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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **February 21, 2007**

FelCor Lodging Trust Incorporated

(Exact name of registrant as specified in its charter)

Maryland	**001-14236**	**75-2541756**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

545 E. John Carpenter Frwy., Suite 1300 Irving, Texas	**75062**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(972) 444-4900**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition.

On February 21, 2007, FelCor Lodging Trust Incorporated issued a press release announcing its results of operations for the three months and year ended December 31, 2006, and published supplemental information for the three months and year ended December 31, 2006. Copies of the press release and the supplemental information are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K. Copies of the foregoing are also available on FelCor Lodging Trust Incorporated's website at **www.felcor.com**, on its Investor Relations page in the "Financial Reports" section.

The information contained in this Current Report on Form 8-K, including the exhibits, is provided under Item 2.02 of Form 8-K and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise be subject to the liabilities of that section. Furthermore, the information contained in this Current Report on Form 8-K, including the exhibits, shall not be deemed to be incorporated by reference into the filings of the registrant under the Securities Act of 1933, regardless of any general incorporation language in such filings.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

Not applicable.

(b) Pro forma financial information.

Not applicable.

(c) Exhibits.

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

Exhibit Number	Description of Exhibit
99.1	Press release issued by FelCor Lodging Trust Incorporated on February 21, 2007, announcing its results of operations for the three months and year ended December 31, 2006.
99.2	Supplemental information for the three months and year ended December 31, 2006, published by FelCor Lodging Trust Incorporated on February 21, 2007.

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 hereunto duly authorized.

FELCOR LODGING TRUST INCORPORATED

Date: February 21, 2007

By: /s/ Lester C. Johnson
Name: Lester C. Johnson
Title: Senior Vice President and Controller

INDEX TO EXHIBITS

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FelCor Lodging Trust Incorporated
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Irving, Texas 75062-3933
P 972.444.4900 F 972.444.4949
www.felcor.com NYSE: FCH

Exhibit 99.1

For Immediate Release:

FELCOR EXCEEDS ITS 2006 GOALS - GROWTH PLANS ON TRACK

IRVING, Texas…February 21, 2007 - FelCor Lodging Trust Incorporated (NYSE: FCH) today reported operating results for the fourth quarter and year ended December 31, 2006.

Fourth Quarter Results:

- Adjusted Funds From Operations ("FFO") was $21.0 million, a $7.6 million increase from the prior year period. Adjusted FFO per share increased to $0.33, compared to $0.21 in the prior year quarter, an increase of 57 percent.
- Hotel Earnings Before Interest, Taxes, Depreciation and Amortization ("Hotel EBITDA") increased to $62.3 million, compared to $58.6 million in the prior year quarter, an increase of 6.3 percent. Hotel EBITDA margin was 26.7 percent, representing a 41 basis point improvement to the prior year.
- Revenue Per Available Room ("RevPAR") increased 3.4 percent, compared to the same period in 2005. Average Daily Rate ("ADR") increased 7.7 percent, in line with prior expectations.
- Displacement as a result of major renovations caused reductions to RevPAR (approximately 3 percent) and Adjusted EBITDA (approximately $3.5 million), which negatively affected Hotel EBITDA margin by approximately 85 basis points.
- Same-Store EBITDA increased by $7.2 million, to $53.1 million, or 15.7 percent to prior year. Adjusted EBITDA (including sold hotels) remained essentially flat at $59.0 million.
- Net income was $11.0 million for fourth quarter 2006, a $276.2 million increase over the same period in 2005. Net income applicable to common stockholders was $1.3 million, or $0.02 per share, compared to a net loss applicable to common stockholders of $274.9 million, or $4.62 per share, in the fourth quarter of 2005. Included in the current year net income was a net gain from the sale of hotels of $25.9 million. Included in the prior year net loss was $264.9 million of impairment charges.

Full Year Results:

- Adjusted FFO was $124.9 million, a $38.9 million increase from the prior year. Adjusted FFO per share increased to $1.98, compared to $1.37 in the prior year, an increase of 45 percent.
- Hotel EBITDA increased to $292.4 million, compared to $252.8 million in the prior year, an increase of 15.7 percent. Hotel EBITDA margin was 29.5 percent, representing a 182 basis point improvement to the prior year.
- RevPAR increased 7.8 percent, compared to the same period in 2005. ADR increased 8.5 percent.
- Displacement as a result of major renovations caused reductions to RevPAR (approximately 1 percent) and Adjusted EBITDA (approximately $8.7 million), which negatively affected Hotel EBITDA margin by approximately 51 basis points.
- Same-Store EBITDA increased by $39.4 million, to $255.0 million, or 18.3 percent to prior year. Adjusted EBITDA (including sold hotels) increased $20.2 million, to $291.2 million, or 7.5 percent to prior year.

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- Net income was $51.0 million for the year, a $302.7 million increase over 2005. Net income applicable to common stockholders was $12.3 million, or $0.20 per share, compared to a net loss applicable to common stockholders of $297.5 million, or $5.01 per share, in 2005. A $40.7 million net gain from the sale of hotels was included in current year net income. A $266.8 million impairment charge was included in the prior year net loss.

Operating statistics and Same Store EBITDA are presented for our 83 core hotels. We consider our 11 non-strategic hotels owned at December 31, 2006 to be held for sale and presented in discontinued operations.

Fourth Quarter Highlights:

RevPAR growth remains strong across the portfolio with the exception of those hotels undergoing renovation and our New Orleans hotels. RevPAR increased 8.1 percent excluding displacement from renovations and New Orleans. RevPAR declined 38.3 percent in New Orleans, which impacted our portfolio RevPAR by 210 basis points. Occupancy declined primarily as a result of renovations; however, ADR grew 7.7 percent with double digit increases in a majority of our largest markets. ADR growth in our key markets is accelerating as hotels complete renovation and as we focus on our customer mix and take advantage of industry trends.

We paid a common dividend of $0.25 per share for the fourth quarter of 2006, which represented a $0.05 increase from our third quarter dividend of $0.20.

“Our goal at the beginning of 2006 was to continue the transformation to the New FelCor, and we accomplished all of our objectives for the year. We are ahead of schedule on asset sales, completed our debt reduction plan and increased the dividend twice during 2006. 2006 was a great year for FelCor as the benefits of the portfolio repositioning were evident in the strong operating results. We surpassed our original operating expectations in every category,” said Richard A. Smith, FelCor’s President and Chief Executive Officer. “We are embarking on the next phase of our strategic plan. We believe we have a unique opportunity for significant growth relative to our peers as we execute our internal growth plans including the renovation and redevelopment programs.”

Capital Structure:

At December 31, 2006, we had $1.37 billion of consolidated debt outstanding with a weighted average life of five years, including construction debt on our Royale Palms condominium development of $58.6 million, which we anticipate repaying in the second quarter 2007. At September 30, 2005, when we began our disposition program, we had $1.71 billion of consolidated debt outstanding. Our cash and cash equivalents totaled approximately $124.2 million at December 31, 2006.

In October 2006, we sold $215 million of senior floating rate notes. These notes bear interest at LIBOR plus 1.875 percent and mature in 2011 including extension options. We also finalized a $250 million mortgage facility bearing interest at LIBOR plus 0.93 percent, which we closed in November 2006. Proceeds from these two financings along with cash from hotel sales were used in the fourth quarter to: (i) redeem our $290 million senior floating rate notes due 2011 paying LIBOR plus 4.25 percent interest and $125 million senior notes due 2007 paying 7.625 percent interest; and (ii) repay $129 million of mortgage indebtedness.

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"We have completed the $400 million debt reduction plan and taken advantage of the strong capital market environment by refinancing $465 million in debt, which lowered our weighted average cost of funds by more than 50 basis points. We now have a stronger and more flexible balance sheet," said Andrew J. Welch, FelCor's Executive Vice President and Chief Financial Officer. "This allows us to focus our attention on the remainder of our strategic plan."

Hotel Disposition Update:

During the year ended December 31, 2006, we sold 31 non-strategic hotels for gross proceeds of $514 million, and in 2007 through the date of this release, we have sold two additional hotels for gross proceeds of $42.7 million. We have now sold 36 of the 45 hotels for total proceeds of approximately $572 million. We currently have nine non-strategic hotels remaining to sell, of which we have three hotels under hard contract, and are in negotiations on the remaining six hotels. We are on target to substantially complete our disposition program in the first part of 2007.

Renovation Program Update:

Improvements and additions to hotels for the fourth quarter, including our pro rata share of joint ventures, totaled $62.1 million for the quarter, and $178.9 million for the year. We completed major renovations at eight of our hotels in 2006. We expect revenue growth in these renovated hotels to substantially exceed the growth in their respective markets in 2007. The budgeted RevPAR growth for these eight hotels is more than double that of the remainder of our core portfolio, and the EBITDA growth is nearly triple that of the remainder of the core portfolio. While displacement is included in these numbers, the budgeted growth, in excess of market gains, represents a 12 percent cash on cash return on the funds spent on customer impact areas, as expected. Customer impact areas represent approximately 75 percent of the renovation dollars spent. We also started renovations at 20 hotels during 2006 that we expect to complete in the first quarter of 2007.

Our Royale Palms condominium project in Myrtle Beach, South Carolina, is scheduled to be completed in the second quarter 2007. At December 31, 2006, the balance on the construction loan was $58.6 million. We have pre sold approximately 98 percent of these condominiums. We currently expect to earn net income of approximately $18 million at the completion of the project, and we expect that between 50 and 60 percent of the condominium units will enter our rental program, which will result in additional continuing income.

2007 Guidance:

Our 2007 guidance assumes that we sell the remaining 11 non-strategic hotels owned at December 31, 2006 in the first part of 2007. Therefore, our operating statistics are shown for our 83 core hotels, and our non-strategic hotels were included in discontinued operations at December 31, 2006. In the past, we have not typically included projections of asset sales in our guidance, but rather have adjusted our guidance as sales occurred. Given the success of our disposition program and the status of the sale negotiations on the remaining nine non-strategic hotels, we have included these sales in our guidance. Consequently, the earnings from these hotels reflect only the earnings through the projected date of sale.

For 2007, we currently anticipate:

- *RevPAR* to increase between 6.5 to 7.5 percent for the full year and approximately 2 percent for the first quarter;
- *Adjusted EBITDA* to be between $293 and $300 million for the full year and between $63 and $64 million for the first quarter;
- *Adjusted FFO per share* to be between $2.30 and $2.40 for the full year and between $0.42 and $0.44 for the first quarter;
- *Hotel EBITDA margins* to increase approximately 30 basis points for the full year; and
- *Capital expenditures* of approximately $225 million.

