

ASHFORD HOSPITALITY TRUST INC

Form DEF 14A

April 07, 2008

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Ashford Hospitality Trust, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 13, 2008**

To the stockholders of

ASHFORD HOSPITALITY TRUST, INC.:

The annual meeting of stockholders of Ashford Hospitality Trust, Inc., a Maryland corporation, will be held at the Hilton Dallas Lincoln Centre, 5410 LBJ Freeway, Dallas, Texas on May 13, 2008 beginning at 10:00 a.m., Central time, for the following purposes:

- (i) To elect seven directors to hold office until the next annual meeting of stockholders and until their successors are elected and qualified;
- (ii) To ratify the appointment of Ernst & Young LLP, a national public accounting firm, as our independent auditors for the fiscal year ending December 31, 2008;
- (iii) To approve amendments to the company's Amended and Restated 2003 Stock Incentive Plan that will (a) increase the number of shares of common stock reserved for issuance under the plan by 3,750,000 shares and (b) eliminate the current limitation on the maximum number of shares of common stock that can be issued under the plan to any one participant in any one calendar year; and
- (iv) To transact any other business that may properly come before the annual meeting of stockholders or any adjournment of the annual meeting.

Stockholders of record at the close of business on March 17, 2008 will be entitled to notice of and to vote at the annual meeting of stockholders. **It is important that your shares be represented at the annual meeting of stockholders regardless of the size of your holdings.** Whether or not you plan to attend the annual meeting of stockholders in person, please vote your shares by signing, dating and returning the enclosed proxy card as promptly as possible. A postage-paid envelope is enclosed if you wish to vote your shares by mail. If you hold shares in your own name as a holder of record and vote your shares by mail prior to the annual meeting of stockholders, you may revoke your proxy by any one of the methods described herein if you choose to vote in person at the annual meeting of stockholders. Voting promptly saves us the expense of a second mailing.

By order of the board of directors,

David A. Brooks
Secretary

14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254
April 7, 2008

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2008 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 13, 2008.

The company's Proxy Statement for the 2008 Annual Meeting of Stockholders, the Annual Report to Stockholders for the fiscal year ended December 31, 2007 and the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 are available at www.ahtreit.com and www.snl.com/IRWebLinkX/GenPage.aspx?IID=4088185&GKP=1073743126.

TABLE OF CONTENTS

<u>FORWARD-LOOKING STATEMENTS</u>	1
<u>GENERAL INFORMATION ABOUT VOTING</u>	2
<u>PROPOSAL NUMBER ONE ELECTION OF DIRECTORS</u>	4
<u>BOARD OF DIRECTORS AND COMMITTEE MEMBERSHIP</u>	6
<u>OUR CORPORATE GOVERNANCE PRINCIPLES</u>	10
<u>OTHER GOVERNANCE INFORMATION</u>	11
<u>EXECUTIVE OFFICERS</u>	13
<u>COMPENSATION DISCUSSION & ANALYSIS</u>	14
<u>COMPENSATION COMMITTEE REPORT</u>	23
<u>SUMMARY COMPENSATION TABLE</u>	24
<u>GRANTS OF PLAN BASED AWARDS</u>	25
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END</u>	27
<u>STOCK VESTED DURING 2007</u>	28
<u>POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE OF CONTROL</u>	28
<u>AUDIT COMMITTEE</u>	32
<u>AUDIT COMMITTEE REPORT</u>	32
<u>SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS</u>	33
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	34
<u>PROPOSAL NUMBER TWO RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS</u>	
<u>OUR INDEPENDENT AUDITORS</u>	36
<u>PROPOSAL NUMBER THREE AMENDMENT TO THE AMENDED AND RESTATED 2003 STOCK</u>	
<u>INCENTIVE PLAN</u>	37
<u>STOCKHOLDER PROPOSALS</u>	38
<u>ADDITIONAL INFORMATION</u>	38

Table of Contents

**ASHFORD HOSPITALITY TRUST, INC.
14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254**

**PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 13, 2008**

This proxy statement, together with the enclosed proxy, is solicited by and on behalf of the board of directors of Ashford Hospitality Trust, Inc., a Maryland corporation, for use at the annual meeting of stockholders to be held at the Hilton Dallas-Lincoln Centre, 5410 LBJ Freeway, Dallas, Texas on May 13, 2008 beginning at 10:00 a.m., Central time. The board of directors is requesting that you allow your shares to be represented and voted at the annual meeting of stockholders by the proxies named on the enclosed proxy card. We, our, us, Ashford, and the company each refer to Ashford Hospitality Trust, Inc. This proxy statement and accompanying proxy will first be mailed to stockholders on or about April 7, 2008.

At the annual meeting of stockholders, action will be taken to:

elect seven directors to hold office until the next annual meeting of stockholders and until their successors are elected and qualified;

ratify the appointment of Ernst & Young LLP, a national public accounting firm, as our independent auditors for the fiscal year ending December 31, 2007;

approve amendments to the company's Amended and Restated 2003 Stock Incentive Plan that will (a) increase the number of shares of common stock reserved for issuance under the plan by 3,750,000 shares and (b) eliminate the current limitation on the maximum number of shares of common stock that can be issued under the plan to any one participant in any one calendar year; and

transact any other business that may properly come before the annual meeting of stockholders or any adjournment of the annual meeting.

FORWARD-LOOKING STATEMENTS

Certain statements and assumptions in this proxy statement contain or are based upon forward-looking information and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties. When we use the words will likely result, may, anticipate, estimate, should, expect, believe, intend, or similar expressions, we intend to identify forward-looking statements. Such forward-looking statements include, but are not limited to, our business and investment strategy, our understanding of our competition, current market trends and opportunities, and projected capital expenditures. Such

statements are subject to numerous assumptions and uncertainties, many of which are outside of our control.

These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated, including, without limitation: general volatility of the capital markets and the market price of our common stock; changes in our business or investment strategy; availability, terms and deployment of capital; availability of qualified personnel; changes in our industry and the market in which we operate, interest rates or the general economy; and the degree and nature of our competition. These and other risk factors are more fully discussed in the section entitled *Risk Factors* in our Annual Report on Form 10-K, and from time to time, in Ashford's other filings with the Securities and Exchange Commission.

