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

Form 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2007

OR

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

Commission file number 1-14236

FelCor Lodging Trust Incorporated

(Exact name of registrant as specified in its charter)

Maryland	**75-2541756**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
545 E. John Carpenter Freeway, Suite 1300, Irving, Texas	**75062**
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of Common Stock, par value $.01 per share, of FelCor Lodging Trust Incorporated outstanding on April 25, 2007, was 62,387,838.

FELCOR LODGING TRUST INCORPORATED

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PART I. -- FINANCIAL INFORMATION

Item 1. Financial Statements

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	March 31, 2007	December 31, 2006
ASSETS		
Investment in hotels, net of accumulated depreciation of $631,943 at March 31, 2007 and $612,286 at December 31, 2006	$ 2,088,336	$ 2,044,285
Investment in unconsolidated entities	115,824	111,716
Hotels held for sale	98,882	133,801
Cash and cash equivalents	116,527	124,179
Restricted cash	16,545	22,753
Accounts receivable, net of allowance for doubtful accounts of $847 at March 31, 2007 and $962 at December 31, 2006	55,436	33,395
Deferred expenses, net of accumulated amortization of $9,390 at March 31, 2007 and $8,841 at December 31, 2006	8,911	9,480
Condominium development project	59,853	70,661
Other assets	27,221	32,979
Total assets	$ 2,587,535	$ 2,583,249
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt, net of discount of $1,026 at March 31, 2007 and $1,089 at December 31, 2006	$ 1,356,760	$ 1,369,153
Distributions payable	24,142	24,078
Accrued expenses and other liabilities	146,799	139,277
Total liabilities	1,527,701	1,532,508
Commitments and contingencies		
Minority interest in FelCor LP, 1,355 units issued and outstanding at March 31, 2007 and December 31, 2006	11,750	11,638
Minority interest in other partnerships	28,928	28,172
Stockholders' equity:		
Preferred stock, $.01 par value, 20,000 shares authorized:		
Series A Cumulative Convertible Preferred Stock, 12,880 shares, liquidation value of $322,011, issued and outstanding at March 31, 2007 and December 31, 2006	309,362	309,362
Series C Cumulative Redeemable Preferred Stock, 68 shares, liquidation value of $169,950, issued and outstanding at March 31, 2007 and December 31, 2006	169,412	169,412
Common stock, $.01 par value, 200,000 shares authorized and 69,413 and 69,438 shares issued, including shares in treasury, at March 31, 2007 and December 31, 2006, respectively	694	694
Additional paid-in capital	2,063,950	2,066,694
Accumulated other comprehensive income	16,172	15,839
Accumulated deficit	(1,405,904)	(1,409,790)
Less: Common stock in treasury, at cost, of 7,024 and 7,386 shares at March 31, 2007 and December 31, 2006, respectively	(134,530)	(141,280)
Total stockholders' equity	1,019,156	1,010,931
Total liabilities and stockholders' equity	$ 2,587,535	$ 2,583,249

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

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2007 and 2006
(unaudited, in thousands, except for per share data)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Revenues:		
Hotel operating revenue	$ 248,541	$ 251,380
Retail space rental and other revenue	131	27
Total revenues	248,672	251,407
Expenses:		
Hotel departmental expenses	$ 78,265	$ 79,018
Other property related costs	68,557	68,857
Management and franchise fees	13,123	13,222
Taxes, insurance and lease expense	29,229	26,532
Abandoned projects	22	-
Corporate expenses	6,787	5,804
Depreciation	25,051	22,437
Total operating expenses	221,034	215,870
Operating income	27,638	35,537
Interest expense, net	(22,872)	(30,508)
Charge-off of deferred financing costs	-	(667)
Income before equity in income from unconsolidated entities, minority interests and gain on sale of assets	4,766	4,362
Equity in income from unconsolidated entities	12,771	1,948
Minority interests	37	610
Gain on sale of condominiums	3,281	-
Income from continuing operations	20,855	6,920
Discontinued operations	8,307	2,932
Net income	29,162	9,852
Preferred dividends	(9,678)	(9,678)
Net income applicable to common stockholders	$ 19,484	$ 174
Basic and diluted per common share data:		
Net income (loss) from continuing operations	$ 0.18	$ (0.05)
Net income	$ 0.32	$ -
Basic weighted average common shares outstanding	61,374	59,660
Diluted weighted average common shares outstanding	61,762	59,660
Cash dividends declared on common stock	$ 0.25	$ 0.15

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

FELCOR LODGING TRUST INCORPORATED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2007 and 2006
(unaudited, in thousands)

	Three Months Ended March 31,	
	2007	**2006**
Net income	$ 29,162	$ 9,852
Unrealized holding gains from interest rate swaps	-	360
Foreign currency translation adjustment	333	(652)
Comprehensive income	$ 29,495	$ 9,560

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

FELCOR LODGING TRUST INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2007 and 2006
(unaudited, in thousands)

	Three Months Ended March 31, 2007	2006
Cash flows from operating activities:		
Net income	$ 29,162	$ 9,852
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	25,051	27,351
Loss (gain) on sale of assets	(9,312)	1,077
Amortization of deferred financing fees	604	774
Accretion of debt discount	63	296
Amortization of unearned compensation	1,407	990
Equity in income from unconsolidated entities	(12,771)	(1,948)
Distributions of income from unconsolidated entities	100	510
Charge-off of deferred financing costs	119	667
Loss on early extinguishment of debt	782	-
Minority interests	380	(190)
Changes in assets and liabilities:		
Accounts receivable	(8,829)	(5,950)
Restricted cash – operating	1,447	(1,348)
Other assets	4,139	1,659
Accrued expenses and other liabilities	7,858	16,477
Net cash flow provided by operating activities	40,200	50,217
Cash flows (used in) provided by investing activities:		
Improvements and additions to hotels	(69,102)	(34,037)
Additions to condominium project	(5,629)	(10,295)
Proceeds from sale of assets	41,988	6,773
Decrease (increase) in restricted cash – investing	3,827	(752)
Deposit on asset sale	1,000	-
Distributions of capital from unconsolidated entities	8,562	1,540
Net cash flow used in investing activities	(19,354)	(36,771)
Cash flows (used in) provided by financing activities:		
Proceeds from borrowings	5,119	54,526
Repayment of borrowings	(10,645)	(79,844)
Payment of deferred financing fees	(155)	(682)
Decrease in restricted cash – financing	-	2,825
Exercise of stock options	1,836	626
Contributions from minority interest holders	802	860
Distributions paid to other partnerships' minority interests	-	(800)
Distributions paid to preferred stockholders	(9,678)	(9,678)
Distributions paid to FelCor LP limited partners	(336)	-
Distributions paid to common stockholders	(15,533)	(24)
Net cash flow used in financing activities	(28,590)	(32,191)
Effect of exchange rate changes on cash	92	(23)
Net change in cash and cash equivalents	(7,652)	(18,768)
Cash and cash equivalents at beginning of periods	124,179	94,564
Cash and cash equivalents at end of periods	$ 116,527	$ 75,796
Supplemental cash flow information —		
Interest paid	$ 14,761	$ 17,125

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

FELCOR LODGING TRUST INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

In 1994, FelCor Lodging Trust Incorporated, or FelCor, a real estate investment trust, or REIT, went public with six hotels and a market capitalization of $120 million. At March 31, 2007, we held ownership interests in 96 hotels and were the owner of the largest number of Embassy Suites Hotels® and Doubletree Guest Suites® hotels in North America.

FelCor is the sole general partner of, and the owner of approximately a 98% limited partnership interest in, FelCor Lodging Limited Partnership, or FelCor LP. All of our operations are conducted solely through FelCor LP or its subsidiaries.

At March 31, 2007, we held 100% ownership interests (whether by fee, leasehold or otherwise) in 70 hotels, a 90% or greater interest in entities owning five hotels, a 75% interest in an entity owning one hotel, a 60% interest in an entity owning two hotels and 50% interests in unconsolidated entities that owned 18 hotels. We held majority ownership interests in the operating lessees of 91 of these hotels; consequently, we include their operating revenues and expenses in our consolidated statements of operations. The operations of 83 of these consolidated hotels were included in continuing operations at March 31, 2007, and eight hotels were designated as held for sale and included in discontinued operations. The operating revenues and expenses of the remaining five hotels are unconsolidated.

At March 31, 2007, we had an aggregate of 62,388,367 shares of FelCor common stock and 1,355,016 units of FelCor LP limited partnership interests outstanding.