FFO and EBITDA for 2007 are being impacted by the following:

- The asset sale program is being completed sooner than anticipated, and these proceeds are being redeployed throughout 2007 to complete our renovation program. The opportunity cost of redeployment of asset sale proceeds over the course of 2007 will negatively impact our 2007 EBITDA and FFO. Assuming the renovations at the 64 hotels being completed in 2007, were completed on January 1, 2007, EBITDA and FFO would be higher by an estimated $17.5 million or $0.28 per share. This opportunity cost is based on factoring in returns to be realized on projects that will come back on line throughout the course of 2007, and interest income earned in 2007 on the cash prior to reinvestment.
- Disruption from renovations is expected to negatively impact EBITDA and FFO by approximately $12.2 million or $0.19 per share, RevPAR by 2 percent, and Hotel EBITDA margin growth by 70 basis points, as we complete renovations at 64 hotels.
- Included in our FFO and EBITDA guidance is a gain of approximately $18 million or $0.28 per share from the Royale Palms condominium development that will be completed during the second quarter.

“The completion of the Royale Palms project creates an effective bridge for our earnings in a year where displacement and opportunity cost will negatively impact our results,” said Richard A. Smith. “We are pleased with the initial results of the renovation program. Our primary focus this year is to mitigate disruption caused by renovations and assist our hotels in pre-sales efforts so that we can maximize returns on renovations as quickly as possible. We are excited to see the eight hotels that completed renovations in the fourth quarter of 2006 hitting our return expectations. We expect to see significant growth in the latter part of this year and in 2008 as the bulk of our portfolio will be fully renovated.”

EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA, Hotel EBITDA margin, FFO and Adjusted FFO are all non-GAAP financial measures. See our discussion of “Non-GAAP Financial Measures” beginning on page 10 for a reconciliation of each of these measures to our net income and for information regarding the use, limitations and importance of these non-GAAP financial measures.

We have published our Fourth Quarter and Year End Supplemental Information, which provides additional corporate data, financial highlights and portfolio statistical data for the quarter and year ended December 31, 2006. Investors are encouraged to access the Supplemental Information on our Web site at www.felcor.com, on the Investor Relations page in the "Financial Reports" section. The Supplemental Information also will be furnished upon request. Requests may be made by e-mail to information@felcor.com or by writing to the Vice President of Investor Relations, FelCor Lodging Trust Incorporated, 545 E. John Carpenter Freeway, Suite 1300, Irving, Texas, 75062.

FelCor, a real estate investment trust, is the nation's largest owner of upscale, all-suite hotels. FelCor's portfolio is comprised of 92 consolidated hotels, located in 26 states and Canada. FelCor's portfolio includes 71 upper upscale hotels, and FelCor is the largest owner of Embassy Suites Hotels® and Doubletree Guest Suites hotels. FelCor's hotels are flagged under global brands such as Embassy Suites Hotels, Doubletree®, Hilton®, Sheraton®, Westin® and Holiday Inn®. FelCor has a current market capitalization of approximately $3.3 billion. Additional information can be found on the Company's Web site at www.felcor.com.

We invite you to listen to our 2006 Conference Call on Thursday, February 22, 2007, at 10:00 a.m. (Central Time). The conference call will be webcast simultaneously via FelCor's Web site at www.felcor.com. Interested investors and other parties who wish to access the call should go to FelCor's Web site and click on the conference call microphone icon on either the "Investor Relations" or "FelCor News" pages. A phone replay will be available from Thursday, February 22, 2007, at 12:00 p.m. (Central Time), through Thursday, March 22, at 7:00 p.m. (Central Time), by dialing 800-642-1687 (conference ID# 6432871). A recording of the call also will be archived and available at www.felcor.com.

With the exception of historical information, the matters discussed in this news release include "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," "continue" and other similar terms and phrases, including references to assumption and forecasts of future results. Forward-looking statements are not guarantees of future performance. Numerous risks and uncertainties, and the occurrence of future events, may cause actual results to differ materially from those anticipated at the time the forward-looking statements are made. General economic conditions, operating risks associated with the hotel business, the impact of U.S. military involvement in the Middle East and elsewhere, future acts of terrorism, the impact on the travel industry of increased fuel prices and security precautions, the impact that the bankruptcy of additional major air carriers may have on our revenues and receivables, the availability of capital, the ability to effect sales of non-strategic hotels at anticipated prices, the cyclical nature of the real estate markets, our ability to continue to qualify as a Real Estate Investment Trust for federal income tax purposes and numerous other factors may affect future results, performance *and achievements. Certain of these risks and uncertainties are described in greater detail in our filings with the Securities and Exchange Commission. Although we believe our current expectations to be based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that actual results will not differ materially. We undertake no obligation to update any forward-looking statement to conform the statement to actual results or changes in our expectations.*

Contact:
Stephen A. Schafer, Vice President of Investor Relations (972) 444-4912 sschafer@felcor.com

Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Revenues:				
Hotel operating revenue:				
Room	$ 185,491	$ 177,340	$ 809,466	$ 742,882
Food and beverage	34,928	33,710	129,200	121,836
Other operating departments	12,473	11,582	52,293	48,431
Retail space rental and other revenue	10	23	79	1,506
Total revenues	232,902	222,655	991,038	914,655
Expenses:				
Hotel departmental expenses:				
Room	47,690	46,575	199,283	187,872
Food and beverage	25,249	25,376	97,012	93,136
Other operating departments	5,602	5,503	23,436	22,446
Other property related costs	66,168	63,492	270,301	255,626
Management and franchise fees	11,775	10,801	51,237	45,215
Taxes, insurance and lease expense	27,926	24,928	112,052	104,852
Abandoned projects	33	265	33	265
Corporate expenses	4,778	4,917	23,308	19,025
Depreciation	24,483	21,733	94,579	84,448
Total operating expenses	213,704	203,590	871,241	812,885
Operating income	19,198	19,065	119,797	101,770
Interest expense, net	(24,021)	(31,191)	(110,867)	(121,668)
Hurricane loss	-	(4,172)	-	(6,481)
Charge-off of deferred financing costs	(2,599)	(1,448)	(3,562)	(1,448)
Early extinguishment of debt, net	(12,033)	(4,037)	(12,471)	(4,037)
Gain on swap terminations	1,715	-	1,715	-
Loss before equity in income from unconsolidated entities, minority interests and gain (loss) on sale of assets	(17,740)	(21,783)	(5,388)	(31,864)
Equity in income from unconsolidated entities	1,829	1,941	11,537	10,169
Minority interests	867	1,799	2,508	4,310
Gain (loss) on sale of assets	-	-	(92)	469
Income (loss) from continuing operations	(15,044)	(18,043)	8,565	(16,916)
Discontinued operations	26,030	(247,167)	42,480	(234,699)
Net income (loss)	10,986	(265,210)	51,045	(251,615)
Preferred dividends	(9,691)	(9,679)	(38,713)	(39,408)
Issuance costs of redeemed preferred stock	-	-	-	(6,522)
Net income (loss) applicable to common stockholders	$ 1,295	$ (274,889)	$ 12,332	$ (297,545)
Basic and diluted per common share data:				
Loss from continuing operations	$ (0.40)	$ (0.47)	$ (0.50)	$ (1.06)
Net income (loss)	$ 0.02	$ (4.62)	$ 0.20	$ (5.01)
Basic and diluted weighted average common shares outstanding	61,268	59,453	60,734	59,436

Discontinued Operations
(in thousands)

Discontinued operations include the results of operations of 11 hotels held for sale at December 31, 2006, 11 hotels disposed of in the fourth quarter, eight hotels disposed of in the third quarter of 2006, four hotels disposed of in the second quarter of 2006, eight hotels disposed of in the first quarter of 2006 and 19 hotels disposed of in 2005. Condensed financial information for the hotels included in discontinued operations is as follows:

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2005
Operating revenue	$ 32,268	$ 81,019	$ 204,494	$ 343,492
Operating expenses	31,891	341,604	200,958	593,211
Operating income (loss)	377	(260,585)	3,536	(249,719)
Direct interest costs, net	(259)	(757)	(1,206)	(10,203)
Gain on sale of hotels, net of income tax	25,902	2,501	41,222	11,736
Gain on sale of land	1,958	-	1,958	317
Debt extinguishment	(1,071)	(8,353)	(1,311)	(5,815)
Minority interests	(877)	20,027	(1,719)	18,985
Income (loss) from discontinued operations	26,030	(247,167)	42,480	(234,699)
Depreciation, net of minority interest	2,548	8,869	15,451	37,501
Minority interest in FelCor LP	569	(11,349)	903	(10,776)
Interest expense, net of minority interest	241	748	1,168	10,191
EBITDA from discontinued operations	29,388	(248,899)	60,002	(197,783)
Gain on sale of hotels, net of income tax and minority interests	(25,902)	(2,501)	(40,650)	(11,736)
Impairment loss, net of minority interests	1,332	255,915	15,547	257,775
Debt extinguishment, net of minority interests	1,069	8,353	1,285	5,815
Abandoned projects	79	-	79	-
Asset disposition costs	-	-	-	1,300
Adjusted EBITDA from discontinued operations	$ 5,966	$ 12,868	$ 36,263	$ 55,371

Selected Balance Sheet Data
(in thousands)

	December 31, 2006	December 31, 2005
Investment in hotels	$ 2,656,571	$ 3,338,881
Accumulated depreciation	(612,286)	(754,502)
Investments in hotels, net of accumulated depreciation	$ 2,044,285	$ 2,584,379
Total cash and cash equivalents	$ 124,179	$ 94,564
Total assets	$ 2,583,249	$ 2,920,263
Total debt	$ 1,369,153	$ 1,675,280
Total stockholders’ equity	$ 1,010,931	$ 1,031,793

At December 31 2006, we had an aggregate of 62,052,183 shares of FelCor common stock and 1,355,016 limited partnership units of FelCor Lodging Limited Partnership outstanding.