The forward-looking statements included in this proxy statement are only made as of the date of this proxy statement. Investors should not place undue reliance on these forward-looking statements. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or circumstances, changes in expectations or otherwise.

Table of Contents

GENERAL INFORMATION ABOUT VOTING

Solicitation of Proxies

The enclosed proxy is solicited by and on behalf of our board of directors. The expense of soliciting proxies for the annual meeting of stockholders, including the cost of mailing, will be borne by us. We also intend to request persons holding shares of our common stock in their name or custody, or in the name of a nominee, to send proxy materials to their principals and request authority for the execution of the proxies, and we will reimburse such persons for their expense in doing so.

Voting Securities

Our outstanding voting equity securities include shares of our common stock and shares of our Series B-1 Cumulative Convertible Redeemable Preferred Stock (Series B-1 Preferred Stock). Each share of common stock and each share of Series B-1 Preferred Stock entitles the holder to one vote. As of March 17, 2008 there were outstanding and entitled to vote 119,663,756 shares of common stock and 7,447,865 shares of Series B-1 Preferred Stock. Only stockholders of record at the close of business on March 17, 2008 are entitled to vote at the annual meeting of stockholders or any adjournment of the annual meeting.

Voting

If you hold your common stock or Series B-1 Preferred Stock in your own name as a holder of record, you may instruct the proxies to vote your common stock or Series B-1 Preferred Stock by signing, dating and mailing the proxy card in the postage-paid envelope provided. You may also vote your common stock or Series B-1 Preferred Stock in person at the annual meeting of stockholders.

If your common stock or Series B-1 Preferred Stock is held on your behalf by a broker, bank or other nominee, you will receive instructions from them that you must follow to have your common stock or Series B-1 Preferred Stock voted at the annual meeting of stockholders.

Counting of Votes

A quorum will be present if the holders of a majority of the outstanding shares entitled to vote are present, in person or by proxy, at the annual meeting of stockholders. If you have returned valid proxy instructions or if you hold your shares in your own name as a holder of record and attend the annual meeting of stockholders in person, your shares will be counted for the purpose of determining whether there is a quorum. If a quorum is not present, the annual meeting of stockholders may be adjourned by the vote of a majority of the shares represented at the annual meeting until a quorum has been obtained.

The affirmative vote of a plurality of the shares of common stock and shares of Series B-1 Preferred Stock, voting together as a single class, cast at the annual meeting of stockholders is required to elect each nominee to our board of directors. The affirmative vote of a majority of the shares present and voting is required to ratify the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2008. The affirmative vote of a majority of all the votes cast on the proposal to amend our stock incentive plan is required to approve that proposal, and the total votes cast on that proposal must represent at least a majority of the company's outstanding Common Stock and Series B-1 Preferred Stock. For any other matter, unless otherwise required by Maryland or other applicable law, the affirmative vote of a majority of the shares of common stock and shares of Series B-1 Preferred Stock, voting

together as a single class, present and voting at the annual meeting of stockholders is required to approve the matter.

The proposal to approve amendments to our stock incentive plan requires stockholder votes under the rules of the New York Stock Exchange. Based on New York Stock Exchange listing rules, if your shares are held in the name of a nominee such as your brokerage firm, and you as beneficial owner do not tell your nominee how to vote your shares, the nominee cannot vote your shares on this proposal (giving rise to what is known as broker non-vote). If the nominee signs and returns the proxy card, your shares will be counted as present to determine whether a quorum exists.

Table of Contents

If you abstain or withhold votes or your shares are treated as broker non-votes, your abstention, withheld vote or broker non-vote:

will not be counted as votes cast and will have no effect on the outcome in the election of our board of directors or the ratification of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2008;

will have the effect of a vote against the proposal to amend our stock incentive plan to increase the number of shares of common stock reserved for issuance under the plan by 3,750,000 shares and to eliminate the current annual limitation on the maximum number of shares of common stock that can be issued under the plan to any one participant in any one calendar year; unless, with respect to such proposal, for purposes of the New York Stock Exchange listing standards over 50% of the shares of common stock entitled to vote as of the record date cast votes for the proposal, in which event your broker non-votes will not have any effect on the result of the votes on such proposal.

If you sign and return your proxy card without giving specific voting instructions, your shares will be voted FOR the nominees to our board of directors, FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2008 and FOR the amendments to our stock incentive plan to increase the number of shares of common stock reserved for issuance under the plan by 3,750,000 shares and to eliminate the current annual limitation on the maximum number of shares of common stock that can be issued under the plan to any one participant in any one calendar year.

Right To Revoke Proxy

If you hold shares of common stock or Series B-1 Preferred Stock in your own name as a holder of record, you may revoke your proxy instructions through any of the following methods:

notify our Secretary in writing before your shares of common stock or Series B-1 Preferred Stock have been voted at the annual meeting of stockholders;

sign, date and mail a new proxy card to Computershare Trust Company, N.A.; or

attend the annual meeting of stockholders and vote your shares of common stock or Series B-1 Preferred Stock in person.

You must meet the same deadline when revoking your proxy as when voting your proxy. See the Voting section of this proxy statement for more information.

If shares of common stock or Series B-1 Preferred Stock are held on your behalf by a broker, bank or other nominee, you must contact them to receive instructions as to how you may revoke your proxy instructions.

Multiple Stockholders Sharing the Same Address

The Securities and Exchange Commission (the SEC) rules allow for the delivery of a single copy of an annual report and proxy statement to any household at which two or more stockholders reside, if it is believed the stockholders are members of the same family. Duplicate account mailings will be eliminated by allowing stockholders to consent to such elimination, or through implied consent if a stockholder does not request continuation of duplicate mailings. Depending upon the practices of your broker, bank or other nominee, you may need to contact them directly to continue duplicate mailings to your household. If you wish to revoke your consent to householding, you must contact

your broker, bank or other nominee.

