.

Core Hotels	Brand	State	Rooms	% Owned [(a)]
Birmingham	Embassy Suites Hotel	AL	242	
Phoenix – Biltmore	Embassy Suites Hotel	AZ	232	
Dana Point – Doheny Beach	Doubletree Guest Suites	CA	196	
Indian Wells – Esmeralda Resort & Spa	Renaissance Resort	CA	560	
Los Angeles – International Airport/South	Embassy Suites Hotel	CA	349	
Napa Valley	Embassy Suites Hotel	CA	205	
Oxnard – Mandalay Beach – Hotel & Resort	Embassy Suites Hotel	CA	249	
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	
Santa Monica Beach – at the Pier	Holiday Inn	CA	132	
Deerfield Beach – Resort & Spa	Embassy Suites Hotel	FL	244	
Ft. Lauderdale – 17th Street	Embassy Suites Hotel	FL	361	
Miami – International Airport	Embassy Suites Hotel	FL	318	
Orlando – International Drive South/Convention	Embassy Suites Hotel	FL	244	
Orlando – Walt Disney World Resort	Doubletree Guest Suites	FL	229	
St. Petersburg – Vinoy Resort & Golf Club	Renaissance Resort	FL	361	
Atlanta – Buckhead	Embassy Suites Hotel	GA	316	
Atlanta – Gateway – Atlanta Airport	Sheraton	GA	395	
Atlanta – Perimeter Center	Embassy Suites Hotel	GA	241	50%
Chicago – Lombard/Oak Brook	Embassy Suites Hotel	IL	262	50%
Boston – at Beacon Hill	Holiday Inn	MA	304	
Boston – Copley Plaza	Fairmont	MA	383	
Boston – Marlborough	Embassy Suites Hotel	MA	229	
Baltimore – at BWI Airport	Embassy Suites Hotel	MD	251	90%
Minneapolis – Airport	Embassy Suites Hotel	MN	310	
Charlotte – SouthPark	Doubletree Guest Suites	NC	208	
Parsippany	Embassy Suites Hotel	NJ	274	50%
Secaucus – Meadowlands	Embassy Suites Hotel	NJ	261	50%
New York – Morgans	Independent	NY	114	
New York – Royalton	Independent	NY	168	
Philadelphia – Historic District	Holiday Inn	PA	364	
Philadelphia – Society Hill	Sheraton	PA	364	
Pittsburgh – at University Center (Oakland)	Holiday Inn	PA	251	
Charleston – The Mills House Hotel	Holiday Inn	SC	214	
Myrtle Beach – Oceanfront Resort	Embassy Suites Hotel	SC	255	
Myrtle Beach Resort	Hilton	SC	385	
Nashville – Opryland – Airport (Briley Parkway)	Holiday Inn	TN	383	

Hotel Portfolio (continued)

Core Hotels	Brand	State	Rooms	% Owned [(a)]
Austin	Doubletree Guest Suites	TX	188	90 %
Dallas – Love Field	Embassy Suites Hotel	TX	248	
Dallas – Park Central	Westin	TX	536	60 %
Houston – Medical Center	Holiday Inn	TX	287	
Burlington Hotel & Conference Center	Sheraton	VT	309	
Unconsolidated Hotel				
New Orleans – French Quarter – Chateau LeMoyne	Holiday Inn	LA	171	50 %
Hotel under Development				
New York – Midtown Manhattan – Knickerbocker Hotel	Independent	NY	330	95 %
Non-strategic Hotels				
Phoenix – Crescent	Sheraton	AZ	342	
Santa Barbara – Goleta	Holiday Inn	CA	160	
Milpitas – Silicon Valley	Embassy Suites Hotel	CA	266	
San Rafael – Marin County	Embassy Suites Hotel	CA	235	50 %
Wilmington	Doubletree	DE	244	90 %
Jacksonville – Baymeadows	Embassy Suites Hotel	FL	277	
Orlando – International Airport	Holiday Inn	FL	288	
Atlanta – Airport	Embassy Suites Hotel	GA	232	
Atlanta – Galleria	Sheraton Suites	GA	278	
Kansas City – Overland Park	Embassy Suites Hotel	KS	199	50 %
Indianapolis – North	Embassy Suites Hotel	IN	221	82 %
Baton Rouge	Embassy Suites Hotel	LA	223	
New Orleans – French Quarter	Holiday Inn	LA	374	
Bloomington	Embassy Suites Hotel	MN	218	
Kansas City – Plaza	Embassy Suites Hotel	MO	266	50 %
Charlotte	Embassy Suites Hotel	NC	274	50 %
Raleigh – Crabtree	Embassy Suites Hotel	NC	225	50 %
Toronto – Airport	Holiday Inn	Ontario	446	
Austin – Central	Embassy Suites Hotel	TX	260	50 %
San Antonio – International Airport	Embassy Suites Hotel	TX	261	50 %
San Antonio – NW I-10	Embassy Suites Hotel	TX	216	50 %
Non-strategic Hotels Held for Sale (included in discontinued operations)				
New Orleans – Convention Center	Embassy Suites Hotel	LA	370	
Nashville – Airport – Opryland Area	Embassy Suites Hotel	TN	296	

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

Liquidity and Capital Resources

Operating Activities

During the first nine months of 2012, cash provided by operating activities (primarily hotel operations) was $72.8 million, $36.4 million more than the same period in 2011. This increase primarily reflects a change in the timing (and, consequently, accrual) of interest payments on our senior secured notes ($23.5 million) and an increase from improved operations ($7.5 million). Our consolidated statements of cash flows combines cash flow from continuing and discontinued operations. The amount of operating cash flow from discontinued operations was $11.6 million for the nine months ended September 30, 2012 and 2011. We do not expect the absence of these cash flows to have a material impact on our business, as the operations of these hotels would not provide an acceptable return on the future capital expenditure required for these hotels.

At September 30, 2012, we had $112.1 million of cash and cash equivalents, including $35.9 million held by our third-party management companies.

RevPAR for the lodging industry continues to be robust. RevPAR at our hotels for the first nine months increased 5.1%, driven by 5.8% increase in ADR, offset by a slight decrease in occupancy of 0.6%, due to renovation related disruption in the first part of 2012. The industry is enjoying a supply/demand imbalance, as supply growth remains well below the long-term average. Occupancy continues to increase and is approaching prior peak levels, allowing hotels to raise rates. We expect our RevPAR to increase 5.5% to 6.0% during 2012, primarily from improvements in ADR. We expect to generate $77.0 million to $80.9 million of cash flow from operating activities in 2012.