The following table reflects the distribution, by brand, of our 83 consolidated hotels included in continuing operations at March 31, 2007:

Brand	Hotels	Rooms
Embassy Suites Hotels	47	12,130
Holiday Inn®-branded	17	6,301
Starwood-branded	9	3,217
Doubletree®-branded	7	1,471
Hilton-branded	2	559
Other brands	1	403
Total hotels	83	

The hotels shown in the above table are located in the United States (23 states) and Canada (two hotels), with concentrations in California (14 hotels), Florida (13 hotels) and Texas (11 hotels). Approximately 53% of our hotel room revenues in continuing operations were generated from hotels in these states during the first three months of 2007.

At March 31, 2007, of our 83 consolidated hotels included in continuing operations, (i) subsidiaries of Hilton Hotels Corporation, or Hilton, managed 54, (ii) subsidiaries of InterContinental Hotels Group, or IHG, managed 18, (iii) subsidiaries of Starwood Hotels & Resorts Worldwide, Inc., or Starwood, managed nine, and (iv) other independent management companies managed two.

1. Organization – (continued)

The information in our consolidated financial statements for the three months ended March 31, 2007 and 2006 is unaudited. Preparing financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The accompanying financial statements for the three months ended March 31, 2007 and 2006, include adjustments based on management's estimates (consisting of normal and recurring accruals), which we consider necessary for a fair presentation of the results for the periods. The financial information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2006, included in our Annual Report on Form 10-K. Operating results for the three months ended March 31, 2007 are not necessarily indicative of actual operating results for the entire year.

2. Investment in Unconsolidated Entities

We owned 50% interests in joint venture entities that owned 18 hotels at March 31, 2007, and 19 hotels at December 31, 2006. We also owned a 50% interest in joint venture entities owning real estate and providing condominium management services in Myrtle Beach, South Carolina, and leasing four hotels. We account for our investments in these unconsolidated entities under the equity method. We do not have any majority-owned subsidiaries that are not consolidated in our financial statements. We make adjustments to our equity in income from unconsolidated entities related to the depreciation of our excess basis in investment in unconsolidated entities when compared to the historical basis of the assets recorded by the joint ventures.

Summarized combined financial information for 100% of these unconsolidated entities is as follows (in thousands):

	March 31, 2007	December 31, 2006
Balance sheet information:		
Investment in hotels, net of accumulated depreciation	$ 257,335	$ 260,628
Total assets	$ 300,961	$ 297,712
Debt	$ 195,531	$ 197,462
Total liabilities	$ 204,117	$ 203,659
Equity	$ 96,844	$ 94,053

Debt of our unconsolidated entities at March 31, 2007 and December 31, 2006, consisted entirely of non-recourse mortgage debt.

2. Investment in Unconsolidated Entities – (continued)

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

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Total revenues	$ 18,194	$ 18,115
Net income	$ 19,754	$ 4,734
Net income attributable to FelCor	$ 9,877	$ 2,367
Additional gain on sale related to basis difference	3,336	-
Depreciation of cost in excess of book value	(442)	(419)
Equity in income from unconsolidated entities	$ 12,771	$ 1,948

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

	March 31, 2007	December 31, 2006
Hotel investments	$ 50,007	$ 48,641
Cost in excess of book value of hotel investments	64,147	61,253
Land and condominium investments	3,481	3,513
Hotel lessee investments	(1,811)	(1,691)
	$ 115,824	$ 111,716

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

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Hotel investments	$ 12,882	$ 2,073
Hotel lessee investments	(111)	(125)
	$ 12,771	$ 1,948

In the first quarter of 2007 a 50% owned joint venture entity sold the Embassy Suites Hotel in Covina, California. The sale of this hotel resulted in a gain of $15.6 million for this venture.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Debt

Debt at March 31, 2007 and December 31, 2006 consisted of the following (in thousands):

	Encumbered Hotels	Interest Rate at March 31, 2007	Maturity Date	Balance Outstanding March 31, 2007	Balance Outstanding December 31, 2006
Line of credit[(a)]	none	L + 1.75	January 2009	$ -	$ -
Senior term notes	none	8.50	June 2011	298,974	298,911
Senior term notes	none	L + 1.875	December 2011	215,000	215,000
Total line of credit and senior debt[(b)]		7.96		513,974	513,911
Mortgage debt[(c)]	12 hotels	L + 0.93	November 2008	250,000	250,000
Mortgage debt	7 hotels	6.57	June 2009-2014	90,452	97,553
Mortgage debt	7 hotels	7.32	March 2009	123,427	124,263
Mortgage debt	8 hotels	8.70	May 2010	168,552	169,438
Mortgage debt	6 hotels	8.73	May 2010	121,850	122,578
Mortgage debt	1 hotel	L + 2.85	August 2008	15,500	15,500
Mortgage debt	1 hotel	5.81	July 2016	12,745	12,861
Other	1 hotel	9.17	August 2011	4,256	4,452
Construction loan[(d)]	-	L + 2.00	October 2007	56,004	58,597
Total mortgage debt[(b)]	43 hotels	7.40		842,786	855,242
Total		7.61%		$ 1,356,760	$ 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 L + 175 to L + 225 basis points, based on our leverage ratio as defined in our line of credit agreement.
(b) Interest rates are calculated based on the average outstanding debt at March 31, 2007.
(c) This debt has three one-year extension options.
(d) We have a recourse construction loan facility for the development of a 184-unit condominium project in Myrtle Beach, South Carolina. This loan was repaid in full May 1, 2007.

We reported interest expense of $22.9 million and $30.5 million for the three months ended March 31, 2007 and 2006, respectively, which is net of: (i) interest income of $1.2 million and $0.8 million and (ii) capitalized interest of $1.6 million and $0.6 million, respectively.

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

The following table summarizes the components of hotel operating revenue from continuing operations (in thousands):

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Room revenue	$ 204,323	$ 207,986
Food and beverage revenue	31,773	30,414
Other operating departments	12,445	12,980
Total hotel operating revenue	$ 248,541	$ 251,380

4. Hotel Operating Revenue, Departmental Expenses and Other Property Operating Costs – (continued)

For the first three months of both 2007 and 2006, more than 99% of our revenue was comprised of hotel operating revenue, which included room revenue, food and beverage revenue, and revenue from other hotel operating departments (such as telephone, parking and business centers). These revenues are recorded net of any sales or occupancy taxes collected from our guests. All rebates or discounts are recorded, when allowed, as a reduction in revenue, and there are no material contingent obligations with respect to rebates or discounts offered by us. All revenues are recorded on an accrual basis, as earned. Appropriate allowances are made for doubtful accounts, which are recorded as a bad debt expense. The remaining 1% of our revenue was derived from retail space rental revenue and other sources.

The following table summarizes the components of hotel departmental expenses from continuing operations (in thousands):

	Three Months Ended March 31,			
	2007		2006	
	Dollars in Thousands	% of Total Hotel Operating Revenue	Dollars in Thousands	% of Total Hotel Operating Revenue
Room	$ 48,783	19.6 %	$ 49,414	19.7 %
Food and beverage	24,535	9.9	23,660	9.4
Other operating departments	4,947	2.0	5,944	2.3
Total hotel departmental expenses	$ 78,265	31.5 %	$ 79,018	31.4 %

The following table summarizes the components of other property operating costs from continuing operations (in thousands):

	Three Months Ended March 31,			
	2007		2006	
	Dollars in Thousands	% of Total Hotel Operating Revenue	Dollars in Thousands	% of Total Hotel Operating Revenue
Hotel general and administrative expense	$ 22,439	9.0 %	$ 22,292	8.9 %
Marketing	20,737	8.3	20,705	8.2
Repair and maintenance	13,553	5.5	13,197	5.3
Energy	11,828	4.8	12,663	5.0
Total other property operating costs	$ 68,557	27.6 %	$ 68,857	27.4 %

Hotel employee compensation and benefit expenses of $71.4 million and $70.3 million for the three months ended March 31, 2007 and 2006, respectively, are included in hotel departmental expenses and other property operating costs.

5. Taxes, Insurance and Lease Expense

The following table summarizes the components of taxes, insurance and lease expense from continuing operations (in thousands):

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Operating lease expense[(a)]	$ 16,164	$ 15,385
Real estate and other taxes	8,601	9,013
Property insurance, general liability insurance and other	4,464	2,134
Total taxes, insurance and lease expense	$ 29,229	$ 26,532

(a) Operating lease expense includes hotel lease expense of $14.3 million and $13.6 million associated with 13 hotels leased by us from unconsolidated subsidiaries and $1.9 million and $1.8 million of ground lease expense for the three months ended March 31, 2007 and 2006, respectively. Included in operating lease expense is percentage rent based on operating results of $7.9 million and $6.9 million, respectively, for the three months ended March 31, 2007 and 2006.