If you hold shares of common stock or Series B-1 Preferred Stock in your own name as a holder of record, householding will not apply to your shares.

If you wish to request extra copies free of charge of any annual report, proxy statement or information statement, please send your request to Ashford Hospitality Trust, Inc., Attention: Stockholder Relations, 14185 Dallas Parkway, Suite 1100, Dallas, Texas, 75254 or call (972) 490-9600. You can also obtain copies from our web site at www.ahtreit.com.

Table of Contents

PROPOSAL NUMBER ONE ELECTION OF DIRECTORS

One of the purposes of the annual meeting of stockholders is to elect directors to hold office until the next annual meeting of stockholders and until their successors have been elected and qualified. Set forth below are the names, principal occupations, committee memberships, ages, directorships held with other companies, and other biographical data for the nominees for director, as well as the month and year each nominee was first elected as one of our directors. Also set forth below is the beneficial ownership of our shares of common stock as of March 17, 2008 for each nominee. This beneficial ownership figure does not necessarily demonstrate the nominee's individual ownership. No nominee owns any shares of Series B-1 Preferred Stock. For discussion of beneficial ownership, see the Security Ownership of Management and Certain Beneficial Owners section of this proxy statement. If any nominee becomes unable to stand for election as a director, an event that our board of directors does not presently expect, the proxy will be voted for a replacement nominee if one is designated by our board of directors. Mr. W.D. Minami has informed the board of directors that although he is standing for re-election at the 2008 annual meeting of shareholders, he intends to retire from the board effective at our 2009 annual meeting of shareholders.

The board of directors recommends a vote FOR all nominees.

Nominees for Director

ARCHIE BENNETT, JR.

*Chairman of the Board,
Ashford Hospitality Trust, Inc.*

Member: Mezzanine Loan Investment Executive
Committee

Director since May, 2003
Shares of common stock
beneficially owned: 4,730,442*
Age 70

Mr. Archie Bennett, Jr. was elected to the board of directors in May 2003 and has served as the Chairman of the board of directors since that time. He has served as the chairman of the board of directors of Remington Hotel Corporation since its formation in 1992 and continues to do so. Mr. Bennett started in the hotel industry in 1968. Since that time, he has been involved with hundreds of hotel properties. Mr. Bennett was a founding member of the Industry Real Estate Finance Advisory Council (IREFAC) of the American Hotel & Motel Association and served as its chairman for two separate terms.

MONTGOMERY J. BENNETT

*President and Chief Executive Officer,
Ashford Hospitality Trust, Inc.*

Member: Mezzanine Loan Investment Executive
Committee

Director since May, 2003
Shares of common stock
beneficially owned: 4,567,082*
Age 42

Mr. Montgomery Bennett was elected to the board of directors in May 2003 and has served as the President and Chief Executive Officer since that time. Mr. Bennett also serves as the Chief Executive Officer of Remington Hotel Corporation. Mr. Bennett joined Remington Hotel Corporation in 1992 and has served in several key positions, such as President, Executive Vice President, Director of Information Systems, General Manager and Operations Director. Mr. Montgomery Bennett is the son of Mr. Archie Bennett, Jr.

* Includes common units of our operating partnership, which are redeemable for cash or, at our option, convertible on a one-for-one basis into shares of our common stock.

Table of Contents

MARTIN L. EDELMAN

*Of Counsel,
Paul, Hastings, Janofsky & Walker LLP*

Chairman: Nominating/Corporate
Governance
Committee

Member: Mezzanine Loan Investment Executive
Committee

Director since August, 2003
Shares of common stock beneficially
owned by Mr. Edelman: 113,111*
Age 66

Mr. Edelman was elected to the board of directors in August 2003 and has served on our board since that time. Since 2000, Mr. Edelman has served as Of Counsel to Paul, Hastings, Janofsky & Walker LLP. From 1972 to 2000, he served as a partner at Battle Fowler LLP. Mr. Edelman has been a real estate advisor to Grove Investors and is a partner at Fisher Brothers, a real estate partnership. He is a director of Capital Trust, Inc and Avis/Budget Group, Inc.

W.D. MINAMI

*President,
Billy Casper Golf LLC*

Member: Audit Committee

Director since August, 2003
Shares of common stock
beneficially owned: 22,200
Age 51

Mr. Minami was elected to the board of directors in August 2003 and has served on our board since that time. Mr. Minami also serves as President of Billy Casper LLC. From 2001 until 2002, Mr. Minami served as President of Charles E. Smith Residential division of Archstone-Smith. From 1997 to 2001, Mr. Minami worked for Charles E. Smith Residential Realty Inc., a NYSE-listed real estate investment trust, initially as Chief Financial Officer, then as Chief Operating Officer, and beginning in 2001, as President. Prior to 1997, Mr. Minami served in various financial service capacities for numerous entities, including Ascent Entertainment Group, Comsat Corporation, Oxford Realty Services Corporation and Satellite Business Systems. Mr. Minami also serves on the board of directors of NorthStar Realty Finance Corp., a NYSE-listed publicly traded REIT.

W. MICHAEL MURPHY

*Executive Vice President,
First Fidelity Mortgage Corporation*

Chairman: Compensation Committee
Member: Audit and Nominating/Corporate
Governance Committees

Director since August, 2003
Shares of common stock
beneficially owned: 22,400
Age 62

Mr. Murphy was elected to the board of directors in August 2003 and has served on our board since that time. Mr. Murphy also serves as Executive Vice President of the First Fidelity Mortgage Corporation. From 1998 to 2002 Mr. Murphy served as the Senior Vice President and Chief Development Officer of ResortQuest International, Inc., a public, NYSE-listed company. Prior to joining ResortQuest, from 1995 to 1997, he was President of Footprints International, a company involved in the planning and development of environmentally friendly hotel properties. From 1994 to 1996, Mr. Murphy was a Senior Managing Director of Geller & Co., a Chicago-based hotel advisory and asset management firm. Mr. Murphy has twice been Co-Chairman of IREFAC.