Investing Activities

During the first nine months of 2012, cash provided by investing activities was $22.4 million compared to $213.9 million used in investing activities during the same period in 2011. In 2012, we sold hotels for $124.6 million in net proceeds, which was partially offset by $100.0 million of capital expenditures (primarily from renovations and redevelopment at 12 hotels) and $16.7 million of capital expenditures at the Knickerbocker Hotel. In 2011, we purchased two hotels for $138.0 million, spent $57.5 million in capital expenditures and placed $115.0 million in escrow related to our December 2011 purchase of the Knickerbocker Hotel, all of which was partially offset by $96.4 million of proceeds from hotel sales. We expect to spend approximately $85 million for improvements and renovations in 2012, which will be funded from operating cash flow, cash on hand and borrowings under our line of credit. We also expect to spend approximately $35 million on value-enhancing redevelopment projects at three hotels: Morgans (guestroom additions, public areas, meeting space, fitness area, re-concepted food and beverage); Embassy Suites-Myrtle Beach-Oceanfront Resort (public space, lobby, re-concepted food and beverage); and The Fairmont Copley Plaza (guestrooms, corridors, public areas, meeting space, fitness area, and re-concepted food and beverage). In addition, we expect to spend approximately $37 million in 2012 at the Knickerbocker Hotel, which will be funded primarily by cash and draws on the line of credit.

As part of our strategic plan, we intend to sell as many as 39 non-strategic hotels that do not meet our investment criteria, thereby freeing our capital for redeployment (*e.g.*, reduce overall leverage, pay accrued preferred dividends and invest in our core properties that generate a higher return on invested capital). We have sold 19 hotels to date, including 10 in 2012. There are 20 non-strategic hotels remaining to sell. Of those, 10 have been brought to market or are in the early stages of marketing. We are currently in discussions with potential buyers for six of these hotels. The 10 remaining hotels will be brought to market in 2013.

Financing Activities

During the first nine months of 2012, cash from financing activities decreased by $170.8 million compared to the same period in 2011. In 2012, we had net payments on mortgage debt borrowings of $133.6 million, primarily from asset sale proceeds and payments of $59.0 million in preferred dividends, both partially offset by $117.0 million of net borrowings under our line of credit. In 2011, we had $525.0 million in proceeds from issuing our 6.75% senior notes and $158.5 million in proceeds from the sale of common stock, partially offset by $550.4 million of debt payments and $29.0 million of preferred dividends. In 2012, we expect to pay approximately $18 million of normally occurring principal payments and $39 million of current quarterly preferred dividends, which will be funded from operating cash flow and cash on hand. Proceeds from additional hotel sales are being used to make additional non-recurring principal payments and (as noted below) pay the remaining preferred dividend arrearage.

We obtained $160.8 million in proceeds from five single-asset ten-year mortgage loans that closed in September 2012. Proceeds from the new loans were used to repay a 9.02% mortgage loan that would otherwise mature in 2014. We also used those proceeds (plus asset sale proceeds) to repay the remaining $60 million balance of a mortgage loan. The average interest rate on the new loans (4.95%) is more than 400 basis points lower than the repaid 9.02% loan, and we were able to unencumber seven hotels.

In 2011, we reinstated our current quarterly preferred dividends and paid current quarterly dividends since January 2011. We are restricted from paying any common dividends unless and until all accrued (which have been paid in full) and current preferred dividends are paid. Our Board of Directors will determine whether and when to declare future dividends based upon various factors, including operating results, economic conditions, other operation trends, our financial condition (and related debt covenant compliance) 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 December 31, 2011 (of which $67.7 million related to dividends in arrears). In July 2012, we paid $30.0 million of accrued dividends in arrears, and the remaining $37.7 million was paid in October 2012.

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 loans secured by two properties, all of our consolidated loans subject to lock-box provisions currently exceed the applicable minimum debt service coverage ratios.

Senior Notes. Our senior notes require that we satisfy total leverage, secured leverage and interest coverage tests in order to: (i) incur additional indebtedness, except to refinance maturing debt with replacement debt, as defined under our indentures; (ii) pay dividends in excess of the minimum distributions required to qualify as a REIT; (iii) repurchase capital stock; or (iv) merge. We currently exceed all minimum thresholds, other than for certain restricted payments. These notes are guaranteed by us, and payment of our 10% notes is secured by a pledge of the limited partner interests in FelCor LP owned by FelCor. In addition, our senior notes are secured by first lien mortgages and related security interests and/or negative pledges on 17 hotels (11 for our 10% senior notes and six for our 6.75% senior notes), and pledges of equity interests in certain subsidiaries of FelCor LP.

Interest Rate Caps. To fulfill a requirement under one loan, we entered into interest rate cap agreements with notional amounts of $202.4 million and $212.0 million at September 30, 2012 and December 31, 2011, respectively. These interest rate caps were not designated as hedges and had insignificant fair value at both September 30, 2012 and December 31, 2011, 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 September 30, 2012, approximately 77% of our consolidated debt bears fixed-rate interest.

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

Expected Maturity Date
at September 30, 2012
(dollars in thousands)

	Expected Maturity Date							
	2012	**2013**	**2014**	**2015**	**2016**	**Thereafter**	**Total**	**Fair Value**
Liabilities								
Fixed-rate:								
Debt	$ 1,169	$ 4,901	$558,202	$ 3,118	$11,471	$ 675,249	$ 1,254,110	$1,368,977
Average interest rate	5.78%	5.77%	9.59%	5.10%	5.61%	6.35%	7.78%	
Floating-rate:								
Debt	65,057	783	117,867	184,683	—	—	368,390	$ 389,864
Average interest rate [(a)]	1.84%	8.10%	4.95%	8.10%	—	—	5.99%	
Total debt	$ 66,226	$ 5,684	$676,069	$187,801	$11,471	$ 675,249	$ 1,622,500	
Average interest rate	1.91%	6.09%	8.79%	8.05%	5.61%	6.35%	7.37%	
Net discount							(24,406)	
Total debt							$ 1,598,094	

(a) The average floating interest rate considers the implied forward rates in the yield curve at September 30, 2012.

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 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In August 2012, FelCor issued 2,491 shares of common stock in exchange for like numbers of FelCor LP limited partnership units. Issuing these shares under these circumstances is a private transaction that is exempt from registration under Section 4(2) of the Securities Act of 1933.

Item 5. Other Information

As previously disclosed by FelCor in its August 30, 2012 current report, the Compensation Committee (the “Committee”) of FelCor's Board of Directors approved certain changes to FelCor's executive compensation program - in particular, providing that the magnitude of annual equity awards for FelCor's executive officers, beginning with awards made in 2013, would be determined exclusively based on future total stockholder return, relative to the performance of FelCor's peers. In order to implement those changes, FelCor's 2005 Restricted Stock and Stock Option Plan (the “Equity Plan”) had to be revised to permit awards of restricted stock units as an alternative to shares of restricted stock. On October 29, 2012, FelCor's Board of Directors amended the Equity Plan accordingly. The foregoing discussion is qualified in its entirety by the amended and restated Equity Plan, which is attached as Exhibit 10.1 to this quarterly report.