Debt Summary
(dollars in thousands)

	Encumbered Hotels	Interest Rate at December 31, 2006	Final Maturity	Consolidated Debt
Line of credit[(a)]	none	L + 1.75	January 2009	$ -
Senior term notes	none	8.50	June 2011	298,911
Senior term notes	none	L + 1.875	December 2011	215,000
Total line of credit and senior debt				513,911
Mortgage debt	12 hotels	L + 0.93	November 2011[(b)]	250,000
Mortgage debt	8 hotels	6.56	July 2009 - 2014	97,553
Mortgage debt	7 hotels	7.32	March 2009	124,263
Mortgage debt	8 hotels	8.70	May 2010	169,438
Mortgage debt	7 hotels	8.73	May 2010	122,578
Mortgage debt	1 hotel	L + 2.85	August 2008	15,500
Mortgage debt	1 hotel	5.81	July 2016	12,861
Other	1 hotel	9.17	August 2011	4,452
Construction loan[(c)]	-	L + 2.00	October 2007	58,597
Total mortgage debt	45 hotels			855,242
				$ 1,369,153

(a) We have a borrowing capacity of $125 million on our line of credit. The interest on this line can range from 175 to 225 basis points over LIBOR based on our leverage ratio as defined in our line of credit agreement.

(b) This maturity date assumes three, one-year extension options extending the maturity of this debt from 2008 to 2011, are exercised by us.

(c) We have a recourse construction loan facility for the development of a 184-unit condominium project in Myrtle Beach, South Carolina. The interest on this facility is being capitalized as part of the cost of the project. We have pre sold approximately 98 percent of these condominiums and expect to start repaying the construction loan as the units sales are finalized, beginning in the second quarter of 2007.

Weighted average interest at December 31, 2006	7.62%
Fixed interest rate debt to total debt at December 31, 2006	60.6%
Weighted average maturity of debt at December 31, 2006	5 years
Mortgage debt to total assets at December 31, 2006	33.1%

Non-GAAP Financial Measures

We refer in this release to certain "non-GAAP financial measures." These measures, including FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin, are measures of our financial performance that are not calculated and presented in accordance with generally accepted accounting principles ("GAAP"). The following tables reconcile each of these non-GAAP measures to the most comparable GAAP financial measure. Immediately following the reconciliations, we include a discussion of why we believe these measures are useful supplemental measures of our performance and the limitations of such measures.

Reconciliation of Net Income (Loss) to FFO and Adjusted FFO

(in thousands, except per share and unit data)

	Three Months Ended December 31,					
	2006			2005		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net income (loss)	$ 10,986			$ (265,210)		
Preferred dividends	(9,691)			(9,679)		
Net income (loss) applicable to common stockholders	1,295	61,268	$ 0.02	(274,889)	59,453	$ (4.62)
Depreciation, continuing operations	24,483	-	0.40	21,733	-	0.37
Depreciation, unconsolidated entities and discontinued operations	5,533	-	0.09	11,579	-	0.19
Gain on sale of hotels, net of income tax	(25,902)	-	(0.43)	(2,501)	-	(0.04)
Minority interest in FelCor LP	28	1,355	0.01	(12,623)	2,763	(0.03)
Conversion of options and unvested restricted stock	-	371	-	-	-	-
FFO	5,437	62,994	0.09	(256,701)	62,216	(4.13)
Impairment loss, discontinued operations	1,332	-	0.02	255,915	-	4.11
Abandoned projects	112	-	-	265	-	0.01
Debt extinguishment loss	15,786	-	0.25	13,839	-	0.22
Gain on swap termination	(1,715)	-	(0.03)	-	-	-
Unvested restricted stock	-	-	-	-	787	-
Adjusted FFO	$ 20,952	62,994	$ 0.33	$ 13,318	63,003	$ 0.21

Reconciliation of Net Income (Loss) to FFO and Adjusted FFO

(in thousands, except per share and unit data)

	Year Ended December 31,					
	2006			2005		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net income (loss)	$ 51,045			$ (251,615)		
Preferred dividends	(38,713)			(39,408)		
Issuance costs of redeemed preferred stock	-			(6,522)		
Net income (loss) applicable to common stockholders	12,332	60,734	$ 0.20	(297,545)	59,436	$ (5.01)
Depreciation, continuing operations	94,579	-	1.56	84,448	-	1.42
Depreciation, unconsolidated entities and discontinued operations	26,911	-	0.44	47,759	-	0.80
Gain on sale of hotels, net of income tax	(40,650)	-	(0.67)	(12,124)	-	(0.20)
Minority interest in FelCor LP	279	1,864	(0.04)	(13,677)	2,778	(0.08)
Conversion of options and unvested restricted stock	-	327	-	-	-	-
FFO	93,451	62,925	1.49	(191,139)	62,214	(3.07)
Issuance costs of redeemed preferred stock	-	-	-	6,522	-	0.10
Impairment loss, discontinued operations	15,547	-	0.24	257,775	-	4.14
Abandoned projects	112	-	-	265	-	0.01
Asset disposition	-	-	-	1,300	-	0.01
Debt extinguishment loss	17,472	-	0.28	11,300	-	0.18
Gain on swap termination	(1,715)	-	(0.03)	-	-	-
Unvested restricted stock	-	-	-	-	647	-
Adjusted FFO	$ 124,867	62,925	$ 1.98	$ 86,023	62,861	$ 1.37

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

	Three Months Ended December 31,		Year Ended December 31,	
	2006	**2005**	**2006**	**2005**
Net income (loss)	$ 10,986	$ (265,210)	$ 51,045	$ (251,615)
Depreciation, continuing operations	24,483	21,733	94,579	84,448
Depreciation, unconsolidated entities and discontinued operations	5,533	11,579	26,911	47,759
Minority interest in FelCor Lodging LP	28	(12,623)	279	(13,677)
Interest expense	25,538	32,646	114,909	125,707
Interest expense, unconsolidated entities and discontinued operations	2,104	2,349	7,657	16,949
Amortization expense	741	733	5,080	2,904
EBITDA	69,413	(208,793)	300,460	12,475
Gain on sale of hotels, net of income tax	(25,902)	(2,501)	(40,650)	(12,124)
Impairment loss, discontinued operations	1,332	255,915	15,547	257,775
Abandoned projects	112	265	112	265
Asset disposition costs	-	-	-	1,300
Debt extinguishment loss	15,786	13,839	17,472	11,300
Gain on swap termination	(1,715)	-	(1,715)	-
Adjusted EBITDA	59,026	58,725	291,226	270,991
Adjusted EBITDA from discontinued operations	(5,966)	(12,868)	(36,263)	(55,371)
Same-Store EBITDA	$ 53,060	$ 45,857	$ 254,963	$ 215,620

Reconciliation of Adjusted EBITDA to Hotel EBITDA
(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Adjusted EBITDA	$ 59,026	$ 58,725	$ 291,226	$ 270,991
Retail space rental and other revenue	(10)	(23)	(79)	(1,506)
Adjusted EBITDA from discontinued operations	(5,966)	(12,868)	(36,263)	(55,371)
Equity in income from unconsolidated subsidiaries (excluding interest and depreciation expense)	(7,139)	(6,637)	(31,309)	(28,859)
Minority interest in other partnerships (excluding interest and depreciation expense)	51	(141)	(215)	264
Consolidated hotel lease expense	15,190	13,695	61,054	54,689
Unconsolidated taxes, insurance and lease expense	(1,377)	(1,019)	(6,273)	(5,881)
Interest income	(1,517)	(1,455)	(4,042)	(4,039)
Corporate expenses (excluding amortization expense)	4,037	4,184	18,228	16,121
Hurricane loss	-	4,172	-	6,481
Loss (gain) on sale of other assets	-	-	92	(80)
Hotel EBITDA	$ 62,295	$ 58,633	$ 292,419	$ 252,810

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

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Net income (loss)	$ 10,986	$ (265,210)	$ 51,045	$ (251,615)
Discontinued operations	(26,030)	247,167	(42,480)	234,699
Equity in income from unconsolidated entities	(1,829)	(1,941)	(11,537)	(10,169)
Minority interests	(867)	(1,799)	(2,508)	(4,310)
Consolidated hotel lease expense	15,190	13,695	61,054	54,689
Unconsolidated taxes, insurance and lease expense	(1,377)	(1,019)	(6,273)	(5,881)
Interest expense, net	24,021	31,191	110,867	121,668
Charge-off of deferred financing costs	2,599	1,448	3,562	1,448
Early extinguishment of debt	12,033	4,037	12,471	4,037
Gain on swap termination	(1,715)	-	(1,715)	-
Corporate expenses	4,778	4,917	23,308	19,025
Hurricane loss	-	4,172	-	6,481
Depreciation	24,483	21,733	94,579	84,448
Abandoned projects	33	265	33	265
Loss (gain) on sale of assets	-	-	92	(469)
Retail space rental and other revenue	(10)	(23)	(79)	(1,506)
Hotel EBITDA	$ 62,295	$ 58,633	$ 292,419	$ 252,810

Hotel EBITDA and Hotel EBITDA Margin
(dollars in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Total revenue	$ 232,902	$ 222,655	$ 991,038	$ 914,655
Retail space rental and other revenue	(10)	(23)	(79)	(1,506)
Hotel operating revenue	232,892	222,632	990,959	913,149
Hotel operating expenses	(170,597)	(163,999)	(698,540)	(660,339)
Hotel EBITDA	$ 62,295	$ 58,633	$ 292,419	$ 252,810
Hotel EBITDA margin	26.7%	26.3%	29.5%	27.7%

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

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Ratio of operating income to total revenue	8.2%	8.6%	12.1%	11.1%
Retail space rental and other revenue	-	-	-	(0.1)
Unconsolidated taxes, insurance and lease expense	(0.6)	(0.5)	(0.6)	(0.6)
Consolidated hotel lease expense	6.5	6.2	6.2	6.0
Corporate expenses	2.1	2.2	2.3	2.1
Depreciation	10.5	9.8	9.5	9.2
Hotel EBITDA margin	26.7%	26.3%	29.5%	27.7%

Hotel Operating Expense Composition
(dollars in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Reconciliation of total operating expense to hotel operating expense:				
Total operating expenses	$ 213,704	$ 203,590	$ 871,241	$ 812,885
Unconsolidated taxes, insurance and lease expense	1,377	1,019	6,273	5,881
Consolidated hotel lease expense	(15,190)	(13,695)	(61,054)	(54,689)
Corporate expenses	(4,778)	(4,917)	(23,308)	(19,025)
Abandoned projects	(33)	(265)	(33)	(265)
Depreciation	(24,483)	(21,733)	(94,579)	(84,448)
Hotel operating expenses	$ 170,597	$ 163,999	$ 698,540	$ 660,339
Supplemental information:				
Compensation and benefits expense (included in hotel operating expenses)	$ 69,713	$ 68,629	$ 281,711	$ 273,478