* Includes common units of our operating partnership, which are redeemable for cash or, at our option, convertible on a one-for-one basis into shares of our common stock.

Table of Contents

PHILIP S. PAYNE

*Chief Executive Officer,
Babcock & Brown Residential LLC*

Chairman: Audit Committee

Member: Compensation Committee

Director since August, 2003

Shares of common stock
beneficially owned: 20,400

Age 56

Mr. Payne was elected to the board of directors in August 2003 and has served on our board since that time. Mr. Payne is currently the Chief Executive Officer of Babcock & Brown Residential LLC, a role he assumed in February 2007, when BNP Residential Properties, Inc., an AMEX-listed real estate investment trust of which Mr. Payne was Chairman, went private. Mr. Payne joined BNP Residential in 1990 as Vice President Capital Market Activities and became Executive Vice President and Chief Financial Officer in January 1993. He was named Treasurer in April 1995, a director in December 1997, and was elected Chairman in 2004. Mr. Payne maintains a license to practice law in Virginia. He is a member of the board of directors and chairman of the audit committee for Meruelo Maddux Properties, Inc., a NASDAQ Global Markets listed company that focuses on residential, industrial and commercial development in southern California.

CHARLES P. TOPPINO

*President,
Five Tops, Inc.*

Member: Compensation Committee and
Mezzanine Loan Investment Executive Committee

Director since August, 2003

Shares of common stock
beneficially owned: 30,500

Age 49

Mr. Toppino was elected to the board of directors in August 2003 and has served on our board since that time. As of May 2007, Mr. Toppino left Eastdil Secured to become president of Five Tops Inc., a privately held real estate investment firm located in Los Angeles, California. Prior to that, Mr. Toppino was a Senior Managing Director at Eastdil Secured, which is a real estate investment bank that is a wholly owned subsidiary of Wells Fargo & Company. Mr. Toppino led Eastdil Secured's loan sale business and also helped in coordinating other lines of business including investment property sales and debt and equity financings for commercial real estate and hospitality properties. Mr. Toppino also served on Eastdil Secured's Management Committee. Eastdil Secured is the successor entity via acquisition of Secured Capital Corp., a company Mr. Toppino and others founded in 1990 and where he served as the Executive Vice President and principal. Mr. Toppino is also a director of Secured Capital Japan Co. Ltd., which is a corporation incorporated under the law of Japan and a public company that trades on the Tokyo Stock Exchange. Secured Capital Japan is an investment manager and asset manager of Japanese commercial real estate properties and Japanese loan portfolios.

BOARD OF DIRECTORS AND COMMITTEE MEMBERSHIP

Our business is managed through the oversight and direction of our board of directors. Members of our board of directors are kept informed of our business through discussions with the chairman of the board of directors, chief executive officer and other officers, by reviewing materials provided to them and by participating in meetings of our board of directors and its committees.

During the year ended December 31, 2007, our board of directors held five regular meetings and eleven special meetings. All directors standing for re-election attended, in person or by telephone, at least 75 percent of all meetings of our board of directors and committees on which such director served.

Attendance at Annual Meeting of Stockholders

In keeping with our corporate governance principles, directors are expected to attend the annual meeting of stockholders in person. All directors standing for re-election attended the 2007 annual meeting of stockholders.

Table of Contents**Board Member Independence**

Section 303A.02 Independence Tests of the NYSE Listed Company Manual describes the requirements for a director to be deemed independent by the NYSE, including the requirement of an affirmative determination by our board of directors that the director has no material relationship with us that would impair independence. The full text of our board of director s Corporate Governance Guidelines can be found in the Investor Relations section of our website at www.ahltreit.com by clicking INVESTOR RELATIONS, then GOVERNANCE DOCUMENTS, and then Corporate Governance Guidelines. In determining whether any of our director nominees has a material relationship with us that would impair independence, our board of directors reviewed both the NYSE Listed Company Manual requirements on independence as well as our own Guidelines. Our Guidelines provide that if any director receives more than \$100,000 per year in compensation from the company, exclusive of director and committee fees, he or she will not be considered independent. Our board of directors has affirmatively determined that, with the exception of Messrs. Archie Bennett, Jr. and Montgomery J. Bennett who are our chairman of the board of directors and chief executive officer, respectively, all of the directors nominated for election at the annual meeting are independent of Ashford and its management under the standards set forth in our Corporate Governance Guidelines and the NYSE listing requirements.

In making the independence determinations, our board of directors examined relationships between directors or their affiliates with Ashford and its affiliates including those reported below under the heading Certain Relationships and Related Transactions on page 34 and two additional transactions that did not rise to the level of a reportable related party transaction but were taken into consideration by our board of directors in making independence determinations. In the first such transaction considered by the board, IKW Acquisition, LLC, an entity in which Mr. Toppino holds a 15% equity interest, purchased a select service hotel in Key West, Florida in 2007 and engaged Remington Management LP as the manager of the hotel. Our board determined that neither this transaction nor our relationship with Eastdil Secured described in Certain Relationships and Related Transactions impaired the independence of Mr. Toppino. Additionally, in the second such transaction considered by the board, Fisher Highland Mezz LLC, an entity in which Mr. Edelman holds a 16% passive member interest, acquired a \$10,000,000 participation interest in a \$96,000,000 mezzanine loan that we acquired in our joint venture with Prudential Real Estate Investors. Our board determined that this transaction did not impair the independence of Mr. Edelman. As a result of our board s analysis and independence determinations, our board of directors is comprised of a majority of independent directors, as required in Section 303A.01 of the NYSE Listed Company Manual. Any reference to an independent director herein infers compliance with the NYSE independence tests.

Board Committees and Meetings

Historically, the standing committees of our board of directors have been the audit committee, the compensation committee and the nominating/corporate governance committee. Each of these committees has a written charter approved by our board of directors. A copy of each charter can be found in the Investor Relations section of our website at www.ahltreit.com by clicking INVESTOR RELATIONS and then GOVERNANCE DOCUMENTS. Additionally, in 2007, our board of directors established a mezzanine loan investment executive committee. This committee was formed for the purpose of reviewing, evaluating and approving possible mezzanine loan originations, acquisition or participations but, because of the limited nature of the committee s duties, it does not have a charter. The members of the committees are identified in the table below, and a description of the principal responsibilities of each committee follows.