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
10.1	FelCor's 2005 Restricted Stock and Stock Option Plan (as amended through October 29, 2012).
10.2	Form of Performance Equity Grant Agreement.
10.3	Letter dated October 16, 2012 amending the 2007 Employment Agreement between FelCor and Richard A. Smith.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor.
31.3	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor LP.
31.4	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for FelCor LP.

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

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) FelCor's Consolidated Balance Sheets at September 30, 2012 and December 31, 2011; (ii) FelCor's Consolidated Statements of Operations for the three and nine months ended September 30, 2012 and 2011; (iii) FelCor's Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2012 and 2011; (iv) FelCor's Consolidated Statements of Changes in Equity for the nine months ended September 30, 2012 and 2011; (v) FelCor's Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011; (vi) FelCor LP's Consolidated Balance Sheets at September 30, 2012 and December 31, 2011; (vii) FelCor LP's Consolidated Statements of Operations for the three and nine months ended September 30, 2012 and 2011; (viii) FelCor LP's Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2012 and 2011; (ix) FelCor LP's Consolidated Statements of Partners' Capital for the nine months ended September 30, 2012 and 2011; (x) FelCor LP's Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011; and (xi) the Notes to Consolidated Financial Statements. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

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

FELCOR LODGING TRUST INCORPORATED

Date: November 2, 2012

By: /s/ Jeffrey D. Symes
Name: Jeffrey D. Symes
Title: Senior Vice President, Chief Accounting Officer and Controller

FELCOR LODGING LIMITED PARTNERSHIP
a Delaware limited partnership

By: FelCor Lodging Trust Incorporated
Its General Partner

Date: November 2, 2012

By: /s/ Jeffrey D. Symes
Name: Jeffrey D. Symes
Title: Senior Vice President, Chief Accounting Officer and Controller

Exhibit 10.1

FELCOR LODGING TRUST INCORPORATED

2005 Restricted Stock and Stock Option Plan

(as amended through October 29, 2012)

FELCOR LODGING TRUST INCORPORATED

2005 Restricted Stock and Stock Option Plan

Section 1. Establishment, Purpose, and Effective Date of Plan

1.1 Establishment. FelCor Lodging Trust Incorporated, a Maryland corporation, hereby establishes the "FELCOR LODGING TRUST INCORPORATED 2005 RESTRICTED STOCK AND STOCK OPTION PLAN" (the "Plan") for Independent Directors, executive officers and key employees. The Plan permits the grant of stock options and restricted stock as a payout media for payments under the plan.

1.2 Purpose. The purpose of the Plan is to advance the interests of the Company, by encouraging and providing for the acquisition of an equity interest in the success of the Company by Independent Directors, executive officers and key employees, by providing additional incentives and motivation toward superior performance of the Company, and by enabling the Company to attract and retain the services of Independent Directors, executive officers and key employees upon whose judgment, interest, and special effort the successful conduct of its operations is largely dependent.

1.3 Effective Date. The Plan shall become effective on February 18, 2005, ("Effective Date"), although it is subject to shareholder approval as provided in Section 6.1.

Section 2. Definitions

2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Award" means, collectively, each Option, Restricted Stock or Restricted Stock Unit, granted under this Plan, except that where it shall be appropriate to identify the specific type of Award, reference shall be made to the specific type of Award.

(b) "Award Agreement" means a written agreement between the Company and a holder of an Award evidencing the terms and conditions of an individual Award grant. Each Award Agreement will be subject to the terms and conditions of the Plan and need not be identical.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Compensation Committee of the Board; provided, however, that for any grant to an Independent Director, the remaining members of the Board shall serve as the Compensation Committee with respect to such grant, including, but not limited to, the approval of the grant. The Board, as a whole, may take any action which the Committee is authorized to take hereunder.

(f) "Company" means FelCor Lodging Trust Incorporated, a Maryland corporation.

(g) "Disability" means an individual who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than twelve (12) months.

(h) "Employee" means an employee (including officers and directors who are also employees) of the Company or its subsidiaries, affiliates (including partnerships) or any branch or division thereof.

(i) "Fair Market Value" of a share of Stock means the reported closing sales price of the Stock on the New York Stock Exchange Composite Tape on that date, or if no closing price is reported on that date, on the last preceding date on which such closing price of the Stock was so reported. If the Stock is not traded on the New York Stock Exchange at the time a determination of its Fair Market Value is required to be made hereunder, its Fair Market Value shall be deemed to be equal to the average between the closing bid and asked prices of the Stock on the most recent date on which the Stock was publicly traded. In the event the Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its Fair Market Value shall be made by the Committee in such manner as it deems appropriate.

(j) "Independent Director" means a director of the Company who is not an Employee.

(k) "Option" means the right to purchase Stock at a stated price for a specified period of time. For purposes of the Plan, an Option may be either (i) an "incentive stock option" within the meaning of Section 422 of the Code or (ii) a "nonstatutory stock option."

(l) "Participant" means any Employee or Independent Director designated by the Committee to participate in the Plan.

(m) "Period of Restriction" means (i) with respect to shares of Restricted Stock, the period during which the transfer of such shares is restricted pursuant to Section 8 of the Plan and (ii) with respect to Restricted Stock Units, the period beginning on when such Restricted Stock Units are granted to a Participant and ending when the shares of Stock underlying such Restricted Stock Units are to be issued to the Participant in accordance with the Award Agreement.

(n) "Restricted Stock" means Stock granted to a Participant pursuant to Section 8 of the Plan.

(o) "Restricted Stock Units" means a number of hypothetical Stock units granted to a Participant pursuant to Section 8 of the Plan having a value equal to the Fair Market Value of an identical number of shares of Stock; such units provide for the issuance of an identical number of shares of Stock to such Participant (or other compensation having a value equal to the corresponding Stock), subject to satisfaction of certain conditions.

(p) "Stock" means the common stock of the Company, par value of $.01 per share.

2.2 Gender and Number. Except when otherwise indicated by the context, words in the masculine gender when used in the Plan shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

Section 3. Eligibility and Participation

3.1 Eligibility and Participation. Participants in the Plan shall be selected by the Committee from among the Independent Directors and Employees who, in the opinion of the Committee, are in a position to contribute materially to the Company's continued growth and development and to its long-term financial success.