Reconciliation of Forecasted Net Income to Forecasted FFO, Adjusted FFO, EBITDA and Adjusted EBITDA

(in millions, except per share and unit data)

	First Quarter 2007 Guidance			
	Low Guidance		High Guidance	
	Dollars	Per Share Amount[(a)]	Dollars	Per Share Amount[(a)]
Net income	$ 13		$ 14	
Preferred dividends	(10)		(10)	
Net income applicable to common stockholders	3	$ 0.05	4	$ 0.07
Gain on sale of assets	(6)		(6)	
Depreciation	30		30	
FFO and Adjusted FFO	$ 27	$ 0.42	$ 28	$ 0.44
Net income	$ 13		$ 14	
Depreciation	30		30	
Interest expense	25		25	
Amortization expense	1		1	
EBITDA	69		70	
Gain on sale of hotels	(6)		(6)	
Adjusted EBITDA	$ 63		$ 64	

	Full Year 2007 Guidance			
	Low Guidance		High Guidance	
	Dollars	Per Share Amount[(a)]	Dollars	Per Share Amount[(a)]
Net income	$ 96		$ 103	
Preferred dividends	(39)		(39)	
Net income applicable to common stockholders	57	$ 0.94	64	$ 1.04
Gain on sale of assets	(31)		(31)	
Depreciation	117		117	
Minority interest in FelCor LP	2		2	
FFO and Adjusted FFO	$ 145	$ 2.30	$ 152	$ 2.40
Net income	$ 96		$ 103	
Depreciation	117		117	
Interest expense	105		105	
Minority interest in FelCor LP	2		2	
Amortization expense	4		4	
EBITDA	324		331	
Gain on sale of assets	(31)		(31)	
Adjusted EBITDA	$ 293		$ 300	

(a) Weighted average shares and units are 63.1 million.

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, including FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin, 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 as a measure of our operating performance.

FFO and EBITDA

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

EBITDA is a commonly used measure of performance in many industries. We define EBITDA as net income or loss (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 recurring and non-recurring items described below provides useful supplemental information to investors regarding our ongoing operating performance and that the presentation of Adjusted FFO, Adjusted EBITDA and Same-Store EBITDA, when combined with GAAP net income, EBITDA and FFO, is beneficial to an investor's better understanding of our operating performance.

- *Gains and losses related to early extinguishment of debt and interest rate swaps* – We exclude gains and losses related to early 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.
- *Impairment losses* – We exclude the effect of impairment losses and gains or losses on disposition of assets in computing Adjusted FFO and Adjusted EBITDA because we believe that including these is not consistent with reflecting the ongoing performance of our remaining assets. Additionally, we believe that impairment charges and gains or losses on disposition of assets represent accelerated depreciation, or excess depreciation, and depreciation is excluded from FFO by the NAREIT definition and from EBITDA.
- *Cumulative effect of a change in accounting principle* – Infrequently, the Financial Accounting Standards Board promulgates new accounting standards that require the consolidated statements of operations to reflect the cumulative effect of a change in accounting principle. We exclude

these one-time adjustments in computing Adjusted FFO and Adjusted EBITDA because they do not reflect our actual performance for that period.

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

To derive Same-Store EBITDA, we make the same adjustments to EBITDA as for Adjusted EBITDA and, additionally, exclude EBITDA from discontinued operations and gains and losses from the disposition of non-hotel related assets.

Hotel EBITDA and Hotel EBITDA Margin

Hotel EBITDA and Hotel EBITDA margin are commonly used measures of performance in the 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, these measures facilitate comparisons with other hotel REITs and hotel owners. We present Hotel EBITDA and Hotel EBITDA margin by eliminating corporate-level expenses, depreciation and expenses related to our capital structure. We eliminate corporate-level costs and expenses because we believe property-level results provide investors with supplemental information with respect to the ongoing operating performance of our hotels and the effectiveness of management on a property-level basis. We eliminate depreciation and amortization, even though they are property-level expenses, because we do not believe that these non-cash expenses, which are based on historical cost accounting for real estate assets and implicitly assume that the value of real estate assets diminish predictably over time, accurately reflect an adjustment in the value of our assets. We also eliminate consolidated percentage rent paid to unconsolidated entities, which is effectively eliminated by minority interest expense 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.

Limitations of Non-GAAP Measures

The use of these non-GAAP financial measures has certain limitations. FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin, as presented by us, may not be comparable to FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin as calculated by other real estate companies. These measures do not reflect certain expenses that we incurred and will incur, such as depreciation and interest or 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 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. Neither should FFO, FFO per share, Adjusted FFO, Adjusted FFO per share, EBITDA, Adjusted EBITDA or Same-Store EBITDA be considered as measures of our liquidity or indicative of funds available for our cash needs, including our ability to make cash distributions. FFO per share does not measure, and should not be used as a measure of, amounts that accrue directly to the benefit of stockholders. FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin reflect additional ways of viewing our operations that we believe when viewed with our GAAP results and the reconciliations to the corresponding GAAP financial measures provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not to rely on any single financial measure.

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FelCor Lodging Trust Incorporated
Supplemental Information
Three Months and Year Ended December 31, 2006

Date of Issuance February 21, 2007

All dollar amounts shown in this report are in U.S. dollars unless otherwise noted.
This Supplemental Information is neither an offer to sell nor a solicitation to buy any securities of FelCor. Any offers to sell or solicitations to buy any securities of FelCor shall be made only by means of a prospectus.

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With the exception of historical information, the matters discussed in this news release include “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “continue” and other similar terms and phrases, including references to assumption and forecasts of future results. Forward-looking statements are not guarantees of future performance. Numerous risks and uncertainties, and the occurrence of future events, may cause actual results to differ materially from those anticipated at the time the forward-looking statements are made. General economic conditions, operating risks associated with the hotel business, the impact of U.S. military involvement in the Middle East and elsewhere, future acts of terrorism, the impact on the travel industry of increased fuel prices and security precautions, the impact that the bankruptcy of additional major air carriers may have on our revenues and receivables, the availability of capital, the ability to effect sales of non-strategic hotels at anticipated prices, the cyclical nature of the real estate markets, our ability to continue to qualify as a Real Estate Investment Trust for federal income tax purposes and numerous other factors may affect future results, performance and achievements. Certain of these risks and uncertainties are described in greater detail in our filings with the Securities and Exchange Commission. Although we believe our current expectations to be based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that actual results will not differ materially. We undertake no obligation to update any forward-looking statement to conform the statement to actual results or changes in our expectations.

CORPORATE DATA

About the Company

In 1994, FelCor Lodging Trust Incorporated, a real estate investment trust (REIT), went public with six hotels, and a market capitalization of $120 million. We are now one of the nation's largest public lodging REITs and the nation's largest owner of upper upscale, all-suite hotels. At December 31, 2006, our portfolio was comprised of 83 consolidated hotels in continuing operations located in 23 states and Canada. For these hotels, the operating revenues and expenses are reflected in our consolidated statements of operations because of our majority ownership interests of the operating lessees of these hotels. We also owned 50 percent joint venture interests in five hotels whose operations were accounted for using the equity method. We owned 65 upper upscale hotels and were the largest owner of Embassy Suites Hotels and Doubletree Guest Suites hotels. We had a market capitalization of approximately $3.2 billion.

Strategy

Our long-term strategic plan is to own a diversified portfolio of high quality, upscale hotels flagged under leading brands and then increase shareholder value and return on invested capital by maximizing the use of our real estate and enhancing cash flow. We continually examine our portfolio to address issues of market supply and concentration of risk. In order to achieve our strategic objectives, we have identified four goals: Portfolio Repositioning and Debt Reduction, Internal Growth consisting of a comprehensive renovation program, Redevelopment Projects at 15 hotels and a new asset management approach, and External Growth.

Public Ratings

	Corporate	Senior Unsecured Debt	Preferred Stock
Moody's	Ba3	Ba3	B2
Standard & Poors	BB-	B+	B-

Stock Exchange Listing

Common Stock (NYSE: FCH)
$1.95 Series A Cumulative Convertible Preferred Stock (NYSE: FCHPRA)
8% Series C Cumulative Redeemable Preferred Stock (NYSE: FCHPRC)

Fiscal Year End

December 31

Number of employees

74

Corporate Headquarters

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Board of Directors

Thomas J. Corcoran, Jr.
Chairman of the Board, FelCor Lodging Trust Incorporated

Melinda J. Bush, C.H.A.
Chairman and Chief Executive Officer, HRW Holdings, LLC

Robert F. Cotter
President and Chief Operating Officer, Starwood Hotels and Resorts (Retired)

Richard S. Ellwood
Private Investor

Thomas C. Hendrick
Executive Vice President of Acquisitions and Development, Kor Group

David C. Kloeppel
Executive Vice President and Chief Financial Officer, Gaylord Entertainment Company

Charles A. Ledsinger, Jr.
Vice Chairman and Chief Executive Officer, Choice Hotels International

Robert H. Lutz, Jr.
President, RL Investments, Inc.

Robert A. Mathewson
President, RGC, Inc.