Audit	Compensation	Nominating/Corporate Governance	Mezzanine Loan Investment
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Archie Bennett, Jr.				X
Montgomery J. Bennett				X
Martin L. Edelman			Chair	X
W.D. Minami	X			
W. Michael Murphy	X	Chair	X	
Philip S. Payne	Chair	X		
Charles P. Toppino		X		X

Table of Contents

The *audit committee*, composed of three independent directors, met seven times during 2007. This committee's purpose is to provide assistance to our board of directors in fulfilling their oversight responsibilities relating to:

- The integrity of our financial statements;
- Our compliance with legal and regulatory requirements;
- The independent auditor's qualifications and independence; and
- The performance of our internal audit function and independent auditors.

Our board of directors has determined that both Messrs. Payne and Minami are audit committee financial experts, as defined in the applicable rules and regulations of the Securities Exchange Act of 1934, as amended and that Mr. Murphy is financially literate.

The *compensation committee*, composed of three independent directors, met ten times during 2007. This committee's purpose is to:

- Discharge the board of director's responsibilities relating to compensation of our executives;
- Review and discuss with management the annual Compensation Discussion and Analysis and recommend to the board of directors its inclusion in our proxy statement or annual report on Form 10-K;
- Produce an annual report on executive compensation for inclusion in our proxy statement; and
- Oversee and advise the board of directors on the adoption of policies that govern our compensation programs, including stock and benefit plans.

The *nominating/corporate governance committee*, composed of two independent directors, met twice during 2007. This committee's purpose is to:

- Identify individuals qualified to become members of our board of directors;
- Recommend that our board of directors select the director nominees for the next annual meeting of stockholders;
- Identify and recommend candidates to fill vacancies occurring between annual stockholder meetings; and
- Develop and implement our Corporate Governance Guidelines.

The *mezzanine loan investment executive committee*, composed of four directors, met once during 2007. This committee's purpose is to:

- Review, evaluate and approve, for and on behalf of the board of directors, mezzanine loan originations, acquisitions or participations secured, directly or indirectly, by hotel properties or equity interests therein, subject to a \$10,000,000 maximum investment for any single mezzanine loan transaction or a \$50,000,000 maximum aggregate investment, determined on a cumulative basis between board of directors' meetings; and

Make recommendations to the board of directors on any such investments that exceed the thresholds described above.

Compensation Committee Interlocks and Insider Participation

During fiscal 2007, Messrs Murphy, Payne and Toppino served on our compensation committee. No member of the compensation committee was at any time during fiscal 2007 or at any other time an officer or employee of the company. No executive officer of the company has served on the board of directors or compensation committee of any other entity that has had one or more executive officers who served as a member of our board of directors or the compensation committee during fiscal 2007.

No member of the compensation committee, other than Mr. Toppino, had any relationship with the company requiring disclosure as a related-party transaction in the section **Certain Relationships and Related Transactions** of this proxy statement. Pursuant to an agreement for certain hotel acquisition and disposition advisory services

Table of Contents

between us and Eastdil Secured, LLC, a company of which Mr. Toppino was, at the time, a Senior Managing Director, we paid Eastdil Secured a \$1,125,000 success fee when we completed our acquisition of a 51-hotel portfolio from CNL in April 2007.

Board Member Compensation

The table below reflects the compensation we paid to each of our non-employee directors, other than the chairman of the board, for serving on our board of directors for the fiscal year ending December 31, 2007. The compensation paid to our chairman is reflected in the tables following the Compensation Discussion & Analysis below. Our president and chief executive officer does not receive additional compensation for his service as a director.

Director Compensation

Name	Fees Earned or Paid in Cash	Stock Awards⁽¹⁾	Total
Martin L. Edelman	\$ 61,500	\$ 38,592	\$ 100,092
W.D. Minami	80,000	38,592	118,592
W. Michael Murphy	118,500	38,592	157,092
Philip S. Payne	128,000	38,592	166,592
Charles P. Toppino	76,500	38,592	115,092

- (1) Each independent director was granted 3,200 stock awards in 2007. These stock awards had a fair market value on the date of grant equal to \$38,592 and vested immediately. As a result, the expense recognized for financial reporting purposes for these stock awards in 2007, in accordance with FAS 123R, was equal to the fair market value of the common stock on the date of grant.

During 2007, the compensation of our non-employee directors, other than our chairman, consisted of the following elements:

An annual board retainer of \$35,000 for independent directors who did not serve as the chairman of one of our committees;

An annual board retainer of \$60,000 for the chairman of our audit committee;

An annual board retainer of \$50,000 for the chairman of our compensation committee;

An annual grant of 3,200 immediately vested shares of our common stock to each independent director;

A meeting fee of \$2,000 for each in-person board meeting attended by an independent director;

A meeting fee of \$2,000 for each in-person committee meeting attended by an independent director who did not serve as the chairman of such committee;

A meeting fee of \$3,000 for each in-person committee meeting attended by an independent director who serves as the chairman of such committee; and

A meeting fee of \$500 for each board or committee meeting attended by a director via teleconference.

During 2007, our non-executive chairman's compensation consisted of the following elements:

An annual retainer of \$300,000;

A grant of 100,000 shares of restricted common stock;

A meeting fee of \$3,000 for each board meeting that he attended in person and a meeting fee of \$2,000 for each committee meeting that he attended in person; and

A meeting fee of \$500 for each board or committee meeting that he attended via teleconference.

In addition, we have historically reimbursed and will continue to reimburse all directors for reasonable out-of-pocket expenses incurred in connection with their services on the board of directors.

Table of Contents

Our board has approved an equity compensation policy for our directors pursuant to which, following each annual meeting of stockholders at which an independent director is reelected to our board of directors, each such independent director will receive 3,200 shares of our common stock. These stock grants will be fully vested immediately. In accordance with this policy, we granted 3,200 shares of fully vested common stock to each of our independent directors in May 2007.