6. Condominium Project

Development of our Royale Palms condominium project in Myrtle Beach, South Carolina was substantially completed in the first quarter of 2007. We finalized the sale of 31 of the 184 units in the quarter and recognized a gain on sale of $3.3 million under the completed contract method. We expect substantially all the remaining unit sales to be finalized in the second quarter of 2007, at which time we will recognize the remainder of the gain on sale and repay the outstanding construction loan. Net proceeds from the sale of the 31 units were $15.3 million, of which $8.8 million was paid directly to the construction lender prior to March 31, 2007 as a reduction in the outstanding balance of our construction loan. The remaining $6.5 million was in-transit to the lender at March 31, 2007 and has been recorded as a receivable on the accompanying March 31, 2007 balance sheet. At March 31, 2007, the outstanding balance of the construction loan was $56.0 million.

7. Discontinued Operations

The results of operations of eight hotels designated as held for sale at March 31, 2007, three hotels sold in 2007 through March 31, and 31 hotels sold in 2006 are included in discontinued operations. The following table summarizes the condensed financial information for the hotels included in discontinued operations (in thousands):

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Operating revenue	$ 15,498	$ 64,001
Operating expenses	(11,879)	(59,246)
Operating income	3,619	4,755
Direct interest costs, net	(25)	(326)
Gain (loss) on sale of depreciable assets	6,031	(1,077)
Charge-off of deferred debt costs	(119)	-
Loss on early extinguishment of debt	(782)	-
Minority interests	(417)	(420)
Income from discontinued operations	$ 8,307	$ 2,932

7. Discontinued Operations – (continued)

In 2007, we sold two consolidated hotels in the first quarter, for aggregate gross proceeds of $42.7 million, and one unconsolidated hotel for gross proceeds of $22.0 million. The operations of the unconsolidated hotel are consolidated because of our majority ownership of the lessee.

We consider a hotel as "held for sale" once we determine it is probable that the hotel will be sold within the next 12 months. At March 31, 2007, we owned eight hotels that were held for sale. The operating results of these hotels were included in discontinued operations.

8. Earnings (Loss) Per Share

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

	Three Months Ended March 31,	
	2007	**2006**
Numerator:		
Income from continuing operations	$ 20,855	$ 6,920
Less: Preferred dividends	(9,678)	(9,678)
Income (loss) from continuing operations applicable to common stockholders	11,177	(2,758)
Discontinued operations	8,307	2,932
Net income applicable to common stockholders	$ 19,484	$ 174
Denominator:		
Denominator for basic earnings per share	61,374	59,660
Denominator for diluted earnings per share	61,762	59,660
Earnings (loss) per share data:		
Basic:		
Income (loss) from continuing operations	$ 0.18	$ (0.05)
Discontinued operations	$ 0.14	$ 0.05
Net income	$ 0.32	$ -
Diluted:		
Income (loss) from continuing operations	$ 0.18	$ (0.05)
Discontinued operations	$ 0.14	$ 0.05
Net income	$ 0.32	$ -

8. Earnings (Loss) Per Share – (continued)

The following securities, which could potentially dilute basic earnings per share in the future, were not included in the computation of diluted earnings per share, because they would have been antidilutive for the periods presented (in thousands):

	Three Months Ended	
	2007	**2006**
Options and unvested restricted stock	-	316
Series A convertible preferred shares	9,985	9,985

Series A preferred dividends that would be excluded from net income (loss) applicable to common stockholders, if these Series A preferred shares were dilutive, were $6.3 million for both the three months ended March 31, 2007 and 2006.

9. Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued FASB Interpretation Number 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. The Company must determine whether it is "more-likely-than-not" that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets the more-likely-than-not recognition threshold, the position is measured to determine the amount of benefit to recognize in the financial statements. FIN 48 applies to all tax positions related to income taxes subject to FASB Statement No. 109, *Accounting for Income Taxes*. The interpretation clearly scopes out income tax positions related to FASB Statement No. 5, *Accounting for Contingencies*. There was no cumulative effect as a result of FIN 48's adoption in the first quarter of 2007.

10. Application of New Accounting Standards

In September 2006, the FASB issued Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. SFAS No. 157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. This statement is effective in fiscal years beginning after November 15, 2007. We believe that the adoption of this standard on January 1, 2008 will not have a material effect on our consolidated financial statements.

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

General

We started on a three year $430 million capital improvement program in late 2006 designed to improve the quality, returns on investment and competitive position of our core hotel portfolio. In 2007, we expect to complete renovations on 62 hotels and spend approximately $225 million on these renovations. During 2007, through April 30, we have completed renovations on 21 hotels.

Our hotels experienced displacement associated with the renovation program, which resulted in reductions to revenue per available room, or RevPAR, of approximately 3% and hotel earnings before interest, taxes, depreciation and amortization, or EBITDA, of approximately $4.5 million. The displacement effects on RevPAR and Hotel EBITDA negatively affected our Hotel EBITDA margin by approximately 100 basis points during the quarter. In the first quarter of 2006, business interruption insurance proceeds improved Hotel EBITDA margin by 57 basis points.

During the first quarter of 2007, our RevPAR increased 1.0% for our consolidated hotels in continuing operations as a result of a 7.8% increase in average daily room rate, or ADR. However, our occupancy decreased in the same period by 6.3%, compared to the same period last year, largely because of displacement. We attribute the increase in ADR, and to a lesser extent, the decrease in occupancy (to the extent not attributable to displacement) to a change in our customer mix through room rate management and a reduction in the number of lower-ADR rooms that we make available at any point in time, which in turn makes more rooms available for higher-ADR transient business. This change in customer mix is affecting both pre-renovation and post-renovation hotels.

At March 31, 2007, we had eight non-strategic hotels, all of which were under contract for sale. We estimate that the aggregate gross proceeds from the disposition of these hotels will be approximately $126 million.

Our Royale Palms condominium project in Myrtle Beach, South Carolina was substantially completed in the first quarter of 2007. We closed on the sale of 31 of the 184 units in the quarter and recognized a gain of $3.3 million. We expect substantially all the remaining condominium sales to be closed in the second quarter of 2007, with some units closing in the third quarter. We will recognize the remainder of the gain on sale and pay off the construction loan outstanding as the condominium units are closed. We currently expect to earn net income of at least $18 million from this project, and we expect that between 50 and 60% of the condominium units will enter our rental program, which will result in additional continuing income.

We will continue to review and evaluate our hotel portfolio and may identify additional non-strategic hotels to sell based upon various factors. If we decide to sell additional hotels or if our estimates of market value for the hotels currently designated as held for sale decline, we could incur impairment charges in the future.

Financial Comparison (in thousands of dollars, except RevPAR and Hotel EBITDA margin)

	Three Months Ended March 31,		
	2007	2006	% Change 2007-2006
RevPAR	$ 94.28	$ 93.33	1.0 %
Hotel EBITDA[1]	$ 71,923	$ 75,767	(5.1)%
Hotel EBITDA margin[1]	28.9 %	30.1 %	(4.0)%
Income from continuing operations	$ 20,855	$ 6,920	201.4 %
Funds From Operations ("FFO")[1] [2]	$ 30,611	$ 31,333	(2.4)%
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")[1][3]	$ 84,601	$ 74,149	14.1 %

(1) A discussion of the use, limitations and importance of these non-GAAP financial measures and detailed reconciliations to the most comparable GAAP measure are found elsewhere in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

(2) In accordance with the guidance provided by the United States Securities and Exchange Commission, or SEC, with respect to non-GAAP financial measures, FFO has not been adjusted for the following items included in net income applicable to common stockholders (in thousands):

	Three Months Ended March 31,	
	2007	**2006**
Abandoned projects	$ (22)	$ -
Charge-off of deferred financing costs	(119)	(667)
Loss on early extinguishment of debt	(692)	-

(3) Consistent with SEC guidance on non-GAAP financial measures, EBITDA has not been adjusted for the following amounts included in net income (in thousands):

	Three Months Ended March 31,	
	2007	**2006**
Gain (loss) on sale of hotels	$ 6,031	$ (1,077)
Gain on sale of unconsolidated entities	11,182	-
Abandoned projects	(22)	-
Charge-off of deferred financing costs	(119)	(667)
Loss on early extinguishment of debt	(692)	-

Results of Operations

Comparison of the Three Months Ended March 31, 2007 and 2006

For the three months ended March 31, 2007, we recorded net income applicable to common stockholders of $19.5 million, or $0.32 per share, compared to $0.2 million for the same period in 2006. We had income from continuing operations of $20.9 million in the first quarter of 2007, compared to $6.9 million for the same period in 2006. During the first quarter of 2007, we recorded in income from continuing operations an $11.2 million gain in equity in income from unconsolidated entities from the sale of a hotel by one of our unconsolidated entities, as well as a $3.3 million gain from the sale of 31 condominium units in Myrtle Beach, South Carolina.