Richard A. Smith
President and Chief Executive Officer, FelCor Lodging Trust Incorporated

Executive Officers

Richard A. Smith, *President and Chief Executive Officer*

Michael A. DeNicola, *Executive Vice President and Chief Investment Officer*

Troy A. Pentecost, *Executive Vice President, Director of Asset Management*

Andrew J. Welch, *Executive Vice President and Chief Financial Officer*

Jonathan H. Yellen, *Executive Vice President, General Counsel and Secretary*

Equity Research Coverage

Firm	Analyst	Telephone
Citigroup Smith Barney	Joshua Attie	(212) 816-1533
Deutsche Bank North America	Chris Woronka	(212) 250-5815
Friedman, Billings, Ramsey & Co.	Gustavo Sarago	(703) 469-1042
Green Street Advisors	John V. Arabia	(949) 640-8780
JPMorgan	Harry C. Curtis	(212) 622-6610
Lehman Brothers	Felicia Kantor Hendrix	(212) 526-5562
Merrill Lynch	David W. Anders	(212) 449-2739
Morgan, Keegan & Co.	Napoleon Overton	(901) 579-4865
Stifel, Nicolaus & Company	Rod F. Petrik	(410) 454-4131
UBS (US)	William B. Truelove	(212) 713-8825
Wachovia Securities	Jeffrey J. Donnelly	(617) 603-4262

FINANCIAL HIGHLIGHTS

Supplemental Financial Data
(in thousands, except per share information, ratios and percentages)

Total Enterprise Value	**December 31, 2006**	**December 31, 2005**
Common shares outstanding	62,052	60,209
Units outstanding	1,355	2,763
Combined shares and units outstanding	63,407	62,972
Common stock price at end of period	$ 21.84	$ 17.21
Common equity capitalization	$ 1,384,809	$ 1,083,748
Series A preferred stock	309,362	309,362
Series C preferred stock	169,412	169,412
Consolidated debt	1,369,153	1,675,280
Minority interest of consolidated debt	(8,150)	(8,137)
Pro rata share of unconsolidated debt	98,731	101,940
Cash and cash equivalents	(124,179)	(94,564)
Total enterprise value (TEV)	$ 3,199,138	$ 3,237,041
Dividends Per Share		
Dividends declared (full year):		
Common stock	$ 0.80	$ 0.15
Series A preferred stock	1.95	1.95
Series C preferred stock (depositary shares)	2.00	1.63
Selected Balance Sheet Data		
Investment in hotels, net	$ 2,044,285	$ 2,584,379
Hotels held for sale	133,801	-
Total cash and cash equivalents	124,179	94,564
Total assets	2,583,249	2,920,263
Total debt	1,369,153	1,675,280
Total stockholders’ equity	1,010,931	1,031,793
Total stockholders equity less preferred equity	532,157	553,019
Book value per common share outstanding	8.58	9.18

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Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2005
Revenues:				
Hotel operating revenue:				
Room	$ 185,491	$ 177,340	$ 809,466	$ 742,882
Food and beverage	34,928	33,710	129,200	121,836
Other operating departments	12,473	11,582	52,293	48,431
Retail space rental and other revenue	10	23	79	1,506
Total revenues	232,902	222,655	991,038	914,655
Expenses:				
Hotel departmental expenses:				
Room	47,690	46,575	199,283	187,872
Food and beverage	25,249	25,376	97,012	93,136
Other operating departments	5,602	5,503	23,436	22,446
Other property related costs	66,168	63,492	270,301	255,626
Management and franchise fees	11,775	10,801	51,237	45,215
Taxes, insurance and lease expense	27,926	24,928	112,052	104,852
Abandoned projects	33	265	33	265
Corporate expenses	4,778	4,917	23,308	19,025
Depreciation	24,483	21,733	94,579	84,448
Total operating expenses	213,704	203,590	871,241	812,885
Operating income	19,198	19,065	119,797	101,770
Interest expense, net	(24,021)	(31,191)	(110,867)	(121,668)
Hurricane loss	-	(4,172)	-	(6,481)
Charge-off of deferred financing costs	(2,599)	(1,448)	(3,562)	(1,448)
Early extinguishment of debt	(12,033)	(4,037)	(12,471)	(4,037)
Gain on swap terminations	1,715	-	1,715	-
Loss before equity in income from unconsolidated entities, minority interests and gain (loss) on sale of assets	(17,740)	(21,783)	(5,388)	(31,864)
Equity in income from unconsolidated entities	1,829	1,941	11,537	10,169
Minority interests	867	1,799	2,508	4,310
Gain (loss) on sale of assets	-	-	(92)	469
Income (loss) from continuing operations	(15,044)	(18,043)	8,565	(16,916)
Discontinued operations	26,030	(247,167)	42,480	(234,699)
Net income (loss)	10,986	(265,210)	51,045	(251,615)
Preferred dividends	(9,691)	(9,679)	(38,713)	(39,408)
Issuance costs of redeemed preferred stock	-	-	-	(6,522)
Net income (loss) applicable to common stockholders	$ 1,295	$(274,889)	$ 12,332	$ (297,545)
Basic and diluted per common share data:				
Net income (loss) from continuing operations	$ (0.40)	$ (0.47)	$ (0.50)	$ (1.06)
Net income (loss)	$ 0.02	$ (4.62)	$ 0.20	$ (5.01)
Basic and diluted weighted average common shares outstanding	61,268	59,453	60,734	59,436

Discontinued Operations
(in thousands)

Included in discontinued operations are the results of operations of 11 hotels held for sale at December 31, 2006, 11 hotels disposed of in the fourth quarter, eight hotels disposed of in the third quarter of 2006, four hotels disposed of in the second quarter of 2006, eight hotels disposed of in the first quarter of 2006 and 19 hotels disposed of in 2005. Condensed financial information for the hotels included in discontinued operations is as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	2006	**2005**	**2006**	**2005**
Operating revenue	$ 32,268	$ 81,019	$ 204,494	$ 343,492
Operating expenses	31,891	341,604	200,958	593,211
Operating income (loss)	377	(260,585)	3,536	(249,719)
Direct interest costs, net	(259)	(757)	(1,206)	(10,203)
Gain on sale of hotels, net of income tax	25,902	2,501	41,222	11,736
Gain on sale of land	1,958	-	1,958	317
Debt extinguishment	(1,071)	(8,353)	(1,311)	(5,815)
Minority interests	(877)	20,027	(1,719)	18,985
Income (loss) from discontinued operations	26,030	(247,167)	42,480	(234,699)
Depreciation, net of minority interests	2,548	8,869	15,451	37,501
Minority interest in FelCor LP	569	(11,349)	903	(10,776)
Interest expense, net of minority interests	241	748	1,168	10,191
EBITDA from discontinued operations	29,388	(248,899)	60,002	(197,783)
Gain on sale of hotels, net of income tax and minority interests	(25,902)	(2,501)	(40,650)	(11,736)
Impairment loss, net of minority interests	1,332	255,915	15,547	257,775
Debt extinguishment, net of minority interests	1,069	8,353	1,285	5,815
Abandoned projects	79	-	79	-
Asset disposition costs	-	-	-	1,300
Adjusted EBITDA from discontinued operations	$ 5,966	$ 12,868	$ 36,263	$ 55,371

Non-GAAP Financial Measures

We refer in this supplement to certain “non-GAAP financial measures.” These measures, including FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin, are measures of our financial performance that are not calculated and presented in accordance with generally accepted accounting principles (“GAAP”). The following tables reconcile each of 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.

Non-GAAP Financial Measures (continued)

Reconciliation of Net Income (Loss) to FFO and Adjusted FFO

(in thousands, except per share and unit data)

	Three Months Ended December 31,					
	2006			2005		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net income (loss)	$ 10,986			$ (265,210)		
Preferred dividends	(9,691)			(9,679)		
Net income (loss) applicable to common stockholders	1,295	61,268	$ 0.02	(274,889)	59,453	$ (4.62)
Depreciation, continuing operations	24,483	-	0.40	21,733	-	0.37
Depreciation, unconsolidated entities and discontinued operations	5,533	-	0.09	11,579	-	0.19
Gain on sale of hotels, net of income tax	(25,902)	-	(0.43)	(2,501)	-	(0.04)
Minority interest in FelCor LP	28	1,355	0.01	(12,623)	2,763	(0.03)
Conversion of options and unvested restricted stock	-	371	-	-	-	-
FFO	5,437	62,994	0.09	(256,701)	62,216	(4.13)
Impairment loss, discontinued operations	1,332	-	0.02	255,915	-	4.11
Abandoned projects	112	-	-	265	-	0.01
Debt extinguishment loss	15,786	-	0.25	13,839	-	0.22
Gain on swap termination	(1,715)	-	(0.03)	-	-	-
Unvested restricted stock	-	-	-	-	787	-
Adjusted FFO	$ 20,952	62,994	$ 0.33	$ 13,318	63,003	$ 0.21

Non-GAAP Financial Measures (continued)

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

	Year Ended December 31,					
	2006			2005		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net income (loss)	$ 51,045			$ (251,615)		
Preferred dividends	(38,713)			(39,408)		
Issuance costs of redeemed preferred stock	-			(6,522)		
Net income (loss) applicable to common stockholders	12,332	60,734	$ 0.20	(297,545)	59,436	$ (5.01)
Depreciation, continuing operations	94,579	-	1.56	84,448	-	1.42
Depreciation, unconsolidated entities and discontinued operations	26,911	-	0.44	47,759	-	0.80
Gain on sale of hotels, net of income tax	(40,650)	-	(0.67)	(12,124)	-	(0.20)
Minority interest in FelCor LP	279	1,864	(0.04)	(13,677)	2,778	(0.08)
Conversion of options and unvested restricted stock	-	327	-	-	-	-
FFO	93,451	62,925	1.49	(191,139)	62,214	(3.07)
Issuance costs of redeemed preferred stock	-	-	-	6,522	-	0.10
Impairment loss, discontinued operations	15,547	-	0.24	257,775	-	4.14
Abandoned projects	112	-	-	265	-	0.01
Asset disposition	-	-	-	1,300	-	0.01
Debt extinguishment loss	17,472	-	0.28	11,300	-	0.18
Gain on swap termination	(1,715)	-	(0.03)	-	-	-
Unvested restricted stock	-	-	-	-	647	-
Adjusted FFO	$ 124,867	62,925	$ 1.98	$ 86,023	62,861	$ 1.37

Non-GAAP Financial Measures (continued)

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

(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	**2005**	**2006**	**2005**
Net income (loss)	$ 10,986	$ (265,210)	$ 51,045	$ (251,615)
Depreciation, continuing operations	24,483	21,733	94,579	84,448
Depreciation, unconsolidated entities and discontinued operations	5,533	11,579	26,911	47,759
Minority interest in FelCor Lodging LP	28	(12,623)	279	(13,677)
Interest expense	25,538	32,646	114,909	125,707
Interest expense, unconsolidated entities and discontinued operations	2,104	2,349	7,657	16,949
Amortization expense	741	733	5,080	2,904
EBITDA	69,413	(208,793)	300,460	12,475
Gain on sale of hotels, net of income tax	(25,902)	(2,501)	(40,650)	(12,124)
Impairment loss, discontinued operations	1,332	255,915	15,547	257,775
Abandoned projects	112	265	112	265
Asset disposition costs	-	-	-	1,300
Debt extinguishment loss	15,786	13,839	17,472	11,300
Gain on swap termination	(1,715)	-	(1,715)	-
Adjusted EBITDA	59,026	58,725	291,226	270,991
Adjusted EBITDA from discontinued operations	(5,966)	(12,868)	(36,263)	(55,371)
Same-Store EBITDA	$ 53,060	$ 45,857	$254,963	$ 215,620

Non-GAAP Financial Measures (continued)