In addition to the equity compensation granted to our independent directors, we granted 100,000 shares of restricted common stock with four-year pro-rated vesting to our chairman in March 2007 based, in part, on his leadership role on the board during 2006. Additionally, in March 2008, we made a special one-time award to our chairman of 145,000 equity securities, which he elected to receive in the form of special limited partnership units in our operating partnership, sometimes referred to as LTIP units, with vesting over four and one-half years on September 1st of each year beginning September 1, 2008 (10%, 15%, 15%, 15%, 45%), based on his contributions to the integration of key transactions initiated during 2007, most specifically the CNL transaction.

In recognition of the more dynamic environment for director compensation, the board reviews compensation levels for directors at our core peer companies, selected supplemental peer companies (as such terms are defined in COMPENSATION DISCUSSION & ANALYSIS below) and other data on trends in director compensation on an annual basis and considers and implements changes to the program as needed.

OUR CORPORATE GOVERNANCE PRINCIPLES

Our policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of the New York Stock Exchange (the NYSE) and the corporate governance requirements of the Sarbanes-Oxley Act of 2002. We maintain a corporate governance section on our website which includes key information about our corporate governance initiatives including our Board of Director Guidelines, charters for the committees of our board of directors, our Code of Business Conduct and Ethics and our Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The corporate governance section can be found on our website at www.ahtreit.com by clicking INVESTOR RELATIONS and then GOVERNANCE DOCUMENTS.

Each director should perform, to the best of his ability, the duties of a director, including the duties as a member of a committee of our board of directors in good faith; in our best interests and the best interests of our stockholders; and with the care that an ordinarily prudent person in a like position would use under similar circumstances. This duty of care includes the obligation to make, or cause to be made, an inquiry when, but only when, the circumstances would alert a reasonable director to the need thereof. Directors are expected to attend all meetings of our board of directors and meetings of committees on which they serve. Directors are also expected to attend the annual meeting of stockholders.

Our nominating/corporate governance committee is responsible for seeking, considering and recommending to the board of directors qualified candidates for election as directors and recommending a slate of nominees for election as directors at the annual meeting of stockholders. It also periodically prepares and submits to the board for adoption the nominating/corporate governance committee's selection criteria for director nominees. Before recommending an incumbent, replacement or additional director, our nominating/corporate governance committee reviews his or her qualifications, including personal and professional integrity, capability, judgment, availability to serve, conflicts of interest, ability to act on behalf of stockholders and other relevant factors. It reviews and makes recommendations on matters involving general operation of the board of directors and our corporate governance, and it annually recommends to the board of directors nominees for each committee of the board. In addition, our nominating/corporate governance committee annually facilitates the assessment of the board of directors' performance as a whole and of the individual directors and reports thereon to the board. Our nominating/corporate governance committee has the sole authority to retain and terminate any search firm to be used to identify director candidates.

Stockholders wishing to recommend director candidates for consideration by the committee can do so by following the procedures set forth below in the Stockholder Procedures for Recommending Candidate for Director section of this proxy statement. The nominating/corporate governance committee evaluates a candidate using the minimum criteria set forth above without regard to who nominated the candidate and will consider

Table of Contents

candidates recommended by stockholders provided that stockholders follow the procedure for submitting recommendations.

Our board of directors does not prohibit its members from serving on boards and/or committees of other organizations, and our board of directors has not adopted guidelines limiting such activities. The nominating/corporate governance committee and our board of directors will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations for inclusion in the slate of directors to be submitted to stockholders for election at the annual meeting of stockholders.

Upon attaining the age of 75 and annually thereafter, a director will tender a letter of proposed retirement from our board of directors to the chairperson of our nominating/corporate governance committee. Our nominating/corporate governance committee will review the director's continuation on our board of directors, and recommend to the board whether, in light of all the circumstances, our board should accept such proposed retirement or request that the director continue to serve.

If the chief executive officer resigns from his position with Ashford, he will tender to our board of directors a letter of proposed resignation from the board. Our nominating/corporate governance committee will review the director's continuation on our board of directors, and recommend to the board whether, in light of all the circumstances, our board of directors should accept such proposed resignation or request that the director continue to serve.

When a director's principal occupation or business association changes substantially from the position he held when originally invited to join our board of directors, the director will tender a letter of proposed resignation from the board to the chairperson of our nominating/corporate governance committee. Our nominating/corporate governance committee will review the director's continuation on our board of directors, and recommend to the board whether, in light of all the circumstances, the board should accept such proposed resignation or request that the director continue to serve.

OTHER GOVERNANCE INFORMATION

Stockholder Procedures for Recommending Candidate for Director

Stockholders who wish to recommend individuals for consideration by the nominating/corporate governance committee to become nominees for election to our board of directors may do so by submitting a written recommendation to our secretary at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. For the committee to consider a candidate, submissions must include sufficient biographical information concerning the recommended individual, including name, age, employment history, a description of each employer's business that includes employer names and phone numbers, affirmation of whether such individual can read and understand basic financial statements and a list of board memberships the candidates holds, if any. The secretary will, in turn, deliver any stockholder recommendations for director candidates prepared in accordance with our bylaws to our nominating/corporate governance committee. The recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the board of directors and to serve if elected by the stockholders. Once a reasonably complete recommendation is received by our nominating/corporate governance committee, a questionnaire will be delivered to the recommended candidate which will request additional information regarding the recommended candidate's independence, qualifications and other information that would assist our nominating/corporate governance committee in evaluating the recommended candidate, as well as certain information that must be disclosed about the candidate in our proxy statement, if nominated. The recommended candidate must return the questionnaire within the time frame provided to be considered for nomination by our nominating/corporate governance committee. Recommendations received between the period December 8, 2008 and January 7, 2009, will be considered for candidacy at the 2009 annual meeting of stockholders.