Operating income for the first quarter of 2007 decreased by $7.9 million compared to the same period in 2006. This decrease in operating income is principally attributed to: (i) a $2.7 million decrease in revenue; (ii) a $2.7 million increase in taxes, insurance and lease expense and (iii) a $2.6 million increase in depreciation expense.

Total revenue from continuing operations was $248.7 million, a 1.1% decrease compared to the same period in 2006. The decrease in revenue is principally attributed to $6.3 million of business interruption revenue from the 2005 hurricanes recorded in the first quarter of 2006, offset in part by a 1.0% increase in RevPAR compared to same period in 2006.

In the first quarter of 2007, taxes, insurance and lease expense increased by $2.7 million and increased as a percentage of total revenue from 10.6% to 11.8% compared to the same period in 2006. The increase was principally attributed to increases in property insurance expense ($1.5 million) and general liability expense ($0.9 million).

In the first quarter of 2007, depreciation expense increased $2.6 million, compared to the same period in 2006. This increase is attributed to the $168.5 million of consolidated hotel capital expenditures incurred in 2006 and the $69.1 million of consolidated hotel capital expenditures incurred in the first quarter of 2007.

In the first quarter of 2007, the remainder of our operating expenses (hotel departmental expenses, other property related costs, management and franchise fees, abandoned projects, and corporate expenses) decreased by $0.1 million on a combined basis and increased as a percentage of total revenue from 66.4% to 67.1% compared to the first quarter of 2006. None of the comparisons of these expenses, individually, from the first quarter of 2006 to the first quarter of 2007 were significant.

Net interest expense included in continuing operations for the first quarter decreased $7.6 million, or 25.0%, compared to the same period in 2006. This decrease was primarily attributable to the $212.7 million reduction in our average outstanding debt and a 53 basis point decrease in average interest rate compared to the first quarter of 2006.

We finalized the sale of 31 of the 184 units at our Royale Palms condominium project in the quarter and recognized a gain on sale of $3.3 million under the completed contract method.

Discontinued operations includes the operating income, direct interest costs, and net gains on disposition related to three hotels sold through March 31, 2007, 31 hotels sold in 2006 and eight hotels held for sale at March 31, 2007. In the first quarter of 2007, income from discontinued operations increased by $5.4 million, compared to the first quarter of 2006, primarily from a $7.1 million increase in net gains from hotel dispositions which were partially offset by a $1.1 million decrease in operating income attributable to hotels sold subsequent to March 31, 2006, and a $0.9 million increase in losses related to debt extinguishment.

Non-GAAP Financial Measures

We refer in this report to certain “non-GAAP financial measures.” These measures, including FFO, EBITDA, Hotel EBITDA and Hotel EBITDA margin, are measures of our financial performance that are not calculated and presented in accordance with GAAP. The following tables reconcile 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.

The following tables detail our computation of FFO and EBITDA (in thousands):

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

	Three Months Ended March 31,					
	2007			2006		
	Dollars	Shares	Per Share Amount	Dollars	Shares	Per Share Amount
Net income	$ 29,162			$ 9,852		
Preferred dividends	(9,678)			(9,678)		
Net income applicable to common stockholders	19,484	61,762	$ 0.32	174	59,660	$ -
Depreciation, continuing operations	25,051	-	0.41	22,437	-	0.38
Depreciation, unconsolidated entities and discontinued operations	2,863	-	0.05	7,637	-	0.13
Loss (gain) on sale of hotels, net of income tax	(6,031)	-	(0.10)	1,077	-	0.02
Gain on sale of unconsolidated entities	(11,182)	-	(0.18)	-	-	-
Minority interest in FelCor LP	426	1,355	(0.02)	8	2,663	(0.03)
Conversion of options and unvested restricted stock	-	-	-	-	316	-
FFO	$ 30,611	63,117	$ 0.48	$ 31,333	62,639	$ 0.50

Consistent with SEC guidance on non-GAAP financial measures, FFO has not been adjusted for the following amounts included in net income applicable to common stockholders (in thousands):

	Three Months Ended March 31,	
	2007	2006
Abandoned projects	$ (22)	$ -
Charge-off of deferred financing costs	(119)	(667)
Loss on early extinguishment of debt	(692)	-

Reconciliation of Net Income to EBITDA
(in thousands)

	Three Months Ended March 31,	
	2007	2006
Net income	$ 29,162	$ 9,852
Depreciation, continuing operations	25,051	22,437
Depreciation, unconsolidated entities and discontinued operations	2,863	7,637
Minority interest in FelCor Lodging LP	426	8
Interest expense	24,118	31,295
Interest expense, unconsolidated entities and discontinued operations	1,574	1,930
Amortization expense	1,407	990
EBITDA	$ 84,601	$ 74,149

Consistent with SEC guidance on non-GAAP financial measures, EBITDA has not been adjusted for the following amounts included in net income (in thousands):

	Three Months Ended March 31,	
	2007	2006
Gain (loss) on sale of hotels	$ 6,031	$ (1,077)
Gain on sale of unconsolidated entities	11,182	-
Abandoned projects	(22)	-
Charge-off of deferred financing costs	(119)	(667)
Loss on early extinguishment of debt	(692)	-

The following tables detail our computation of Hotel EBITDA, Hotel EBITDA margin, hotel operating expenses and the reconciliation of hotel operating expenses to total operating expenses with respect to our hotels included in continuing operations at March 31, 2007.

Hotel EBITDA and Hotel EBITDA Margin
(dollars in thousands)

	Three Months Ended March 31,	
	2007	2006
Total revenue	$ 248,672	$ 251,407
Retail space rental and other revenue	(131)	(27)
Hotel operating revenue	248,541	251,380
Hotel operating expenses	(176,618)	(175,613)
Hotel EBITDA	$ 71,923	$ 75,767
Hotel EBITDA margin[1]	28.9%	30.1%

[1] Hotel EBITDA as a percentage of hotel operating revenue.

Hotel Operating Expense Composition
(dollars in thousands)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Reconciliation of total operating expense to hotel operating expense:		
Total operating expenses	$ 221,034	$ 215,870
Unconsolidated taxes, insurance and lease expense	1,703	1,583
Consolidated hotel lease expense	(14,259)	(13,599)
Corporate expenses	(6,787)	(5,804)
Abandoned projects	(22)	-
Depreciation	(25,051)	(22,437)
Hotel operating expenses	$ 176,618	$ 175,613

The following tables reconcile net income to Hotel EBITDA and the ratio of operating income to total revenue to Hotel EBITDA margin.

Reconciliation of Net Income to Hotel EBITDA
(in thousands)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net income	$ 29,162	$ 9,852
Discontinued operations	(8,307)	(2,932)
Equity in income from unconsolidated entities	(12,771)	(1,948)
Minority interests	(37)	(610)
Consolidated hotel lease expense	14,259	13,599
Unconsolidated taxes, insurance and lease expense	(1,703)	(1,583)
Interest expense, net	22,872	30,508
Charge-off of deferred financing costs	-	667
Corporate expenses	6,787	5,804
Depreciation	25,051	22,437
Abandoned projects	22	-
Gain on sale of condominiums	(3,281)	-
Retail space rental and other revenue	(131)	(27)
Hotel EBITDA	$ 71,923	$ 75,767

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

	Three Months Ended March 31,	
	2007	**2006**
Ratio of operating income to total revenue	11.2 %	14.1 %
Retail space rental and other revenue	(0.1)	-
Unconsolidated taxes, insurance and lease expense	(0.7)	(0.6)
Consolidated hotel lease expense	5.7	5.4
Corporate expenses	2.7	2.3
Depreciation	10.1	8.9
Hotel EBITDA margin	28.9 %	30.1 %

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, 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 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, or 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.

Hotel EBITDA and Hotel EBITDA Margin

Hotel EBITDA and Hotel EBITDA margin are commonly used measures of performance in the hotel industry and give investors a more complete understanding of the operating results over which our individual hotels and operating managers have direct control. We believe that Hotel EBITDA and Hotel EBITDA margin are useful to investors by providing greater transparency with respect to two significant measures used by us in our financial and operational decision-making. Additionally, using these measures facilitates comparisons with other hotel REITs and hotel owners. We present Hotel EBITDA and Hotel EBITDA margin by eliminating 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 into the ongoing operational performance of our hotels and the effectiveness of management on a property-level basis. We eliminate depreciation and amortization because, even though depreciation and amortization are property-level expenses, 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 diminishes 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, EBITDA, Hotel EBITDA and Hotel EBITDA margin, as presented by us, may not be comparable to FFO, 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, interest and capital expenditures. Management compensates for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of our operating performance. Our reconciliations to the most comparable GAAP financial measures, and our consolidated statements of operations and cash flows, include interest expense, capital expenditures, and other excluded items, all of which should be considered when evaluating our performance, as well as the usefulness of our non-GAAP financial measures.