Reconciliation of Adjusted EBITDA to Hotel EBITDA

(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Adjusted EBITDA	$ 59,026	$ 58,725	$ 291,226	$ 270,991
Retail space rental and other revenue	(10)	(23)	(79)	(1,506)
Adjusted EBITDA from discontinued operations	(5,966)	(12,868)	(36,263)	(55,371)
Equity in income from unconsolidated subsidiaries (excluding interest and depreciation expense)	(7,139)	(6,637)	(31,309)	(28,859)
Minority interest in other partnerships (excluding interest and depreciation expense)	51	(141)	(215)	264
Consolidated hotel lease expense	15,190	13,695	61,054	54,689
Unconsolidated taxes, insurance and lease expense	(1,377)	(1,019)	(6,273)	(5,881)
Interest income	(1,517)	(1,455)	(4,042)	(4,039)
Corporate expenses (excluding amortization expense)	4,037	4,184	18,228	16,121
Hurricane loss	-	4,172	-	6,481
Loss (gain) on sale of other assets	-	-	92	(80)
Hotel EBITDA	$ 62,295	$ 58,633	$ 292,419	$ 252,810

Reconciliation of Net Income (Loss) to Hotel EBITDA

(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Net income (loss)	$ 10,986	$ (265,210)	$ 51,045	$ (251,615)
Discontinued operations	(26,030)	247,167	(42,480)	234,699
Equity in income from unconsolidated entities	(1,829)	(1,941)	(11,537)	(10,169)
Minority interests	(867)	(1,799)	(2,508)	(4,310)
Consolidated hotel lease expense	15,190	13,695	61,054	54,689
Unconsolidated taxes, insurance and lease expense	(1,377)	(1,019)	(6,273)	(5,881)
Interest expense, net	24,021	31,191	110,867	121,668
Charge-off of deferred financing costs	2,599	1,448	3,562	1,448
Early extinguishment of debt	12,033	4,037	12,471	4,037
Gain on swap termination	(1,715)	-	(1,715)	-
Corporate expenses	4,778	4,917	23,308	19,025
Hurricane loss	-	4,172	-	6,481
Depreciation	24,483	21,733	94,579	84,448
Abandoned projects	33	265	33	265
Loss (gain) on sale of assets	-	-	92	(469)
Retail space rental and other revenue	(10)	(23)	(79)	(1,506)
Hotel EBITDA	$ 62,295	$ 58,633	$ 292,419	$ 252,810

Non-GAAP Financial Measures (continued)

Hotel EBITDA and Hotel EBITDA Margin

(dollars in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Total revenue	$ 232,902	$ 222,655	$ 991,038	$ 914,655
Retail space rental and other revenue	(10)	(23)	(79)	(1,506)
Hotel operating revenue	232,892	222,632	990,959	913,149
Hotel operating expenses	(170,597)	(163,999)	(698,540)	(660,339)
Hotel EBITDA	$ 62,295	$ 58,633	$ 292,419	$ 252,810
Hotel EBITDA margin	26.7%	26.3%	29.5%	27.7%

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

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Ratio of operating income to total revenue	8.2%	8.6%	12.1%	11.1%
Retail space rental and other revenue	-	-	-	(0.1)
Unconsolidated taxes, insurance and lease expense	(0.6)	(0.5)	(0.6)	(0.6)
Consolidated hotel lease expense	6.5	6.2	6.2	6.0
Corporate expenses	2.1	2.2	2.3	2.1
Depreciation	10.5	9.8	9.5	9.2
Hotel EBITDA margin	26.7%	26.3%	29.5%	27.7%

Hotel Operating Expense Composition

(dollars in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Reconciliation of total operating expense to hotel operating expense:				
Total operating expenses	$ 213,704	$ 203,590	$ 871,241	$ 812,885
Unconsolidated taxes, insurance and lease expense	1,377	1,019	6,273	5,881
Consolidated hotel lease expense	(15,190)	(13,695)	(61,054)	(54,689)
Corporate expenses	(4,778)	(4,917)	(23,308)	(19,025)
Abandoned projects	(33)	(265)	(33)	(265)
Depreciation	(24,483)	(21,733)	(94,579)	(84,448)
Hotel operating expenses	$ 170,597	$ 163,999	$ 698,540	$ 660,339
Supplemental information:				
Compensation and benefits expense (included in hotel operating expenses)	$ 69,713	$ 68,629	$ 281,711	$ 273,478

Non-GAAP Financial Measures (continued)

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 diminish 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, including FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin, 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 as a measure of our operating performance.

FFO and EBITDA

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

EBITDA is a commonly used measure of performance in many industries. We define EBITDA as net income or loss (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 recurring and non-recurring items described below provides useful supplemental information to investors regarding our ongoing operating performance and that the presentation of Adjusted FFO, Adjusted EBITDA and Same-Store EBITDA, when combined with GAAP net income, EBITDA and FFO, is beneficial to an investor's better understanding of our operating performance.

- *Gains and losses related to early extinguishment of debt and interest rate swaps* – We exclude gains and losses related to early 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.

Non-GAAP Financial Measures (continued)

- *Impairment losses* – We exclude the effect of impairment losses and gains or losses on disposition of assets in computing Adjusted FFO and Adjusted EBITDA because we believe that including these is not consistent with reflecting the ongoing performance of our remaining assets. Additionally, we believe that impairment charges and gains or losses on disposition of assets represent accelerated depreciation or excess depreciation, and depreciation is excluded from FFO by the NAREIT definition and from EBITDA.
- *Cumulative effect of a change in accounting principle* – Infrequently, the Financial Accounting Standards Board promulgates new accounting standards that require the consolidated statements of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments in computing Adjusted FFO and Adjusted EBITDA because they do not reflect our actual performance for that period.

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

To derive Same-Store EBITDA, we make the same adjustments to EBITDA as for Adjusted EBITDA and, additionally, exclude EBITDA from discontinued operations and gains and losses from the disposition of non-hotel related assets.

Hotel EBITDA and Hotel EBITDA Margin

Hotel EBITDA and Hotel EBITDA margin are commonly used measures of performance in the 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, these measures facilitate comparisons with other hotel REITs and hotel owners. We present Hotel EBITDA and Hotel EBITDA margin by eliminating corporate-level expenses, depreciation and expenses related to our capital structure. We eliminate corporate-level costs and expenses because we believe property-level results provide investors with supplemental information with respect to the ongoing operating performance of our hotels and the effectiveness of management on a property-level basis. We eliminate depreciation and amortization, even though they are property-level expenses, because we do not believe that these non-cash expenses, which are based on historical cost accounting for real estate assets and implicitly assume that the value of real estate assets diminish predictably over time, accurately reflect an adjustment in the value of our assets. We also eliminate consolidated percentage rent paid to unconsolidated entities, which is effectively eliminated by minority interest expense 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.

Non-GAAP Financial Measures (continued)

Limitations of Non-GAAP Measures

The use of these non-GAAP financial measures has certain limitations. FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin, as presented by us, may not be comparable to FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin as calculated by other real estate companies. These measures do not reflect certain expenses that we incurred and will incur, such as depreciation and interest or 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 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. Neither should FFO, FFO per share, Adjusted FFO, Adjusted FFO per share, EBITDA, Adjusted EBITDA or Same-Store EBITDA be considered as measures of our liquidity or indicative of funds available for our cash needs, including our ability to make cash distributions. FFO per share does not measure, and should not be used as a measure of, amounts that accrue directly to the benefit of stockholders. FFO, Adjusted FFO, EBITDA, Adjusted EBITDA, Same-Store EBITDA, Hotel EBITDA and Hotel EBITDA margin reflect additional ways of viewing our operations that we believe when viewed with our GAAP results and the reconciliations to the corresponding GAAP financial measures provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not to rely on a single financial measure.

Debt Summary
(dollars in thousands)

Debt Outstanding

	Encumbered Hotels	Interest Rate at December 31, 2006	Final Maturity	Consolidated Debt
Line of credit[(a)]	none	*L + 1.75*	January 2009	$ -
Senior term notes	none	*8.50*	June 2011	298,911
Senior term notes	none	L + 1.875	December 2011	215,000
Total line of credit and senior debt				513,911
Mortgage debt[(b)]	12 hotels	L + 0.93	November 2011	250,000
Mortgage debt	8 hotels	6.56	July 2009 – 2014	97,553
Mortgage debt	7 hotels	7.32	March 2009	124,263
Mortgage debt	8 hotels	8.70	May 2010	169,438
Mortgage debt	7 hotels	8.73	May 2010	122,578
Mortgage debt	1 hotel	L + 2.85	August 2008	15,500
Mortgage debt	1 hotel	5.81	July 2016	12,861
Other	1 hotel	9.17	August 2011	4,452
Construction loan[(c)]	-	L + 2.00	October 2007	58,597
Total mortgage debt	45 hotels			855,242
				$ 1,369,153

(a) We have a borrowing capacity of $125 million on our line of credit. The interest on this line can range from 175 to 225 basis points over LIBOR based on our leverage ratio as defined in our line of credit agreement.

(b) This includes three, one-year extension options extending the maturity of this debt from 2008 to 2011.

(c) We have a recourse construction loan facility for the development of a 184-unit condominium project in Myrtle Beach, South Carolina. The interest on this facility is being capitalized as part of the cost of the project. We have pre sold approximately 98 percent of these condominiums and expect to start repaying the construction loan as the unit sales are finalized, beginning in the second quarter of 2007.

Debt Statistics at December 31, 2006

Weighted average interest	7.62%
Fixed interest rate debt to total debt	60.6%
Weighted average maturity of debt	5 years
Mortgage debt to total assets	33.1%

Debt Summary (continued)

At December 31, 2006, future scheduled principal payments on outstanding debt are as follows (in thousands):

Year	Secured Debt	Unsecured Debt	Total
2007	$ 71,336	$ -	$ 71,336
2008	29,233	-	29,233
2009	142,240	-	142,240
2010	274,535	-	274,535
2011[(a)]	253,030	515,000	768,030
2012 and thereafter	84,868	-	84,868
Discount	-	(1,089)	(1,089)
Total debt	$ 855,242	$ 513,911	$ 1,369,153

(a) Included in this amount is a $250,000 loan that has three, one-year extension options extending the maturity of this debt from 2008 to 2011.

At December 31, 2006, we had unconsolidated 50 percent investments in ventures that owned an aggregate of 18 hotels. These ventures had approximately $197 million of non-recourse mortgage debt, all of which is secured by hotel assets. Our pro rata share of this non-recourse debt was $99 million.

Financing transactions in 2006:

In January, we retired our $225 million unsecured term loan facility and established a new $125 million unsecured line of credit. In April 2006, we retired an additional $27 million of secured indebtedness and repaid the outstanding balance on our line of credit.