Section 4. Administration

4.1 Administration. The Committee shall be responsible for the administration of the Plan. The Committee, by majority action thereof, is authorized to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to the Plan, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration of the Plan. Determinations, interpretations, or other actions made or taken by the Committee pursuant to the provisions of the Plan shall be final and binding and conclusive for all purposes and upon all persons whomsoever.

Section 5. Stock Subject to Plan

5.1 Number. The total number of shares of Stock subject to Awards under the Plan may not exceed 6,000,000, subject to adjustment upon the occurrence of any of the events indicated in Section 5.3 hereof. The shares to be delivered under the Plan may consist, in whole or in part, of authorized but unissued Stock or treasury Stock, not reserved for any other purpose. Without limitation, no officer of the Company or other person whose compensation may be subject to the limitations on deductibility under Section 162 (m) of the Code shall be eligible to receive Awards pursuant to this Plan in excess of 250,000 shares of Stock in any fiscal year (the “Section 162(m) Maximum”).

5.2 Lapsed Awards. If any Award granted under the Plan terminates, expires, lapses or is canceled for any reason, any shares of Stock subject to such Award again shall be available for the grant of an Award hereunder. The Committee shall not, unless approved by (or subject to the approval of) shareholders, effect a repricing of all or any of the Options outstanding under the Plan at any time. Further, except as otherwise provided in Section 7.11 hereof, the Committee shall not, without the consent of the affected Optionee, have the authority to effect the cancellation or modification of any or all outstanding Options.

5.3 Adjustment in Capitalization. In the event of any change in the outstanding shares of Stock that occurs after the Effective Date by reason of a Stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the aggregate number of shares of Stock subject to the Plan and to each Award hereunder, and to the stated Option price (if any) of each Award, shall be adjusted appropriately by the Committee or the Board, whose determination shall be conclusive; provided, however, that fractional shares shall be rounded to the nearest whole share. In such event, the Committee or the Board also shall have discretion to make appropriate adjustments in the number and type of shares subject to an Award of Restricted Stock under the Plan pursuant to the terms of such an Award. In the event of a merger or consolidation where the Company is not the surviving corporation, the surviving corporation shall be required to assume the outstanding Awards which have not been canceled, and the Committee, in its sole discretion, shall adjust the number of shares, and the Option price (if any), so as to neither reduce or enlarge the rights of the Participant, including, but not limited to, dividing the shares and the Option price (if any) by the exchange ratio.

Section 6. Shareholder Approval and Duration of Plan

6.1 Shareholder Approval. All Awards granted under this Plan are subject to, and may not be exercised before, and will be rescinded and become void in the absence of, the approval of this Plan by a majority of the shareholders voting thereon at a meeting of shareholders, at which a quorum is present, held prior to the first anniversary of the Effective Date of this Plan.

6.2 Duration of Plan. The Plan shall remain in effect, subject to the Board's right to earlier terminate pursuant to Section 10 hereof, until all Stock subject to it shall have been purchased or acquired pursuant to the provisions hereof. Notwithstanding the foregoing, no Option may be granted under the Plan on or after the tenth anniversary of the Effective Date.

Section 7. Stock Options

7.1 Grant of Options. Subject to the provisions of Sections 5 and 6, Options may be granted to Participants at any time and from time to time as shall be determined by the Committee, and for all purposes hereof, the date of such grant shall be the date on which the Committee takes formal action to grant an Option, provided that it is followed, as soon as reasonably practicable, by written notice to the person receiving the Option. The Committee shall have complete discretion in determining the number of Options granted to each Participant and the terms and provisions thereof. The Committee may grant any type of Option to purchase Stock that is permitted by law at the time of grant; provided, however, that the aggregate Fair Market Value (determined at the time the Option is granted) of the Stock, with respect to which all incentive stock options granted under any plan of the Company are exercisable for the first time by a Participant during any calendar year, may not exceed $100,000. Nothing in this Section 7 of the Plan shall be deemed to prevent the grant of nonstatutory stock options in amounts that exceed the maximum established by Section 422 of the Code.

7.2 Option Agreement. Each Option shall be evidenced by an Option agreement that shall specify the type of Option granted, the Option price, the duration of the Option, the number of shares of Stock to which the Option pertains, and such other provisions as the Committee shall determine.

7.3 Option Price. The Option price of each share of Stock subject to each Option granted pursuant to this Plan shall be determined by the Committee at the time the Option is granted and, in the case of incentive stock options, shall not be less than 100% of the Fair Market Value of a share of Stock on the date the Option is granted, as determined by the Committee. In the case of incentive stock options granted to any person who owns, directly or indirectly, Stock possessing more than ten percent (10%) of the total combined voting power of all classes of Stock ("Ten Percent Owner"), the Option price shall not be less than 110% of the Fair Market Value of a share of Stock on the date the Option is granted. The Option price of each share of Stock subject to a nonstatutory stock option under this Plan shall be determined by the Committee, in its sole discretion, prior to granting the Option.

7.4 Duration of Options. Each Option shall expire at such time as the Committee shall determine at the time it is granted, provided, however, that no incentive stock option shall be exercisable later than ten (10) years from the date of its grant, and no incentive stock option granted to a Ten Percent Owner shall be exercisable later than five (5) years from the date of its grant.

7.5 Exercise of Options. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for all Participants. Unless otherwise expressly provided in the Option, no Option may be exercised within six (6) months after the date of grant. Each Option that is intended to qualify as an incentive stock option pursuant to Section 422 of the Code shall comply with the applicable provisions of the Code pertaining to such Options. Without limitation, the Committee may, in its sole discretion, accelerate the date on which any Option may be exercised, or on which restrictions on Restricted Stock shall lapse.

7.6 Payment. The Option price of Stock acquired upon exercise of any Option, and applicable withholding as described in Sections 11.1 and 11.2, shall be paid in full on the date of exercise, by certified or cashier's check, by wire transfer, by money order, through a broker assisted exercise, with Stock (but with Stock only if expressly permitted by the terms of the Option), or by a combination of the above. If the Option Price is permitted to be, and is, paid in whole or in part with Stock, the value of the Stock surrendered shall be its Fair Market Value on the date surrendered. The proceeds from payment of Option prices shall be added to the general funds of the Company and shall be used for general corporate purposes. For purposes of this Section 7.6, “broker assisted exercise” shall mean a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable written instructions to (a) a Committee designated brokerage firm to effect the immediate sale of the shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Option price plus all applicable withholding and employment taxes required, and (b) the Committee to deliver the certificates for the shares directly to such brokerage firm in order to complete the sale.

7.7 Restrictions on Stock Transferability. The Committee shall impose such restrictions on any shares of Stock acquired pursuant to the exercise of an Option under the Plan as it may deem advisable, including, without limitation, restrictions under applicable federal securities law, under the requirements of any stock exchange upon which such shares of Stock are then listed, and under any blue sky or state securities laws applicable to such shares.