Stockholder and Interested Party Communication with our Board of Directors

Stockholders and other interested parties who wish to contact any of our directors either individually or as a group may do so by writing to them c/o David A. Brooks, Corporate Secretary, Ashford Hospitality Trust, Inc.,

Table of Contents

14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. Stockholders and other interested parties letters are screened by company personnel based on criteria established and maintained by our nominating/corporate governance committee, which includes filtering out improper or irrelevant topics such as solicitations.

Meetings of Non-Management Directors

Our board of directors will have at least two regularly scheduled meetings per year for the non-management directors without management present. At these meetings, the non-management directors will review strategic issues for our board of directors consideration, including future agendas, the flow of information to directors, management progression and succession, and our corporate governance guidelines. The non-management directors have determined that the chairman of our nominating/corporate governance committee, currently Mr. Edelman, will preside at such meetings. The presiding director is responsible for advising the chief executive officer of decisions reached and suggestions made at these meetings. The presiding director may have other duties as determined by the directors. These meetings may also constitute meetings of our nominating/corporate governance committee, with any non-management directors who are not members of such committee attending by invitation. Stockholders may communicate with the presiding director or non-management directors as a group by utilizing the communication process identified in the Stockholder and Interested Party Communication with our Board of Directors section of this proxy statement. If non-management directors include a director that is not an independent director, then at least one of the scheduled meetings should include only independent directors.

Director Orientation and Continuing Education

Our board of directors and senior management conduct a comprehensive orientation process for new directors to become familiar with our vision, strategic direction, core values including ethics, financial matters, corporate governance practices and other key policies and practices through a review of background material and meetings with senior management. Our board of directors also recognizes the importance of continuing education for directors and is committed to provide such education in order to improve both our board of directors and its committees performance. Senior management will assist in identifying and advising our directors about opportunities for continuing education, including conferences provided by independent third parties.

Table of Contents**EXECUTIVE OFFICERS**

The following table shows the names and ages of each of our current executive officers and the positions held by each individual. A description of the business experience of each for at least the past five years follows the table.

	Age	Title
Montgomery J. Bennett	42	President and Chief Executive Officer
David J. Kimichik	47	Chief Financial Officer and Treasurer
Douglas A. Kessler	47	Chief Operating Officer
David A. Brooks	48	Chief Legal Officer and Secretary
Mark L. Nunneley	50	Chief Accounting Officer
Alan L. Tallis	61	Executive Vice President, Asset Management

For a description of the business experience of Mr. Montgomery Bennett, see the Election of Directors section of this proxy statement.

Mr. Kimichik has served as our Chief Financial Officer from May 2003. Additionally from May 2003 through December 2007, he served as Head of Asset Management. Mr. Kimichik has been associated with the Remington Hotel Corporation principals for the past 25 years and was President of Ashford Financial Corporation, an affiliate of ours, from 1992 until August 2003. Mr. Kimichik previously served as Executive Vice President of Mariner Hotel Corporation, an affiliate of Remington Hotel Corporation, in which capacity he administered all corporate activities, including business development, financial management and operations.

Mr. Kessler has served as our Chief Operating Officer and Head of Acquisitions since May, 2003. From July of 2002 until August, 2003, Mr. Kessler served as the managing director/chief investment officer of Remington Hotel Corporation. Prior to joining Remington Hotel Corporation in 2002, from 1993 to 2002, Mr. Kessler was employed at Goldman Sachs Whitehall Real Estate Funds, where he assisted in the management of more than \$11 billion of real estate (including \$6 billion of hospitality investments) involving over 20 operating partner platforms worldwide. During his nine years at Whitehall, Mr. Kessler served on the boards or executive committees of several lodging companies, including Westin Hotels and Resorts and Strategic Hotel Capital. Mr. Kessler co-led the formation of Goldman Sachs real estate investment management operations in France.

Mr. Brooks has served as our Chief Legal Officer, Head of Transactions and Secretary since May, 2003. He served as Executive Vice President and General Counsel for Remington Hotel Corporation and Ashford Financial Corporation from January, 1992 until August, 2003. Prior to joining Remington Hotel Corporation, Mr. Brooks served as a partner with the law firm of Sheinfeld, Maley & Kay.

Mr. Nunneley has served as our Chief Accounting Officer since May, 2003. From 1992 until 2003, Mr. Nunneley served as Chief Financial Officer of Remington Hotel Corporation. He previously served as tax consultant at Arthur Andersen & Company and as a tax manager at Deloitte & Touche. Mr. Nunneley is a certified public accountant and is a member of the American Institute of Certified Public Accountants, Texas Society of CPAs and Dallas Chapter of AICPAs.

Mr. Tallis became our Executive Vice President in March 2008, after serving in an advisory capacity for us in our asset management area since July 2007. From June 2006 until May 2007, Mr. Tallis served as a senior advisor to

Blackstone Real Estate Advisors following their acquisition of La Quinta Corporation. From July 2000 until May 2006, Mr. Tallis served in various positions with La Quinta Corporation, most recently serving as President and Chief Development Officer of LQ Management LLC and President of La Quinta Franchising LLC. Prior to joining La Quinta Corporation, Mr. Tallis held various positions with Red Roof Inns, Inc., including serving as General Counsel and Executive Vice President-Development, from 1994 until 1999.

Table of Contents

COMPENSATION DISCUSSION & ANALYSIS

The following discussion and analysis of compensation arrangements of our named executive officers (including our chairman, chief executive officer, chief financial officer and the three other most highly compensated executive officers appearing in the Summary Compensation Table) in 2007 should be read together with the compensation tables and related disclosures set forth elsewhere in this proxy statement. Although the chairman of our board is a non-executive chairman, we have elected to include discussion of the material terms of his compensation where appropriate in this section and the tables that follow. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion

Overview

Ashford Hospitality Trust is a self-administered real estate investment trust listed on the NYSE (symbol: AHT) that invests in the hospitality industry across all segments and at all levels of the capital structure, including direct hotel investments, first mortgages, B mortgages, mezzanine loans and sale-leaseback transactions. The company implements two successful strategies to manage its growth and deliver stockholder value: a portfolio management investment strategy and an internal growth strategy.