In April, Moody's Investors Service upgraded our corporate rating from B1 to Ba3. As a result, the interest rate on our $300 million of Senior Notes due 2011 was reduced by 50 basis points to 8.5%, resulting in an annual interest rate savings of $1.5 million.

In October 2006, we sold $215 million of senior secured floating rate notes. These notes bear interest at LIBOR plus 1.875% and mature in 2011. We finalized a $250 million mortgage facility at LIBOR plus 0.93%, which we closed in November 2006.

Proceeds from these two financings along with cash from hotel sales was used to: (i) redeem our $290 million senior floating rate notes due 2011 paying LIBOR plus 4.25% interest and $125 million senior notes due 2007 paying 7.625% interest, and (ii) repay $129 million of mortgage indebtedness.

PORTFOLIO DATA

Portfolio Distribution at December 31, 2006
(83 consolidated hotels included in continuing operations, same store basis)

Brand	Hotels	Rooms	% of Total Rooms	% of 2006 Hotel EBITDA[a]
Embassy Suites Hotels	47	12,130	51	57
Holiday Inn-branded	17	6,301	26	18
Starwood-branded	9	3,217	13	15
Doubletree-branded	7	1,471	6	7
Hilton-branded	2	559	2	2
Other	1	403	2	1
Top Markets				
South Florida area	5	1,434	6	7
Atlanta	5	1,462	6	7
San Francisco Bay area	6	2,141	9	6
Los Angeles area	4	898	4	5
Orlando	5	1,690	7	5
Dallas	4	1,333	6	5
Phoenix	3	798	3	4
San Diego	1	600	2	4
Minneapolis	3	739	3	4
Northern New Jersey	3	756	3	3
Washington, D.C.	1	443	2	3
Philadelphia	2	729	3	3
Chicago	3	795	3	3
San Antonio	3	874	4	3
Boston	2	532	2	3
Location				
Suburban	32	8,200	34	37
Urban	20	6,361	26	25
Airport	20	6,203	26	24
Resort	11	3,317	14	14
Segment				
Upper-upscale	65	17,377	72	81
Full service	17	6,301	26	18
Upscale	1	403	2	1

(a) Hotel EBITDA is more fully described on page 15 of this supplement.

Detailed Operating Statistics by Brand[a]
(83 consolidated hotels included in continuing operations, same store basis)

	Occupancy (%)					
	Three Months Ended December 31,			Year Ended December 31,		
	2006	2005	%Variance	2006	2005	%Variance
Embassy Suites Hotels	71.0	70.3	0.9	75.1	74.3	1.1
Holiday Inn-branded hotels	58.8	67.9	(13.4)	69.3	72.1	(3.9)
Sheraton-branded hotels	68.6	71.0	(3.2)	72.0	74.1	(2.8)
Doubletree-branded hotels	67.5	69.0	(2.2)	74.2	72.3	2.7
Other hotels[b]	58.2	63.6	(8.4)	66.9	67.3	(0.6)
Total hotels	66.5	69.2	(4.0)	72.6	73.1	(0.7)

	ADR ($)					
	Three Months Ended December 31,			Year Ended December 31,		
	2006	2005	%Variance	2006	2005	%Variance
Embassy Suites Hotels	132.38	124.37	6.4	134.01	124.36	7.8
Holiday Inn-branded hotels	109.46	102.45	6.8	109.59	101.77	7.7
Sheraton-branded hotels	124.83	116.31	7.3	123.85	111.20	11.4
Doubletree-branded hotels	129.91	115.82	12.2	130.27	117.35	11.0
Other hotels[b]	120.06	109.16	10.0	123.23	114.34	7.8
Total hotels	125.30	116.34	7.7	125.93	116.04	8.5

	RevPAR ($)					
	Three Months Ended December 31,			Year Ended December 31,		
	2006	2005	%Variance	2006	2005	%Variance
Embassy Suites Hotels	93.94	87.43	7.4	100.60	92.36	8.9
Holiday Inn-branded hotels	64.38	69.58	(7.5)	75.93	73.41	3.4
Sheraton-branded hotels	85.69	82.53	3.8	89.15	82.35	8.3
Doubletree-branded hotels	87.69	79.95	9.7	96.68	84.81	14.0
Other hotels[b]	69.92	69.43	0.7	82.50	77.01	7.1
Total hotels	83.28	80.55	3.4	91.49	84.86	7.8

(a) Hotels have been excluded in both the current and prior year for those months directly impacted by hurricanes.
(b) Other hotels include two Hilton-branded, one Westin and one Crowne Plaza.

Detailed Operating Statistics for FelCor's Top Markets
(83 consolidated hotels included in continuing operations, same store basis)

	Occupancy (%)					
	Three Months Ended December 31,			Year Ended December 31,		
	2006	2005	%Variance	2006	2005	%Variance
South Florida area	79.6	61.7	29.1	79.8	78.2	2.1
Atlanta	68.5	76.3	(10.3)	75.2	78.1	(3.8)
San Francisco Bay area	70.3	71.8	(2.1)	76.0	74.8	1.7
Los Angeles area	70.0	71.1	(1.6)	75.2	76.2	(1.3)
Orlando	69.8	72.7	(4.1)	76.6	77.6	(1.3)
Dallas	64.3	69.3	(7.2)	69.9	66.2	5.6
Phoenix	69.9	69.1	1.1	72.9	72.4	0.6
San Diego	74.9	72.7	3.0	81.5	81.6	(0.2)
Minneapolis	66.4	62.2	6.9	70.2	71.7	(2.1)
Northern New Jersey	66.3	69.1	(4.0)	69.3	70.3	(1.3)
Washington, D.C.	63.3	70.9	(10.8)	66.4	74.3	(10.6)
Philadelphia	68.8	71.6	(3.9)	73.4	74.5	(1.5)
Chicago	70.8	72.3	(2.0)	74.9	74.9	0.0
San Antonio	66.8	71.4	(6.3)	76.1	76.4	(0.3)
Boston	62.8	68.7	(8.5)	73.0	71.0	2.7

	ADR ($)					
	Three Months Ended December 31,			Year Ended December 31,		
	2006	2005	%Variance	2006	2005	%Variance
South Florida area	130.00	129.20	0.6	139.51	126.38	10.4
Atlanta	116.89	111.35	5.0	118.35	106.28	11.4
San Francisco Bay area	132.82	118.29	12.3	130.97	119.14	9.9
Los Angeles area	139.11	125.15	11.2	142.74	128.02	11.5
Orlando	99.77	90.90	9.8	100.24	93.41	7.3
Dallas	113.71	108.31	5.0	112.87	105.34	7.2
Phoenix	138.53	126.06	9.9	133.17	121.78	9.3
San Diego	142.75	123.46	15.6	140.40	128.47	9.3
Minneapolis	137.70	131.95	4.4	137.72	129.39	6.4
Northern New Jersey	153.89	142.82	7.7	148.76	138.67	7.3
Washington, D.C.	164.03	144.42	13.6	161.75	145.47	11.2
Philadelphia	138.13	128.60	7.4	130.00	118.35	9.8
Chicago	127.64	110.31	15.7	123.78	107.56	15.1
San Antonio	102.31	89.36	14.5	103.94	92.27	12.6
Boston	153.41	141.89	8.1	151.65	137.68	10.1

	RevPAR ($)					
	Three Months Ended December 31,			Year Ended December 31,		
	2006	2005	%Variance	2006	2005	%Variance
South Florida area	103.50	79.69	29.9	111.31	98.78	12.7
Atlanta	80.05	84.99	(5.8)	88.95	83.04	7.1
San Francisco Bay area	93.34	84.93	9.9	99.53	89.06	11.8
Los Angeles area	97.32	88.96	9.4	107.36	97.56	10.1
Orlando	69.63	66.13	5.3	76.78	72.51	5.9
Dallas	73.11	75.01	(2.5)	78.94	69.77	13.1
Phoenix	96.81	87.10	11.1	97.05	88.21	10.0
San Diego	106.92	89.78	19.1	114.36	104.86	9.1
Minneapolis	91.46	82.01	11.5	96.69	92.82	4.2
Northern New Jersey	102.05	98.67	3.4	103.16	97.47	5.8
Washington, D.C.	103.76	102.37	1.4	107.42	108.09	(0.6)
Philadelphia	95.10	92.13	3.2	95.36	88.18	8.1
Chicago	90.38	79.71	13.4	92.75	80.60	15.1
San Antonio	68.39	63.76	7.3	79.14	70.49	12.3
Boston	96.35	97.41	(1.1)	110.67	97.80	13.2

Hotel Portfolio Information

Pro Rata Share of Rooms Owned

	Hotels	Room Count at December 31, 2006
Consolidated hotels in continuing operations	83	24,081
Unconsolidated hotel operations	5	761
Total hotels	88	24,842
50% joint ventures	18	(2,089)
60% joint ventures	1	(214)
75% joint ventures	1	(55)
90% joint ventures	3	(68)
97% joint venture	1	(11)
Total owned rooms by joint venture partners		(2,437)
Pro rata share of rooms owned		22,405

Capital Expenditures (dollars in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Improvements and additions to consolidated hotels	$60,285	$34,677	$169,284	$111,496
Joint venture partners' prorata share of additions to hotels	(810)	(479)	(1,840)	(1,215)
Prorata share of unconsolidated additions to hotels	2,653	2,682	11,483	7,587
Total additions to hotels[1]	$62,128	$36,880	$178,927	$117,868

(1) Includes capitalized interest, property taxes, ground leases and certain employee costs.

At December 31, 2006, we had incurred $70.7 million of capital expenditures associated with our condominium development project in Myrtle Beach, South Carolina.