7.8 Termination of Employment Due to Death or Disability. Unless otherwise expressly provided in the Option, if the employment of a Participant is terminated by reason of death or Disability, the rights under any then outstanding Option shall terminate upon the first to occur of (i) the expiration date of the Option or (ii) the first anniversary of such date of termination of employment.

7.9 Termination of Employment Other than for Death or Disability. Unless otherwise expressly provided in the Option, if the employment of the Participant shall terminate for any reason other than death or Disability, the rights under any then outstanding Option shall terminate upon the first to occur of (i) the expiration date of the Option or (ii) ninety (90) days after such date of termination of employment.

7.10 Nontransferability of Options. Unless otherwise expressly provided in the Option, no Option granted under the Plan may be sold, transferred pledged, assigned, or otherwise alienated or hypothecated, otherwise than by will or by the laws of descent and distribution. Further, all Options granted to a Participant under the Plan shall be exercisable during his lifetime only by such Participant.

7.11 Cancellation. Unless otherwise expressly provided in the Option of reference, in the event of a merger or consolidation where the Company is not the surviving corporation (or survives only as the 80% or greater owned subsidiary of another corporation), the Committee, in its sole discretion may cancel, by giving written notice (a “Cancellation Notice”), effective immediately prior to the consummation of such transaction, all or any of the vested portion of any, or all, Options that remain unexercised on such date. Such Cancellation Notice shall be given a reasonable period of time (but not less than 15 days) prior to the proposed date of such cancellation, and may be given either before or after shareholder approval (if any is required) of the transaction.

Section 8. Restricted Stock; Restricted Stock Units

8.1 Grants of Restricted Stock and/or Restricted Stock Units. Subject to the provisions of Sections 5 and 6, the Committee, at any time and from time to time, may grant shares of Restricted Stock and/or Restricted Stock Units under the Plan to such Participants and in such amounts as it shall determine. Each such grant shall be evidenced by a written Award Agreement that specifies the Period of Restriction and other specific terms of the Award. Without limitation, the Committee may accelerate the date on which restrictions lapse with respect to any Restricted Stock and/or Restricted Stock Units. Upon the expiration or termination of the Period of Restriction and the satisfaction of any other conditions prescribed by the Committee (including, without limitation, the Participant's satisfaction of applicable tax withholding obligations attributable to the Award), the restrictions applicable to the Restricted Stock or Restricted Stock Units will lapse and the number of shares of Stock with respect to which the restrictions have lapsed will be delivered, free of any restrictions except those that may be imposed by law, the terms of the Plan or the terms of an Award Agreement, to the Participant or the Participant's beneficiary or estate, as the case may be, unless such Award is subject to a deferral condition that complies with Code Section 409A and the regulations and interpretive authority issued thereunder as may be allowed or required by the Committee in its sole discretion. The Company will not be required to deliver any fractional share of Stock but will pay, in lieu thereof, the Fair Market Value of such fractional share in cash to the Participant or the Participant's beneficiary or estate, as the case may be. With respect only to Restricted Stock Units, unless otherwise subject to a deferred settlement date specified in the Award Agreement that complies with Code Section 409A requirements, the Stock will be issued and delivered, and the Participant will be entitled to the beneficial ownership rights of such Stock, as soon as practicable after the Period of Restriction lapses, but not later than (i) the later of (x) the date that is 2 ½ months after the end of the Participant's taxable year for which the Period of Restriction ends and the Restricted Stock Unit is no longer subject to a substantial risk of forfeiture; or (y) the date that is 2 ½ months after the end of the Company's taxable year for which the Period of Restriction ends and the Restricted Stock Unit is no longer subject to a substantial risk of forfeiture; or (ii) such earlier date as may be necessary to avoid application of Code Section 409A to such Award.

8.2 Transferability. Except as provided in Section 8.6 hereof, the shares of Restricted Stock or Restricted Stock Units granted hereunder may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated for such period of time as shall be determined by the Committee and shall be specified in the Award Agreement, or upon earlier satisfaction of other conditions as specified by the Committee in its sole discretion and set forth in the Award Agreement.

8.3 Other Restrictions. The Committee may impose such other restrictions on any shares of Restricted Stock and Restricted Stock Units granted pursuant to the Plan as it may deem advisable including, without limitation, restrictions under applicable federal or state securities laws, and may legend the certificates representing such shares to give appropriate notice of such restrictions.

8.4 Voting Rights. Participants holding shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those shares during the Period of Restriction. Participants awarded Restricted Stock Units hereunder shall have no voting rights with respect to those Restricted Stock Units until the issuance and delivery of shares of Stock in respect thereof on the later of the lapse of the Period of Restriction or the settlement date specified in the Award Agreement.

8.5 Dividends and Other Distributions. During the Period of Restriction, Participants holding shares of Restricted Stock or granted Restricted Stock Units hereunder shall not be entitled to receive cash dividends distributed with respect to those shares or with respect to Stock underlying Restricted Stock Units. To the extent such shares of Restricted Stock or Restricted Stock Units are not forfeited by such Participants prior to the end of the Period of Restriction, such Participants shall be entitled to receive cash payments immediately following the end of the Period of Restriction equal to the cash dividends that would otherwise have been paid with respect to those shares of Restricted Stock that were not forfeited during the Period of Restriction or the shares of Stock issued with respect to Restricted Stock Units had they been issued and outstanding throughout the Period of Restriction.

8.6 Termination of Employment. Unless otherwise expressly provided in the Award Agreement or any other agreement between a Participant and the Company, in the event that such Participant's employment with the Company is terminated for any reason during the Period of Restriction (including death), then any shares of Restricted Stock and any Restricted Stock Units still subject to restrictions at the date of such termination automatically shall be forfeited.

Section 9. Rights of Employees

9.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

Section 10. Amendment, Modification and Termination of Plan

10.1 Amendment, Modification, and Termination of Plan. The Board at any time may terminate, and from time to time may amend or modify the Plan, and may amend or modify Awards hereunder; provided, however, that no amendment of the Plan or of any Award hereunder, without approval of the shareholders within one year after the adoption of such amendment, may (a) increase the aggregate number of shares of Stock that may be issued under the Plan; (b) extend the term of the Plan; or (c) materially modify the requirements as to eligibility to receive Awards under the Plan. No amendment, modification, or termination of the Plan shall in any manner adversely affect any Award theretofore granted under the Plan, without the consent of the affected Participant(s).

Section 11. Miscellaneous Provisions

11.1 Tax Withholding. Without limitation, on the date an Award is taken into a Participant's income, the Company shall have the right to withhold, or to require a Participant to remit to the Company, an amount sufficient to satisfy the Company's resulting federal, state, and local withholding and employment tax requirements with respect to such Award.