These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP. They should not be considered as alternatives to operating profit, cash flow from operations, or any other operating performance measure prescribed by GAAP. Neither should FFO, FFO per share or EBITDA be considered as measures of our liquidity or indicative of funds available for our cash needs, including our ability to make cash distributions or service our debt. 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, 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.

Hotel Portfolio Composition

The following tables set forth, as of March 31, 2007, for 83 hotels included in our consolidated portfolio of continuing operations, distribution by brand, by our top metropolitan markets, by selected states, by type of location, and by market segment.

Brand	Hotels	Rooms	% of Total Rooms	% of 2006 Hotel EBITDA
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

Hotel Operating Statistics

The following tables set forth historical occupancy, ADR and RevPAR at March 31, 2007 and 2006, and the percentage changes therein between the periods presented, for our hotels included in our consolidated portfolio of continuing operations.

Operating Statistics by Brand

	Occupancy (%)		
	Three Months Ended March 31,		
	2007	2006	%Variance
Embassy Suites Hotels	72.5	76.5	(5.3)
Holiday Inn-branded hotels	63.4	70.5	(10.1)
Starwood-branded hotels[(a)]	68.8	71.0	(3.2)
Doubletree-branded hotels	71.7	74.4	(3.7)
Other hotels[(b)]	53.9	61.0	(11.6)
Total hotels	68.8	73.5	(6.3)

	ADR ($)		
	Three Months Ended March 31,		
	2007	2006	%Variance
Embassy Suites Hotels	148.43	137.62	7.9
Holiday Inn-branded hotels	112.82	106.37	6.1
Starwood-branded hotels[(a)]	131.69	123.26	6.8
Doubletree-branded hotels	149.54	133.69	11.9
Other hotels[(b)]	126.96	118.80	6.9
Total hotels	137.01	127.05	7.8

	RevPAR ($)		
	Three Months Ended March 31,		
	2007	2006	%Variance
Embassy Suites Hotels	107.55	105.27	2.2
Holiday Inn-branded hotels	71.54	75.02	(4.6)
Starwood-branded hotels[(a)]	90.56	87.56	3.4
Doubletree-branded hotels	107.18	99.50	7.7
Other hotels[(b)]	68.47	72.48	(5.5)
Total hotels	94.28	93.33	1.0

(a) Starwood-branded hotels include eight Sheraton-branded and one Westin.
(b) Other hotels include two Hilton-branded and one Crowne Plaza.

Operating Statistics for Our Top Markets

	Occupancy (%)		
	Three Months Ended March 31,		
	2007	2006	%Variance
South Florida area	86.8	88.6	(2.0)
Atlanta	74.5	80.0	(7.0)
San Francisco Bay area	66.8	72.3	(7.7)
Los Angeles area	77.5	78.0	(0.6)
Orlando	79.2	79.7	(0.6)
Dallas	70.4	74.5	(5.4)
Phoenix	81.9	83.3	(1.6)
San Diego	78.5	82.1	(4.4)
Minneapolis	69.1	65.7	5.2
Northern New Jersey	59.8	65.8	(9.1)
Washington, D.C.	62.7	61.8	1.4
Philadelphia	55.8	59.8	(6.6)
Chicago	60.0	67.6	(11.3)
San Antonio	71.9	78.2	(8.1)
Boston	51.9	65.6	(20.9)
	ADR ($)		
	Three Months Ended March 31,		
	2007	2006	%Variance
South Florida area	198.07	181.50	9.1
Atlanta	125.34	120.13	4.3
San Francisco Bay area	131.09	121.58	7.8
Los Angeles area	150.64	132.45	13.7
Orlando	122.71	112.64	8.9
Dallas	130.64	116.12	12.5
Phoenix	180.43	160.65	12.3
San Diego	152.53	135.86	12.3
Minneapolis	139.03	132.37	5.0
Northern New Jersey	152.06	146.23	4.0
Washington, D.C.	172.96	164.94	4.9
Philadelphia	122.85	115.24	6.6
Chicago	122.42	113.47	7.9
San Antonio	109.50	98.68	11.0
Boston	140.39	133.53	5.1
	RevPAR ($)		
	Three Months Ended March 31,		
	2007	2006	%Variance
South Florida area	171.95	160.77	7.0
Atlanta	93.32	96.14	(2.9)
San Francisco Bay area	87.51	87.96	(0.5)
Los Angeles area	116.81	103.31	13.1
Orlando	97.17	89.75	8.3
Dallas	92.01	86.46	6.4
Phoenix	147.85	133.77	10.5
San Diego	119.68	111.56	7.3
Minneapolis	96.13	87.00	10.5
Northern New Jersey	90.95	96.27	(5.5)
Washington, D.C.	108.36	101.94	6.3
Philadelphia	68.60	68.90	(0.4)
Chicago	73.46	76.76	(4.3)
San Antonio	78.71	77.14	2.0
Boston	72.87	87.62	(16.8)

Liquidity and Capital Resources

Our principal source of cash to meet our cash requirements, including distributions to stockholders and repayments of indebtedness, is from hotel operations. For the three months ended March 31, 2007, net cash flow provided by operating activities, consisting primarily of hotel operations, was $40.2 million. At March 31, 2007, we had cash on hand of $116.5 million, including approximately $43.4 million held under management agreements to meet minimum working capital requirements.

We paid common dividends of $0.25 per share for the first quarter of 2007 and are increasing the common dividend to $0.30 per share effective the second quarter. Our board of directors will determine the amount of future common and preferred dividends for each quarter, based upon the actual operating results for that quarter, economic conditions, other operating trends, our financial condition and capital requirements, as well as the minimum REIT distribution requirements.

We have committed to spend approximately $430 million over a three year period, commencing in late 2006, to renovate our core hotels. In 2006, we completed approximately $43 million of our capital program, and in 2007, through March 31, we completed approximately $79 million more. Starting in December 2005, and through the first quarter of 2007, we sold 37 non-strategic hotels (one of which was unconsolidated) from which we generated gross proceeds of $593.8 million. We expect the sale of the remaining eight non-strategic hotels to provide gross proceeds of approximately $126 million. We used a portion of proceeds from hotel sales to pay down debt by approximately $400 million in 2006 and are using these proceeds to fund our hotel renovations.

In 2005, we started construction on the 184-unit Royale Palms condominium development in Myrtle Beach, South Carolina. The project was approximately 98% presold. Through March 31, 2007, we closed on the sale of 31 units. We expect sales of these pre-sold units to be substantially completed in the second quarter of 2007 and expect to receive aggregate net proceeds, after construction loan repayment, of at least $21 million at the completion of the project.

We currently expect that our cash flow provided by operating activities for 2007 will be approximately $179 to $183 million. During the three months ended March 31, 2007, we experienced significant displacement from hotel renovation that reduced revenues and Hotel EBITDA margins. We expect that the effect of ongoing renovation displacement for the remainder of 2007 will be significant. This cash flow forecast assumes that RevPAR increases by approximately 6% to 7% and Hotel EBITDA margin increases by approximately 35 basis points. Our current operating plan for 2007 contemplates that we will make aggregate common dividend payments of $54 million, preferred dividend payments of $39 million and $13 million in normal recurring principal payments, leaving surplus cash flow (before capital expenditures, additional debt reduction or sale of hotels) of approximately $73 to $77 million. In 2007, we plan to spend approximately $225 million for capital expenditures, which will be funded with proceeds from the sale of non-strategic hotels and cash.

We are subject to increases in hotel operating expenses, including wage and benefit costs, repair and maintenance expenses, utilities and insurance expenses, that can fluctuate disproportionately to revenues. Operating expenses are difficult to predict and control, which can produce volatility in our operating results. If our hotel RevPAR decreases and/or Hotel EBITDA margins shrink, our operations, earnings and/or cash flow could suffer a material adverse effect.

Debt

Line of Credit
At March 31, 2007, we had no borrowings outstanding under our $125 million line of credit. The interest rate on our line of credit was LIBOR plus 1.75% at March 31, 2007.

Construction Loan
In 2005, we started construction on the 184 unit Royale Palms condominium development in Myrtle Beach, South Carolina. This project was more than 98% pre-sold. At March 31, 2007, we had substantially completed construction and closed on the sale of 31 units, the proceeds of those sales were used to repay a portion of the construction loan. We expect to sell substantially all the remaining pre-sold units in the second quarter of 2007. At March 31, 2007, there was $56 million outstanding on the $70 million construction loan facility. This loan was repaid in full May 1, 2007.