Hotel Portfolio Information (continued)

Hotel Renovation Status at December 31, 2006

Renovation Completion Schedule	Rooms	% Owned[a]
Fourth Quarter 2006		
Charleston (Mills House - Historic Downtown), SC - Holiday Inn[b]	214	
Dana Point (Doheny Beach), CA - Doubletree Guest Suites	195	
Minneapolis (Airport), MN - Embassy Suites[b]	310	
Napa Valley, CA - Embassy Suites[b]	205	
Nashville (Airport/Opryland Area), TN - Embassy Suites	296	
Nashville (Opryland/Airport Briley Parkway), TN - Holiday Inn Select	382	
Piscataway (Somerset), NJ - Embassy Suites[b]	221	
Vienna (Tysons Corner), VA - Sheraton[b]	443	50%
First Quarter 2007		
Atlanta (Airport), GA - Embassy Suites[b]	232	
Atlanta (Galleria), GA - Sheraton Suites[b]	278	
Austin, TX - Doubletree Guest Suites[b]	189	90%
Baltimore (BWI Airport), MD - Embassy Suites[b]	251	90%
Baton Rouge, LA - Embassy Suites[b]	223	
Boston (Government Center), MA - Holiday Inn Select	303	
Charlotte (Southpark), NC - Doubletree Guest Suites	208	
Chicago (Northshore/Deerfield-Northbrook), IL - Embassy Suites[b]	237	
Houston (Medical Center), TX - Holiday Inn & Suites	284	
Lexington (Lexington Green), KY - Hilton Suites[b]	174	
Orlando (International Airport), FL - Holiday Inn Select[b]	288	
Orlando (Walt Disney World Resort), FL - Doubletree Guest Suites	229	
Philadelphia (Historic District), PA - Holiday Inn	364	
Pittsburgh (At University Center-Oakland), PA - Holiday Inn Select[b]	251	
San Antonio (International Airport), TX - Holiday Inn Select[b]	397	
San Francisco (Burlingame Airport), CA - Embassy Suites	340	
San Francisco (Fisherman's Wharf), CA - Holiday Inn	585	
San Francisco (South San Francisco Airport), CA - Embassy Suites[b]	312	
St. Paul (Downtown), MN - Embassy Suites[b]	210	
Toronto (Airport), CAN - Holiday Inn Select	445	
Toronto (Yorkdale), CAN - Holiday Inn	370	

Hotel Portfolio Information (continued)

Renovation Completion Schedule – (continued)

Second Quarter 2007	Rooms	% Owned
Atlanta (Gateway-Atlanta Airport), GA - Sheraton	395	
Boston (Marlborough), MA – Embassy Suites(b)	229	
Burlington (Hotel & Conference Center), VT - Sheraton(b)	309	
Chicago (Lombard/Oak Brook), IL - Embassy Suites(b)	262	50%
Chicago (O'Hare Airport), IL - Sheraton Suites(b)	296	
Dallas (DFW International Airport-South), TX - Embassy Suites(b)	305	
Dallas (Market Center), TX – Embassy Suites	244	
Indianapolis (North), IN - Embassy Suites(b)	221	75%
Milpitas (Silicon Valley), CA - Embassy Suites(b)	266	
Parsippany, NJ - Embassy Suites(b)	274	50%
Philadelphia (Society Hill), PA - Sheraton(b)	365	
Raleigh, NC - Doubletree Guest Suites(b)	203	
San Diego (On the Bay), CA - Holiday Inn	600	
San Rafael (Marin County/Conference Center), CA - Embassy Suites(b)	235	50%
Secaucus (Meadowlands), NJ - Embassy Suites(b)	261	50%
Santa Barbara (Goleta), CA - Holiday Inn	160	
Tampa (On Tampa Bay), FL - Doubletree Guest Suites(b)	203	
Wilmington, DE - Doubletree(b)	244	90%
Third Quarter 2007		
Birmingham, AL - Embassy Suites(b)	242	
Boca Raton, FL - Embassy Suites(b)	263	
Dallas (Love Field), TX - Embassy Suites(b)	248	
Ft. Lauderdale (Cypress Creek), FL - Sheraton Suites(b)	253	
Jacksonville (Baymeadows), FL - Embassy Suites(b)	277	
Kansas City (Plaza), MO - Embassy Suites(b)	266	50%
Miami (International Airport), FL - Embassy Suites(b)	316	
Orlando (International Drive South), FL - Embassy Suites(b)	244	
Orlando (North), FL - Embassy Suites	277	
Phoenix (Biltmore), AZ - Embassy Suites(b)	232	
Phoenix (Tempe), AZ - Embassy Suites(b)	224	
Raleigh (Crabtree), NC - Embassy Suites(b)	225	50%

Hotel Portfolio Information (continued)

Renovation Completion Schedule – (continued)

	Rooms	% Owned[a]
Fourth Quarter 2007		
Atlanta (Perimeter Center), GA - Embassy Suites[b]	241	50%
Austin (North), TX - Embassy Suites[b]	260	50%
Bloomington, MN - Embassy Suites[b]	219	
Cocoa Beach (Oceanfront), FL - Holiday Inn	500	
Corpus Christi, TX - Embassy Suites[b]	150	
Deerfield Beach (Boca Raton/Deerfield Beach Resort), FL - Embassy Suites[b]	244	
Ft. Lauderdale (17th Street), FL - Embassy Suites[b]	358	
Los Angeles (Anaheim Located near Disneyland Park), CA - Embassy Suites[b]	222	
Los Angeles (El Segundo International Airport South), CA - Embassy Suites	349	97%
Myrtle Beach Resort, SC - Hilton	385	
Orlando (International Drive Resort), FL - Holiday Inn	652	
San Antonio (International Airport), TX - Embassy Suites[b]	261	50%
San Antonio (N.W. I-10), TX - Embassy Suites[b]	216	50%
2008		
Atlanta (Buckhead), GA – Embassy Suites[b]	316	
Charlotte, NC – Embassy Suites[b]	274	50%
Dallas (Park Central), TX – Westin	536	60%
Kansas City (Overland Park), KS – Embassy Suites[b]	199	50%
Myrtle Beach (At Kingston Plantation), SC - Embassy Suites	255	
New Orleans, LA – Embassy Suites[b]	370	
New Orleans (French Quarter), LA – Holiday Inn	374	
Oxnard (Mandalay Beach Resort & Conference Center), CA – Embassy Suites	248	
Phoenix (Crescent Hotel), AZ – Sheraton[b]	342	
San Francisco (Union Square), CA – Crowne Plaza	403	
Santa Monica (Beach at the Pier), CA – Holiday Inn	132	

Projected Renovation Program Summary ($ in millions)

Completion Date	Project Cost	Hotels Completed	Rooms Completed
Fourth Quarter 2006	$ 42	8	2,266
First Quarter 2007	101	21	6,170
Second Quarter 2007	88	18	5,072
Third Quarter 2007	71	12	3,067
Fourth Quarter 2007	74	13	4,057
2008	54	11	3,449
Total[1]	$ 430	83	24,081

(1) Does not include redevelopment costs and represents our prorata share of project costs.

Hotel Portfolio Information (continued)

Non-Strategic Hotels designated as Held for Sale	**Rooms**	**% Owned**[a]
Brunswick, GA – Embassy Suites	130	
Dallas (Park Central), TX – Sheraton	438	60%
Dallas (Park Central Area), TX – Embassy Suites	279	
Dallas (West End/Convention Center) TX – Hampton Inn	309	
Houston (Intercontinental Airport), TX – Holiday Inn	415	
Lexington, KY – Sheraton Suites	155	
Los Angeles (Covina/I-10), CA – Embassy Suites[d]	202	50%
Palm Desert (Palm Desert Resort) CA – Embassy Suites[d]	198	
Stamford, CT – Holiday Inn Select	380	
Troy – (North - Auburn Hills), MI – Embassy Suites [b]	251	90%
Tulsa (I-44), OK – Embassy Suites	244	
Unconsolidated Operations		
Hays, KS – Hampton Inn[b]	114	50%
Hays, KS – Holiday Inn[b]	191	50%
New Orleans (Chateau LeMoyne -In French Quarter/Historic Area), LA – Holiday Inn[b]	171	50%
Salina, KS – Holiday Inn[b]	192	50%
Salina (I-70), KS – Holiday Inn Express & Suites[b]	93	50%

(a) We own 100% of the real estate interests unless otherwise noted.
(b) This hotel is encumbered by mortgage debt or capital lease obligation.
(c) These hotels were included in discontinued operations in the accompanying consolidated statement of operations at December 31, 2006.
(d) This hotel was sold subsequent to December 31, 2006.

Hotel Portfolio Information (continued)

Hotels Sold in 2006

Property	Date Sold	Rooms	Total Gross Sales Price Per Quarter (in millions)
Hotels sold during the quarter ended March 31, 2006:			
Atlanta, GA – Crowne Plaza (Airport)	Jan 2006	378	
Atlanta, GA – Crowne Plaza (Powers Ferry)	Jan 2006	296	
Dallas, TX – Crowne Plaza Suites	Jan 2006	295	
Dallas, TX – Staybridge Suites	Jan 2006	114	
Houston, TX – Holiday Inn Select	Jan 2006	349	
Irvine, CA – Crowne Plaza	Jan 2006	335	
San Jose, CA – Crowne Plaza	Jan 2006	305	
Omaha, NE – Hampton Inn	Jan 2006	129	
		2,201	$ 162.6
Hotels sold during the quarter ended June 30, 2006:			
Miami, FL – Crowne Plaza	Apr 2006	304	
Philadelphia, PA – Crowne Plaza	Apr 2006	445	
Orlando, FL – Holiday Inn	May 2006	530	
Omaha, NE – Holiday Inn	May 2006	383	
		1,662	78.2
Hotels sold during the quarter ended September 30, 2006:			
Denver, CO – Doubletree	Aug 2006	248	
Amarillo, TX – Holiday Inn	Aug 2006	248	
Dallas, TX – Doubletree	Aug 2006	300	
Austin, TX – Holiday Inn	Sept 2006	320	
Dallas, TX – Harvey Suites	Sept 2006	163	
Dallas, TX – Crowne Plaza	Sept 2006	354	
Houston, TX – Holiday Inn Select	Sept 2006	355	
Pleasanton, CA – Crowne Plaza	Sept 2006	244	
		2,232	99.7
Hotels sold during the quarter ended December 31, 2006:			
Chicago, IL – Crowne Plaza	Nov 2006	443	
Atlanta, GA – Holiday Inn (Airport North)	Dec 2006	493	
Atlanta, GA – Crowne Plaza	Dec 2006	250	
Atlanta, GA – Holiday Inn (South)	Dec 2006	180	
Columbus, GA – Holiday Inn	Dec 2006	224	
Kansas City, MO – Holiday Inn	Dec 2006	165	
Knoxville, TN – Holiday Inn	Dec 2006	240	
Minneapolis, MN – Embassy Suites	Dec 2006	216	
Montgomery, AL – Holiday Inn	Dec 2006	210	
Omaha, NE – Crowne Plaza	Dec 2006	223	
San Antonio, TX – Holiday Inn	Dec 2006	313	
		2,957	173.9
Total sales during year ended December 31, 2006		9,052	$ 514.4