11.2 Stock Withholding Elections. On the date an Award is includible in a Participant's income, the Company shall have the right to withhold, or to require a Participant to remit to the Company, an amount sufficient to satisfy the Company's resulting federal, state, and local income tax and employment tax withholding requirements with respect to such Award, except that the Committee may permit, and the terms of an Award may provide that, a Participant may make an irrevocable election to have shares of Stock otherwise issuable thereunder withheld having an aggregate Fair Market Value sufficient to satisfy the Company's minimum total federal, state and local income and employment tax withholding obligations associated with the transaction. Any such elections, if available, must be made by a Participant on or prior to the tax date.

11.3 Severability. If any provision of this Plan, or any Award, is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Plan or any Award, but such provision shall be fully severable, and the Plan or Award, as applicable, shall be construed and enforced as if the illegal or invalid provision had never been included in the Plan or Award, as applicable.

11.4 Notice. Whenever any notice is required or permitted under this Plan, such notice must be in writing and personally delivered or sent by mail or delivery by a nationally recognized courier service. Any notice required or permitted to be delivered under this Plan shall be deemed to be delivered on the date on which it is personally delivered, or, if mailed, whether actually received or not, on the third Business Day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address that such person has previously specified in accordance with this Subsection, or, if by courier, seventy-two (72) hours after it is sent, addressed as described in this Subsection. The Company or the Participant may change, at any time and from time to time, by written notice to the other, the address that it or he had previously specified for receiving notices; provided further, that a Participant who is not an Employee must file such written notice with the Committee. Until changed in accordance with this Plan, the Company and the Participant shall be deemed to have specified as its and his address for receiving notices (i) as to the Company, the principal executive offices of the Company, and (ii) as to the Participant, (A) where the Participant is an Employee, the most current address of the Participant set forth in the Company's employment records, and (B) where Participant is not an Employee, the address set forth in the most recent notice. Any person entitled to notice under this Plan may waive such notice. Without limiting the generality of the forgoing, for all purposes hereof, the address of the Company shall be the address of the Committee.

Section 12. Indemnification

12.1 Indemnification. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit or proceeding to which he may be a party or in which he may be involved by reason of any action taken or failure to act under the Plan made in good faith and against and from any and all amounts paid by him in settlement thereof, with the Company's approval, or paid by him in satisfaction of any judgment in any such action, suit or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not apply to any acts of willful misconduct by any member of the Committee or the Board. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Charter or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Section 13. Requirements of Law

13.1 Requirements of Law. The granting of Awards and the issuance of shares of Stock upon the exercise of an Option shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

13.2 Governing Law. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Maryland.

Exhibit 10.2

FELCOR LODGING TRUST

PERFORMANCE EQUITY GRANT AGREEMENT

This Performance Equity Grant Agreement (this "**Agreement**"), dated as of the date shown on the signature page attached hereto, is made and entered into effective between FelCor Lodging Trust Incorporated, a Maryland corporation (the "**Company**"), and the undersigned executive officer of the Company ("**Grantee**").

W I T N E S S E T H:

WHEREAS, the Compensation Committee and Board of Directors of the Company has adopted the FelCor Lodging Trust Incorporated 2005 Restricted Stock and Stock Option Plan (as amended, supplemented, modified, superseded or replaced through the date hereof, the "**Plan**"); and

WHEREAS, the stockholders of the Company have approved the Plan; and

WHEREAS, pursuant to the Plan, the Compensation Committee of the Board of Directors of the Company (the "**Committee**") has authorized the Company to grant to the Grantee shares of common stock of the Company ("**Common Stock**") and certain other consideration on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Incorporation of the Plan; Certain Definitions. A copy of the Plan, as amended, is attached hereto and hereby incorporated herein by reference, and all of the terms, conditions and provisions contained therein shall be deemed to be terms, conditions and provisions of this Agreement. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in the Plan. As used in this Agreement:

"**Change in Control**" means any transaction or series of related transactions as a consequence of which (i) the Company (x) is not the surviving entity in any merger or consolidation (or survives only as a subsidiary or another entity), (y) sells all or substantially all of its assets to any person or entity (other than a subsidiary of the Company) or (z) is to be dissolved and liquidated or (ii) (x) a person or entity, or persons or entities working in concert, have obtained the ability to elect a majority of the Company's Board of Directors or (y) a majority of the Company's Board of Directors is comprised of directors who were not elected by the Company's stockholders prior to such transaction or series of related transactions.

"**Grant Date**" means the date of this Agreement.

"**Plan**" means the Company's 2005 Restricted Stock and Stock Option Plan, as amended, modified, superseded or replaced from time to time.

"**Performance**" means, for any Performance Period, the Company's TSR relative to the TSR of the other Peer Group, shown as a percentile of the Peer Group.

"**Performance Periods**" means the periods beginning on January 1 of the calendar year prior to the Grant Date year and ending, as the case may be, on December 31 of the Grant Date year and two successive calendar years[1] ; provided, however, that Performance Periods shall end on such other dates as otherwise contemplated by this Agreement, any other agreement between Grantee and the Company or any applicable Company policy, including without limitation, ending early (if not already ended) to the extent the Vesting Date period is truncated by operation of clause a, b, c or d of the definition of "Vesting Date."

"**Peer Group**" means, including the Company, the following real estate and lodging companies with shares of common stock that are publicly-traded, with such substitutions, etc. as the Compensation Committee shall deem appropriate to account for changes in the status of such companies and the selection of alternative peer companies, based on the facts and circumstances at such time: Ashford Hospitality Trust, DiamondRock Hospitality Company, Hersha Hospitality Trust, Hospitality Properties Trust, LaSalle Hotel Properties, RLJ Lodging Trust, Ryman Hospitality Properties, Strategic Hotels & Resorts, Inc., Summit Hotel Properties, Inc. and Sunstone Hotel Investors, Inc.

"**Target Grant Amount**" means the targeted number of shares of Common Stock to be delivered to Grantee in respect of the Grant as shown on the signature page hereof.

"**TSR**," or total stockholder return, means, with respect to a Performance Period, changes in the Company's share price over that Performance Period, plus distributions made during that Performance Period. TSR is measured for any Performance Period using the weighted-average trading price of shares of Common Stock and the common stock of Peer Group companies (x) in connection with a Change in Control, for the five trading days immediately following the first disclosure of the definitive material terms of the transaction; and (y) otherwise, for the 20 trading days immediately preceding the first and last days of the Performance Period.