Mortgage Debt
At March 31, 2007, we had aggregate mortgage indebtedness of approximately $786.8 million that was secured by 43 of our consolidated hotels with an aggregate book value of approximately $1.0 billion. Our hotel mortgage debt is recourse solely to the specific assets securing the debt, except in the case of fraud, misapplication of funds and other customary recourse carve-out provisions. Our mortgage debt contains provisions allowing for the substitution of collateral upon satisfaction of certain conditions. Most of our mortgage debt is prepayable, subject to various prepayment, yield maintenance or defeasance obligations.

Senior Notes
If we were unable to continue to satisfy the incurrence test under the indentures governing our senior unsecured notes, we may be prohibited from, among other things, incurring any additional indebtedness, except under certain specific exceptions, or paying dividends on our preferred or common stock, except to the extent necessary to satisfy the REIT qualification requirement that we distribute currently at least 90% of our taxable income. We currently anticipate that we will meet our financial covenant and incurrence tests, based on current RevPAR expectations.

Inflation

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

Seasonality

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

Disclosure Regarding Forward-Looking Statements

This report and the documents incorporated by reference in this report include forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements can be identified by the use of forward-looking terminology, such as “believes,” “expects,” “anticipates,” “may,” “will,” “should,” “seeks”, or other variations of these terms (including their use in the negative), or by discussions of strategies, plans or intentions. A number of factors could cause actual results to differ materially from those anticipated by these forward-looking statements. Among these factors are:

- general economic and lodging industry conditions, including the anticipated continuation of economic growth, the realization of anticipated job growth, the impact of the United States’ military involvement in the Middle East and elsewhere, future acts of terrorism, the threat or outbreak of a pandemic disease affecting the travel industry, the impact on the travel industry of high fuel costs and increased security precautions, and the impact that the bankruptcy of additional major air carriers may have on our revenues and receivables;
- our overall debt levels and our ability to obtain new financing and service debt;
- our inability to retain earnings;
- our liquidity and capital expenditures;
- our growth strategy and acquisition activities;
- our inability to sell the hotels being marketed for sale at anticipated prices; and
- competitive conditions in the lodging industry.

Certain of these risks and uncertainties are described in greater detail under “Risk Factors” in our Annual Report on Form 10-K or in our other filings with the Securities and Exchange Commission.

In addition, these forward-looking statements are necessarily dependent upon assumptions and estimates that may prove to be incorrect. Accordingly, while we believe that the plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. The forward-looking statements included in this report, and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf, are expressly qualified in their entirety by the risk factors and cautionary statements discussed in our filings under the Securities Act of 1933 and the Securities Exchange Act of 1934. We undertake no obligation to update any forward-looking statements to reflect future events or circumstances.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative Disclosures About Market Risk

At March 31, 2007, approximately 60% of our consolidated debt had fixed interest rates. Currently, market rates of interest are below the rates we are obligated to pay on our fixed-rate debt.

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

Expected Maturity Date
at March 31, 2007
(dollars in thousands)

	2007	2008	2009	2010	2011	Thereafter	Total	Fair Value
Liabilities								
Fixed rate:								
Debt	$ 9,575	$ 13,733	$ 142,240	$ 274,497	$ 303,030	$ 78,207	$ 821,282	$ 875,267
Average interest rate	7.98%	7.99%	7.26%	8.70%	8.49%	6.54%	8.15%	
Floating rate:								
Debt	56,004	265,500	-	-	215,000	-	536,504	536,504
Average interest rate	7.16%	5.71%	-	-	6.92%	-	6.34%	
Total debt	$ 65,579	$ 279,233	$ 142,240	$ 274,497	$ 518,030	$ 78,207	$ 1,357,786	
Average interest rate	7.28%	5.82%	7.26%	8.70%	7.84%	6.54%	7.43%	
Net discount							(1,026)	
Total debt							$ 1,356,760	

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.*

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

(b) *Changes in internal control over financial reporting.*

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

PART II. -- OTHER INFORMATION

Item 5. Other Information

(a) On May 4, 2007, our Board amended and restated FelCor's bylaws, among other things, to: (i) permit holders of a majority of shares voted as opposed to holders of majority of shares present to elect a director in the event of a contested election in order to reduce the possibility of a failed election; (ii) revise the mechanics of stockholder nomination of directors and requirements for information to ensure that FelCor's process is consistent with Maryland corporate law and federal securities laws; (iii) revise and clarify the procedures for removing a director; (iv) revise the indemnification provision of the bylaws in anticipation of revisions to FelCor's charter making indemnification of agents of FelCor optional rather than required; (v) require advance notice of stockholder proposals; and (v) conform to the provisions of Maryland law that have changed since the original bylaws were adopted, including permitting electronic consents and other conforming changes. The foregoing summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of FelCor's Amended and Restated Bylaws that is being filed with this report as Exhibit 4.2 and is incorporated herein by reference.

Item 6. Exhibits

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

Exhibit Number	Description of Exhibit
4.2	Amended and Restated Bylaws of FelCor Lodging Trust Incorporated, as amended and restated through May 3, 2007.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

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

FELCOR LODGING TRUST INCORPORATED

Date: May 9, 2007

By: /s/ Lester C. Johnson
Name: Lester C. Johnson
Title: Senior Vice President and Chief Accounting Officer

AMENDED AND RESTATED BYLAWS

OF

FELCOR LODGING TRUST INCORPORATED

* * * * *

ARTICLE I
OFFICES

Section 1.1. Offices. The corporation may have offices at such places both within and without the State of Maryland as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1. Annual Meetings.

(a) Annual meetings of stockholders shall be held in the month of May of each year or at such other date and time as may be designated from time to time by the Board of Directors and stated in the notice of the meeting, at any place within the United States for the purpose of electing a Board of Directors, and transacting such other business as properly may be brought before the meeting.

(b) Only such business shall be conducted at an annual meeting of stockholders as shall have been properly brought before the meeting. For business to be properly brought before the meeting, it must be (i) authorized by the Board of Directors and specified in the notice, or a supplemental notice, of the meeting, (ii) otherwise brought before the meeting by or at the direction of the Board of Directors or the chairman of the meeting, or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given written notice thereof to the Secretary, delivered or mailed to and received at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the prior year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days from the anniversary date of the preceding year's annual meeting date, written notice by a stockholder in order to be timely must be received not later than the close of business on the later of the tenth day following the day on which the first public disclosure of the date of the annual meeting was made or the ninetieth day before the date of the meeting. Delivery shall be by hand or by certified or registered mail, return receipt requested. In no event shall the public disclosure of an adjournment of an annual meeting commence a new time period for the giving of stockholder's notice as described above. A stockholder's notice to the Secretary shall set forth as to each item of business the stockholder proposes to bring before the meeting: (1) a description of such item and the reasons for conducting such business at the meeting, (2) the name and address, as they appear on the Corporation's records, of the stockholder proposing such business, (3) a representation that the stockholder is a holder of record of shares of stock of the Corporation entitled to vote with respect to such business and intends to appear in person or by proxy at the meeting to move the consideration of such business, (4) the class and number of shares of stock of the Corporation which are beneficially owned by the stockholder (for purposes of the regulations under Sections 13 and 14 of the Securities Exchange Act of 1934, as amended), and (5) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business. No business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b). The chairman of the meeting at which any business is proposed by a stockholder shall, if the facts warrant, determine and declare to the meeting that such business was not properly brought before the meeting in accordance with the provisions of this paragraph (b), and, in such event, the business not properly before the meeting shall not be transacted.

Section 2.2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise provided by statute or by the Charter, may be called at any time by the Chairman, the Chief Executive Officer or the President and shall be called by the Secretary at the request in writing of a majority of the Board of Directors, a majority of the "Independent Directors" (as defined in Section E of Article VI of the Charter), or at the request in writing of stockholders entitled to cast not less than 25% of the votes entitled to be cast at the meeting. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.3. Notice of Meetings. Whenever stockholders are required or permitted to take action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the written notice of any meeting shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting, to each stockholder entitled to vote at the meeting and to each other stockholder entitled to notice of the meeting.

Section 2.4. Quorum; Vote Required for Action. A director shall be elected by a majority of the votes cast with respect to the director at a meeting of stockholders duly called at which a quorum is present; provided that, if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of all votes cast for election of directors at the meeting. For purposes of this Section 2.4, a majority of the votes cast with respect to a director means that the number of votes cast "for" a director must exceed the number of votes cast "against" that director. There shall be no cumulative voting. Each share of stock shall be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. Except as otherwise provided by law or by the Charter or these Bylaws, the presence in person or by proxy of the holders of a majority of the outstanding shares of stock of the corporation entitled to vote thereat shall constitute a quorum at each meeting of the stockholders and all questions shall be decided by a vote of the holders of a majority of the shares so represented in person or by proxy at the meeting and entitled to vote thereat. The stockholders present at any duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.5. Adjournments. Notwithstanding any other provisions of these Bylaws, the holders of a majority of the shares of stock of the corporation entitled to vote at any meeting, present in person or represented by proxy, whether or not a quorum is present, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, to a date not more than 120 days after the original record date. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called; provided, however, that if a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting and to each other stockholder entitled to notice of the meeting.