"**Vesting Date**" means December 27 of a Vesting Year (or the immediately following business day if December 27 of any Vesting Year is not a business day) or such earlier date upon which the shares and other compensation subject to vesting in accordance with this Agreement, any other agreement between Grantee and the Company or any applicable Company policy are permitted to vest. Notwithstanding the foregoing:

a. if the status of Grantee as an Employee under the Plan shall terminate as a consequence of Grantee's retirement and Grantee is at least 60 years old at the time of Grantee's retirement,

[1] The Committee may set Performance Periods to run concurrently with corresponding Vesting Periods, in which case, Performance Periods begin and end on the same date as the corresponding Vesting Periods.

the Vesting Date shall be Grantee's last day of employment with the Company immediately preceding separation from service on account of retirement. If Grantee is a "specified employee" (within the meaning of Code Section 409A) on the date of his "separation from service" (within the meaning of Code Section 409A), any payments of Vested Shares and Excess Shares that are nonqualified deferred compensation made with respect to such separation from service under this Agreement, will be delayed in order to comply with Code Section 409A(a)(2)(B)(i), and such payments or benefits will be paid or distributed to the Grantee on the earlier of: (i) the expiration of the six-month period measured from the date of Grantee's separation from service on account of retirement, or (ii) the date of Grantee's death. Upon the expiration of the applicable six-month period under Code Section 409A(a)(2)(B)(i), all payments deferred pursuant to this Section a. will be paid to Grantee (or Grantee's surviving spouse, or, if none, Grantee's estate, in the event of Employee's death) in a lump sum payment;

b. if the status of Grantee as an Employee under the Plan shall terminate by reason of the death of Grantee or the Disability of Grantee, all remaining Vesting Dates shall be deemed to be accelerated to the last business day immediately preceding Grantee's Death or determination of Disability;

c. in connection with a Change in Control, all remaining Vesting Dates shall be deemed to be accelerated to the last business day immediately preceding such Change in Control; and

d. to the extent the Company and Grantee are parties to an employment agreement, change in control and severance agreement or similar agreement (each, an "**Other Agreement**") that provides for accelerated vesting of equity-based compensation and related benefits, the Vesting Date shall be the earlier of (x) the date provided for in this Agreement without reference to any such Other Agreement and (y) the earliest date provided for in any such Other Agreement.

"**Vesting Period**" mean the periods beginning on the Grant Date and ending on the relevant Vesting Date.

"**Vesting Years**" means, as applicable, the second, third and fourth calendar years immediately following the Grant Date year.

2. Grant.

a. *Vested Shares.* As authorized by the Committee, and subject to the terms, conditions and provisions contained in the Plan and this Agreement, the Company hereby grants to the Grantee, as a matter of separate inducement and agreement in connection with his employment, but not in lieu of any salary or other compensation for his services, an Award entitling Grantee to receive a number of shares of Common Stock (or other consideration as contemplated by Section 2.b below) on each Vesting Date. The number of shares of Common Stock (or other consideration as contemplated by Section 2.b below) to be transferred or paid on each Vesting Date will be equal to one-third of the Target Grant Amount multiplied by the designated percentage applicable to FelCor's TSR Performance for the Performance Period most recently ended prior to the Vesting Date. The designated percentage applicable to the Company TSR Performance for such Performance Period will be determined as indicated in the table below (with reference to the Target Grant Amount indicated on the signature page hereof) ("**Vested Shares**"). The Vested Shares, together with all dividends that would have been distributed by the Company during the Vesting Period with respect to such Vested Shares had they been issued and outstanding throughout the Vesting Period will be transferred or paid on the Vesting Date, but not later than two and one-half months following the end of the Vesting Year during which such Award becomes Vested Shares. Any portion of a Target Grant Amount that fails to vest on the relevant Vesting Date shall be forfeited.

FelCor Rank (Relative to Peer Group)	FelCor Performance (Percentile of Peer Group)	Vested Shares (Relative to Target Grant Amount)
1^{st}	100^{th}	200%
2^{nd}	90^{th}	200%
3^{rd}	80^{th}	175%
4^{th}	70^{th}	150%
5^{th}	60^{th}	125%
6^{th}	50^{th}	100%
7^{th}	40^{th}	50%
8^{th}	30^{th}	25%
9^{th}-11^{th}	Below 30^{th}	0%

b. *Excess Shares.* Notwithstanding anything in this Agreement to the contrary, the Award contemplated by this Agreement shall not provide for the issuance or delivery to Grantee, or the receipt thereby, of shares in excess of any limitation on the number of shares that could be granted to Grantee under the Plan or otherwise ("**Excess Shares**"). In order to comply with such limitation and in lieu of delivering Excess Shares, the Company shall pay to Grantee, and Grantee shall be entitled to receive, on the Vesting Date, a cash payment equal to the fair market value of such Excess Shares, determined exclusively by reference to the closing price as reported by the New York Stock Exchange of shares of the Company's Common Stock for the trading day immediately preceding the Vesting Date, together with all dividends that would have been by the Company during the Vesting Period with respect to such Excess Shares had they been issued and outstanding throughout the Vesting Period.

c. *Change in Control.* Notwithstanding anything in this Agreement to the contrary, to the extent that Vested Shares are issuable, or a cash payment in lieu of issuing Excess Shares is due and payable, hereunder in connection with a Change in Control, the number of such Vested Shares and Excess Shares, if any, shall be the greater of (x) the Vested Shares and Excess Shares that would issuable and payable, respectively, based upon the provisions of Sections 2.a and 2.b, with reference to a Performance Period that includes the five trading days immediately following the first disclosure of the definitive material terms of the transaction, and (y) the Target Grant Amount, less any Vested Shares or payments attributable to Excess Shares previously issued or paid.

d. *Dividends.* Dividends and other distributions earned (based upon the record date) during the Vesting Period shall accrue when otherwise paid by the Company but shall, in accordance with the Plan, only be paid with respect to the Award contemplated by this Agreement with respect to Vested Shares and Excess Shares upon vesting.

e. *Applicable Payroll Taxes; Withholding.* Cash payments made in respect of (x) Excess Shares and (y) accrued dividends and other distributions in respect of Excess Shares shall be made net of applicable income, employment and other required tax withholding ("**Payroll Tax**"). In connection with the issuance of Vested Shares, for purposes of satisfying applicable Payroll Tax withholding requirements, the Company shall withhold that number of Vested Shares equal in value to the minimum statutory amount of Payroll Tax to be paid in respect of Grantee's earning Vested Shares. For purposes of this Section 2.e, the value of Vested Shares on the Vesting Date shall be determined based upon the fair market value of such shares, determined exclusively by reference to the closing price as reported by the New York Stock Exchange of shares of the Company's Common Stock on the Vesting Date (of the trading day immediately preceding the Vesting Date if the Vesting Date is not a day on which shares are traded on such exchange).