Section 2.6. Voting Rights; Proxies. Unless otherwise provided by law or by the Charter, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be valid for more than eleven (11) months from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless it is expressly provided therein to be irrevocable and it is coupled with an interest. The notice of every meeting of the stockholders may be accompanied by a form of proxy approved by the Board of Directors in favor of such person or persons as the Board of Directors may select.

Section 2.7. Consent of Stockholders in Lieu of Meeting.

(a) Any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents setting forth the action so taken shall be (i) given in writing or by electronic transmission by each stockholder entitled to vote on the matter and (ii) filed in paper or electronic form with the records of stockholders meetings.

(b) The holders of any class of stock of the corporation, other than common stock, may take action or consent to any action, that would otherwise be required or permitted to be taken at a meeting of the stockholders, by delivering a consent or consents in writing or by electronic transmission of the stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting, provided that the corporation shall give notice of the action to each holder of the class of stock not later than ten days after the effective time of the action.

(c) Any consent given by stockholders in accordance with this Section 2.7 may not take effect unless consents be given by a sufficient number of stockholders to take action are delivered to the corporation within 60 days after the date on which the earliest consent is dated and delivered to the corporation.

(d) Any consent given by a stockholder in accordance with this Section 2.7 shall be delivered to the corporation by delivery to its principal office in Maryland, its resident agent, or the officer or agent of the corporation that has custody of the book in which proceedings of minutes of stockholders meetings are recorded. A stockholder may deliver the consent, if in paper form, by hand, by certified or registered mail, return receipt requested, or by electronic transmission.

(e) Any stockholder of record seeking to have stockholders take any action or consent to any action in writing or by electronic transmission may, by written notice to the Secretary, request that the Board of Directors fix a record date for determining the stockholders for that purpose. The Board of Directors may then fix a record date in accordance with Section 2.9 of these Bylaws. If no record date has been fixed by the Board of Directors within ten days of the date on which the stockholder request is received, the record date will be determined in accordance with Section 2.9 of these Bylaws as if no record date has been fixed by the Board of Directors.

Section 2.8. Record Date. In order that the corporation may determine the stockholders entitled to notice or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date, if relating to a meeting of stockholders, shall not be more than 90 nor less than ten days before the date of the meeting of stockholders, nor more than 90 days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the later of the close of business on the day on which notice is mailed or the thirtieth day before the meeting, and the record date for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights shall not be prior to the close of business on the day on which the Board of Directors fixes the record date, and the record date for determining stockholders entitled to take any action or consents to any action in writing or by electronic transmission without a meeting shall be the first date on which a consent in writing or by electronic transmission setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with Section 2.7 of these Bylaws.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting if the meeting is adjourned to a date not more than 120 days after the original record date; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 2.09. Inspectors. The Board of Directors may, and the Board of Directors shall if required by statute, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If any of the inspectors so appointed shall fail to appear or act, the chairman of the meeting shall, or if inspectors shall not have been appointed, the chairman of the meeting may, appoint one or more inspectors. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall determine the number of shares of capital stock of the Corporation outstanding and the voting power of each, the number of shares represented at the meeting, the validity of ballots and proxies and the existence of a quorum, and shall receive votes, ballots or consents, determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, count all votes, ballots or consents, determine the results, certify their determination of the number of shares of capital stock represented at the meeting and their count of all votes and ballots and do such acts as are required by statute or are proper to conduct the election or vote with fairness to all stockholders. The inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders.

ARTICLE III
BOARD OF DIRECTORS

Section 3.1. Number; Election.

(a) Subject to the provisions set forth in the Charter, the number of directors shall be fixed in such manner as may be determined by the vote of a majority of the directors then in office. The directors of the corporation shall be classified as set forth in the Charter and the directors of each such class shall be elected at the annual meeting of stockholders held for the same year in which the term of such class expires as set forth in the Charter. A majority of the directors may elect from its members a chairman. The chairman, if any, shall hold this office until his successor shall have been elected and qualified.

(b) Only persons who are nominated in accordance with the procedures set forth in this paragraph (b) shall be eligible for election as directors of the corporation. Nominations of persons for election to the Board of Directors may be made at a meeting of stockholders by the Board of Directors or by any stockholder of the corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (b). Any nomination by a stockholder must be made by written notice to the Secretary delivered or mailed to and received at the principal executive offices of the Corporation: (i) with respect to an election to be held at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the prior year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is called for a date that is not within 30 days from the anniversary date of the preceding year's annual meeting date, written notice by the stockholder in order to be timely must be so received not later than the close of business on the later of the tenth day following the day on which public disclosure of the date of the annual meeting was made or the ninetieth day before the date of the meeting, and (ii) with respect to an election to be held at a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the later of the tenth day following the day on which the first public disclosure of the date of the special meeting was made or the ninetieth day before the date of the meeting. Delivery shall be by hand, or by certified or registered mail, return receipt requested. In no event shall the public announcement of an adjournment of any annual or special meeting commence a new time period for giving of a stockholder notice as described above. A stockholder's notice to the Secretary shall set forth (x) as to each person whom the stockholder proposes to nominate for election or re-election as a director: (1) the name, age, business address and residence address of such person, (2) the principal occupation or employment of such person, (3) the class and number of shares of stock of the Corporation which are beneficially owned by such person (for the purposes of the regulations under Sections 13 and 14 of the Securities Exchange Act of 1934, as amended), (4) any other information relating to such person that would be required to be disclosed in solicitations of proxies for the election of such person as a director of the Corporation pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, had the nominee been nominated by the Board of Directors, and (5) such person's written consent to being named in any proxy statement as a nominee and to serving as a director if elected; and (y) as to the stockholder giving notice: (1) the name and address, as they appear on the Corporation's records, of such stockholder, (2) the class and number of shares of stock of the Corporation which are beneficially owned by such stockholder (determined as provided in clause (x)(3) above), (3) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote on the election of directors at such meeting and that such stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, and (4) a description of all agreements, arrangements or understandings between the stockholder and each nominee of the stockholder and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder. At the request of the Board of Directors any person nominated by the Board of Directors for election as a director shall furnish to the Secretary that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. The chairman of the meeting at which a stockholder nomination is presented shall, if the facts warrant, determine and declare to the meeting that such nomination was not made in accordance with the procedures prescribed by this paragraph (b), and, in such event, the defective nomination shall be disregarded.

Section 3.2. Independent Directors. Notwithstanding anything to the contrary herein, the majority of the Board of Directors shall be comprised of "Independent Directors" as set forth in Section E of Article VI of the Charter.

Section 3.3. Vacancies. Any vacancy on the Board of Directors shall be filled in accordance with Section D of Article VI of the Charter and Section 2-407 of the Maryland General Corporation Law.

Section 3.4. Powers. The Board of Directors shall be vested with the powers set forth in Article X of the Charter.

Section 3.5. Resignations. Any director may resign at any time by written notice to the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.6. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places within or without the State of Maryland, at such hour and on such day as may be fixed by resolution of the Board of Directors, without further notice of such meetings. The time and place of holding regular meetings of the Board of Directors may be changed by the Chairman, the Chief Executive Officer or the President by giving written notice thereof as provided in Article III, Section 3.8 hereof.

Section 3.7. Special Meetings. Special meetings of the Board of Directors may be held whenever called by (i) the Chairman, the Chief Executive Officer or the President; (ii) the Chairman, the Chief Executive Officer, the President or the Secretary on the written request of a majority of the Board of Directors or a majority of the Independent Directors then in office; or (iii) resolution adopted by the Board of Directors. Special meetings may be held within or without the State of Maryland as may be stated in the notice of the meeting.

Section 3.8. Notice of Meetings. Written notice of the time, place and general nature of the business to be transacted at all special meetings of the Board of Directors, and written notice of any change in the time or place of holding the regular meetings of the Board of Directors, must be given by written notice delivered personally, telegraphed or mailed to each director at his business or resident address. Personally delivered or telegraphed notices shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. If given by telegram, such notice shall be deemed to be given when the telegram is delivered to the telegraph company; provided, however, that notice of any meeting need not be given to any director if waived by him in writing, or if he shall be present at such meeting, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

Section 3.9. Quorum; Vote Required for Action. At all meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business and, except as otherwise provided by law or these Bylaws, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors; but a lesser number may adjourn the meeting from day to day, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.10. Action by Unanimous Consent of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting, if all members of the Board of Directors or the committee of the Board of Directors, as the case may be, consent thereto in writing or by electronic transmission, and the consents are filed in paper or electronic form with the minutes of proceedings of the Board of Directors or the committee thereof. Effect shall be given to consent transmitted by telegraph, telex, telecopy or similar means of visual data transmission or by electronic transmission not involving the physical transmission of paper provided that the electronic transmission creates a record that may be retained, retrieved and reviewed by the recipient and may be reproduced in paper form.

Section 3.11. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation in a meeting pursuant to this Bylaw shall constitute presence in person at such meeting.

Section 3.12. Compensation. Independent Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved by resolution of the Board of Directors, a fixed sum and expenses of attendance at each regular or special meeting or any committee thereof. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 3.13. Removal. Subject to the provisions set forth in the Charter regarding rights of holders of any class of stock separately entitled to elect one or more directors, any director or the entire Board of Directors may be removed only by the holders of shares entitled to cast a majority of the votes entitled to be cast generally for the election of directors. The stockholders may elect a successor to fill a vacancy on the Board of Directors which results from removal of a director.

Section 3.14. Policies and Resolutions. The purchase, sale, retention and disposal of the corporation's assets, the investment policies and the borrowing policies of the corporation and the limitations thereon or amendment thereof should at all times be in compliance with the restrictions applicable to real estate investment trusts pursuant to the Internal Revenue Code of 1986, as amended.

Section 3.15. Committees. The Board of Directors may appoint from among its members an executive committee and other committees comprised of one or more directors. A majority of the members of any committee so appointed, other than the executive committee, shall be Independent Directors and the executive committee, if appointed, shall be composed of any two or more directors. The Board of Directors shall appoint an audit committee comprised of not less than two members, a majority of whom are Independent Directors. The Board of Directors may delegate to any committee any of the powers of the Board of Directors except the power to elect directors, declare dividends or distributions on stock, recommend to the stockholders any action which requires stockholder approval, amend or repeal these Bylaws, approve any merger or share exchange which does not require stockholder approval, or issue stock. However, if the Board of Directors has given general authorization for the issuance of stock, a committee of the Board of Directors, in accordance with a general formula or method specified by the Board of Directors by resolution or by adoption of a stock option plan, may fix the terms of stock, subject to classification or reclassification, and the terms on which any stock may be issued.

Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors.

One-third, but not less than two (except in the case of a committee composed of one director), of the members of any committee shall be present in person at any meeting of such committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority present shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or any two members of any committee may fix the time and place of its meetings unless the Board of Directors shall otherwise provide. In the absence or disqualification of any member of any such committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of such absent or disqualified members; provided, however, that in the event of the absence or disqualification of an Independent Director, such appointee shall be an Independent Director.

Each committee shall keep minutes of its proceedings and shall report the same to the Board of Directors at the meeting next succeeding, and any action by the committees shall be subject to revision and alteration by the Board of Directors, provided that no rights of third persons shall be affected by any such revision or alteration.

Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternative members to replace any absent or disqualified member, or to dissolve any such committee.

ARTICLE IV
NOTICES

Section 4.1. Notices. Except as otherwise provided herein, or in the Charter, whenever, under the provisions of the Charter or these Bylaws, notice is required to be given to any person, such notice may be in writing and given in person, in writing or by mail, telegram, telecopy or other similar means of visual communication or may, to the extent permitted by Maryland law, be by electronic transmission, in either case addressed to such person, at his address as it appears on the records of the corporation, with postage or other transmittal charges thereon prepaid. Such notice shall be deemed to be given (i) if by mail, one day following the day when the same shall be deposited in the United States mail, and (ii) otherwise, when such notice is transmitted.

Section 4.2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Charter or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V
OFFICERS

Section 5.1. Election; Qualifications; Term of Office; Resignation; Removal; Vacancies. The officers of the corporation shall include a President, a Treasurer and a Secretary and may also include, at the discretion of the Board of Directors, a Chairman, a Chief Executive Officer, one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Secretaries and Assistant Treasurers. Officers of the corporation shall be elected by the Board of Directors; provided, however, that the duly elected Chief Executive Officer and/or President may appoint any Executive Vice President, Senior Vice President, Vice President, Assistant Secretary or Assistant Treasurer, subject to the right of the Board of Directors to remove such appointee in accordance with this Section 5.1. Any number of offices may be held by the same person; provided that no person may serve concurrently as both President and Vice President. Any officer may resign at any time by written notice to the corporation. The Board of Directors may remove any officer at any time at its discretion with or without cause, and the Chief Executive Officer and/or President, respectively, may remove any officer appointed thereby at any time at his or her discretion with or without cause. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise may be filled by the Board of Directors or by the Chief Executive Officer and/or President of the corporation in accordance with this Section 5.1.

Section 5.2. Powers and Duties. The officers of the corporation shall have such powers and duties as generally pertain to their offices, except as modified herein or by the Board of Directors, as well as such powers and duties as shall be determined from time to time by the Board of Directors or, with respect to officers appointed by the President, by the President. The Chairman, if one is elected, and otherwise the President (or Chief Executive Officer), if he or she is a director, shall preside at all meetings of the Board of Directors. The President (or Chief Executive Officer) shall preside at all meetings of the stockholders.

ARTICLE VI
STOCK

Section 6.1. Certificates. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, (i) the Chairman, the Chief Executive Officer, the President or a Vice President, and (ii) the Treasurer or an assistant treasurer, or the Secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 2-211 of the Maryland General Corporation Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 6.2. Certificates. A stock certificate may not be issued until the stock represented by it is fully paid.

Section 6.3. Facsimile Signatures. Any of or all the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 6.4. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 6.5. Transfer Agents and Registrars. At such time as the corporation lists its securities on a national securities exchange or qualifies for trading in the over-the-counter market, the Board of Directors shall appoint one or more banks or trust companies in such city or cities as the Board of Directors may deem advisable, from time to time, to act as transfer agents and/or registrars of the shares of stock of the corporation; and, upon such appointments being made, no certificate representing shares shall be valid until countersigned by one of such transfer agents and registered by one of such registrars.

Section 6.6. Transfer of Stock. No transfers of shares of stock of the corporation shall be made if (i) void ab initio pursuant to any provision of the corporation's Charter or (ii) the Board of Directors, pursuant to any provision of the corporation's Charter, shall have refused to permit the transfer of such shares. Permitted transfers of shares of stock of the corporation shall be made on the stock records of the corporation only upon the instruction of the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a transfer agent or transfer clerk, and upon surrender of the certificate or certificates, if issued, for such shares properly endorsed or accompanied by a duly executed stock transfer power and the payment of all taxes thereon. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, as to any transfers not prohibited by any provision of the corporation's Charter or by action of the Board of Directors thereunder, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto cancel the old certificate and record the transaction upon its books.

ARTICLE VII
GENERAL PROVISIONS

Section 7.1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Charter, if any, may be declared by resolution adopted by the Board of

Directors at any regular or special meeting, pursuant to law; provided, however, as permitted by law, it shall be the duty of the Board of Directors to declare such dividends as may be necessary to cause the corporation to satisfy the requirements for qualification as a Real Estate Investment Trust ("REIT") under the Internal Revenue Code of 1986, as amended from time to time ("Code"). Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Charter.

Before payment of any dividend, subject to the provisions of the Charter and continued qualification as a REIT under the Code, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 7.2. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Section 7.3. Amendments. These Bylaws may be altered, amended or repealed or new Bylaws may be adopted from time to time in the manner prescribed in the Charter.

ARTICLE VIII
INDEMNIFICATION

Section 8.1. Indemnification. To the maximum extent permitted by Maryland law in effect from time to time, the corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or elected officer of the corporation and who is made a party to the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the corporation and at the request of the corporation, serves or has served as director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise and who is made a party to the proceeding by reason of his or her service in that capacity. The corporation may, with the approval of the Board of Directors, provide such indemnification and advance of expenses to a person who served a predecessor of the corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the corporation or a predecessor of the corporation. Neither the amendment nor repeal of this Section 8.1, nor the adoption or amendment of any other provision of the Bylaws or Charter of the corporation inconsistent with this Section 8.1, shall apply or affect the applicability of this Section 8.1 with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

As amended and restated by resolution of the Board of Directors May 3, 2007

Exhibit 31.1

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

I, Richard A. Smith, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2007

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

Exhibit 31.2

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

I, Andrew J Welch, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2007

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

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of FelCor Lodging Trust Incorporated (the “Registrant”) on Form 10-Q for the three months ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the “Report), the undersigned hereby certifies, in the capacity as indicated below and pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Registrant.

May 8, 2007

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

Exhibit 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of FelCor Lodging Trust Incorporated (the "Registrant") on Form 10-Q for the three months ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report), the undersigned hereby certifies, in the capacity as indicated below and pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Registrant.

May 8, 2007

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