3. Reservation of Shares; Forfeiture. The Committee has caused the Company to set aside a sufficient number of shares of Common Stock for issuance to Grantee hereunder, assuming the maximum number of Vested Shares issuable hereunder, based on Performance, will be issued on the relevant Vesting Dates. Any such reserved shares that do not vest in accordance with the terms of this Agreement shall be automatically forfeited and returned to the status of authorized but unissued shares under the Plan. If the status of Grantee as an Employee under the Plan shall terminate for any reason other than as contemplated in clauses a, b, c and d of the definition of "Vesting Date," the then-unvested portion (if any) of the Award contemplated by this Agreement shall immediately terminate and be forfeited by Grantee without the payment of any consideration by the Company, and neither Grantee nor any of Grantee's successors, heirs, assigns or legal representatives shall thereafter have any further rights or interest in the Award or underlying shares or other benefits so forfeited or any certificates evidencing the same.

4. Disputes. If a dispute should arise between the Company and Grantee relating to the rights, duties or obligations of Grantee hereunder or under the Plan with respect to the Award granted hereby (or the underlying shares or other benefits), such dispute shall be resolved by the determination of the Committee, acting in good faith, which determination shall be final and binding upon the Company and Grantee, and pending such a determination and the resolution of all such disputes to the reasonable satisfaction of the Committee, (i) all shares potentially issuable, and other benefits and compensation potentially payable, by the Company to Grantee shall remain in the possession of the Company and subject to all of the terms of this Agreement, regardless of any intervening expiration of any Vesting Period, and (ii) any and all dividends payable with respect to any such shares held by the Company shall be received and held by the Company as custodian until all such disputes have been resolved to the reasonable satisfaction of the Committee, at which time the accumulated dividends then held by the Company shall be delivered (without interest thereon) to the person entitled to receive the shares with respect to which such dividends were originally paid.

5. Restrictions on Resale of Common Stock. **In the event that Vested Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws, such Vested Shares may not be sold, transferred or assigned by Grantee absent such registration, unless an opinion of counsel satisfactory to the Company shall have been received by the Company to the effect that such sale, transfer or assignment will not be in violation of the Securities Act and the rules and regulations thereunder, or applicable state securities laws. Any certificate issued to Grantee to evidence Vested Shares that are not so registered may bear a legend to the foregoing effect.**

6. Notices. All notices, surrenders and other communications required or allowed to be made or given in connection with the Restricted Stock granted hereunder shall be in writing, shall be effective when received and shall be hand delivered or sent by registered or certified mail (i) if to the Company, to FelCor Lodging Trust Incorporated, 545 E. John Carpenter Frwy., Suite 1300, Irving, Texas 75062, Attention: General Counsel; or (ii) if to the Grantee, to the Grantee at the address set forth beneath Grantee's signature hereto, or to such other address as to which Grantee may have notified the Company pursuant to this Section.

7. Binding Effect. This Agreement shall bind and, except as specifically provided in the Plan and this Agreement, shall inure to the benefit of, the respective Successors, heirs, legal representatives and assigns of the parties hereto.

8. Governing Law. This Agreement and the rights of all persons claiming hereunder shall be construed and determined in accordance with the laws of the State of Maryland.

IN WITNESS WHEREOF, the Company and Grantee have executed this Agreement as the ___ day of _______ 20__.

COMPANY:

FELCOR LODGING TRUST INCORPORATED

By: ______________________________
Name:
Title:

GRANTEE:

____
Name:

Address:

Target Grant Amount: ____________ shares of Stock

Exhibit 10.3

FELCOR LODGING TRUST

545 E. JOHN CARPENTER FREEWAY, SUITE 1300
IRVING, TX 75062
PH: 972-444-4900
F: 972-444-4949
WWW.FELCOR.COM
NYSE:FCH

October 16, 2012

Richard A. Smith
1605 Enclave Court
Southlake, TX 76092

Re: Amendments to your Employment Agreement

Dear Rick:

On August 24, 2012, the Compensation Committee of our Board of Directors, acting within the parameters of the authority delegated to it by the Board, authorized the Company to amend the terms of your 2007 employment agreement as follows (capitalized terms defined in that agreement have the same meaning in this letter) as follows:

- Your current Base Salary is confirmed at $721,000. You will continue to participate in the Company's annual cash bonus and long-term incentive compensation programs, but the provisions in your Agreement that discuss those matters are no longer consistent with the structure or administration of the programs and have been deleted. Similarly, the provisions relating to a one-time equity grant awarded to you in 2007 have been deleted since that grant has become irrelevant with the passage of time.

- Under circumstances described in your Agreement where you could have received between 18 months and four years of severance compensation, determined with reference to your then-current Base Salary, the amount of your potential severance has been fixed at an amount equal to twice your then-current Base Salary, payable as otherwise provided in your Agreement.

- Under circumstances described in your Agreement where your outstanding equity-based compensation would become exercisable on an accelerated basis, to the extent you receive grants of equity-based compensation that vest in whole or in part on the basis of performance over a period extending beyond the accelerated vesting date, performance will be determined for the truncated period as provided in the applicable grant contracts, substituting the vesting date for the last day of the relevant performance periods.

Except for conforming changes that give effect to the purposes of the foregoing amendments, in all other respects, your Agreement remains unchanged.

Please indicate your agreement with the foregoing by executing this letter where indicated below.

Very truly yours,

FELCOR LODGING TRUST INCORPORATED

By: /s/Jonathan H. Yellen
Jonathan H. Yellen
Executive Vice President

Accepted and agreed as of
the date first written above:

RICHARD A. SMITH

/s/ Richard A. Smith

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: November 2, 2012

/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: November 2, 2012

/s/Andrew J. Welch

Andrew J. Welch
Chief Financial Officer

Exhibit 31.3

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

I, Richard A. Smith, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 2, 2012

/s/Richard A. Smith

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

Exhibit 31.4

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

I, Andrew J. Welch, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 2, 2012

/s/Andrew J. Welch

Andrew J. Welch
Chief Financial Officer of FelCor Lodging Trust Incorporated, as
general partner of FelCor Lodging Limited Partnership

Exhibit 32.1

Section 906 Certification

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

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the three and nine months ended September 30, 2012 (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: November 2, 2012

/s/Richard A. Smith

Richard A. Smith
Chief Executive Officer

/s/Andrew J. Welch

Andrew J. Welch
Chief Financial Officer

Exhibit 32.2

Section 906 Certification

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

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the three and nine months ended September 30, 2012 (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: November 2, 2012

/s/Richard A. Smith

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

/s/Andrew J. Welch

Andrew J. Welch
Chief Financial Officer of FelCor Lodging Trust Incorporated,
as general partner of FelCor Lodging Limited Partnership