Our portfolio management investment strategy seeks to maximize stockholder returns while minimizing performance risk. Investments must meet targeted return requirements utilizing market research underwriting assumptions. Each investment is then evaluated on the relative contribution to our hotel portfolio in terms of total return, volatility, product type or brand, asset quality, asset location and diversification. Using this investment strategy, we focus on achieving optimal total return at any given point in a cycle by having the right asset mix. In determining what we believe is the right asset mix, we analyze both local market trends and national lodging and capital market fundamentals. While most of our investments are direct hotel investments, we also have supplemental strategies, such as structured finance and loan transactions that enhance and stabilize our returns. The core objectives of our portfolio management investment strategy are to increase value, dividends and dividend coverage through prudent investment allocations and an efficient capital structure.

Our internal growth strategy utilizes a variety of techniques to increase hotel performance and capital reinvestment. Each of our investments typically involves one or more of the following strategies: hotel brand change, price segment repositioning, capital expenditure upgrade, margin improvement through expense controls or top-line growth, outsized market recovery, initial high yield or capital reinvestment through sale of non-core assets. The goals of our internal growth strategy are revenue per available room (RevPAR) growth, market penetration, and margin improvement to increase EBITDA and per share metrics. For 2007, proforma RevPAR growth was strong with an increase of 6.2% compared to 2006 for our 110 hotels in continuing operations. In addition, RevPAR penetration was strong in 2007 with a 60 basis point improvement in the weighted average proforma RevPAR penetration index (a comparison of RevPAR performance to a competitive set) for the 110 hotels in our continuing operations. Lastly, overall proforma hotel operating profit margins improved 115 basis points for all the hotels in continuing operations during 2007 compared to 2006.

This diversified approach is unique among other publicly-held REITs in the hospitality industry, and fosters the company's strategy to take advantage of current lodging industry conditions and flexibility to adjust to market conditions over time. We believe it is prudent to continually modify our investment philosophy during the course of performance cycles rather than adhere to an inflexible strategy. As a result of this approach, our compensation

programs must be reflective of company performance and actions that we deem to be critical to our long-term growth and profitability, and our compensation programs must also be flexible so that they remain aligned with the targets and goals critical to the company in any given year.

One key objective in the past few years has been to capitalize on the favorable market cycle that resulted in an increase in our total enterprise value, which is calculated as the company's total market capitalization, including preferred equity, plus total debt obligations (within the board's approved leverage levels), less available cash. In 2007, this value increased by approximately \$1.6 billion to \$3.8 billion, primarily as the result of the acquisition of a 51-property hotel portfolio (the CNL Portfolio) in the second quarter of 2007. The company deemed this

Table of Contents

accomplishment to be critical to growing and sustaining a business that only five years ago had an enterprise value of approximately \$163 million. We have been able to maintain an annualized dividend of \$0.84 based on increased cash flow from operations. Likewise, the executive team enabled the company to substantially meet or exceed all of the financial and operating objectives established by the compensation committee for 2007. However, along with most of our industry peers, our stock performance fell short of the desired performance level. As such, the compensation committee considered a decline in annual bonus awards from 2006 to be commensurate with performance in 2007.

Compensation Objectives & Philosophy

We believe that the compensation paid to our executive officers should be reflective of the overall performance of our company on both a short-term and a long-term basis. The cumulative compensation packages we offer should reward past successes as well as motivate and retain the executives needed to maximize the creation of long-term stockholder value in a competitive environment. Most of our management team has been working together for almost twenty years, and the company believes that the synergies among the management team, along with their cumulative knowledge and breadth of experience, was a key factor in the company's exponential growth since its inception. Thus, retention of our key talent is a particularly important objective. The company believes that in the current business environment, the company's public reporting peers (discussed below), as well as private equity investors, investment banks and real estate development companies continually and aggressively are seeking seasoned hospitality investment professionals with the expertise held by our named executive officers. The company's compensation programs are designed in part to deflect the opportunities that are available in these competitive spheres. The compensation committee believes that the uniqueness of our business, our strategic direction and the required caliber of employees needed to execute our business strategy at different points in the cycle require that each element of compensation be determined giving due consideration to each of the following factors:

Overall company performance;

Responsibilities within our company;

Completion of individual business objectives (which objectives may vary greatly from person to person);

Contributions toward executing our business strategy;

Amount and form of prior compensation; and

Competitive market benchmark information, as available.

Our compensation committee believes that each of the above factors is important when determining our executives individual compensation levels, but no specific weighting or formula regarding such factors is used in determining compensation.

Role of the Compensation Committee

Compensation for our executive officers is administered under the direction of our compensation committee. In its role as the administrator of our compensation programs, our compensation committee recommends the compensation of our named executive officers to the board, with the independent members of the board ultimately approving all executive compensation decisions. A full description of the compensation committee's roles and responsibilities can be found in its charter which is posted to our website at www.ahtreit.com.

The compensation committee directly retains a compensation consultant. Since March 2007, it has retained the services of Pearl Meyer & Partners to provide assistance with the preparation of this compensation discussion and analysis, conduct a market benchmarking evaluation for our named executive officers, provide advice regarding executive contracts, present periodic updates on trends in executive and non-employee director compensation and assist the compensation committee in the review and development of compensation programs that will reflect the challenges of operating a larger company in an investment climate that may subject the company to unpredictable business cycles. Pearl Meyer & Partners does not perform services other than executive and director compensation consulting for the company, and performs such services only on behalf of and at the direction of the compensation

Table of Contents

committee. In carrying out its responsibilities, Pearl Meyer & Partners periodically works with members of management, including the chief executive officer.

Interaction with Management

Our compensation committee regularly meets in executive session without management present. Executives generally are not present during compensation committee meetings, except, when requested, our chief executive officer does attend all or part of certain compensation committee meetings. Our chief executive officer, considering each of the factors outlined above, annually reviews the compensation for each named executive officer and makes recommendations to our compensation committee regarding any proposed adjustments. Recommendations, if any, for interim modifications to salaries are also based on the factors outlined above and are made by the chief executive officer to the compensation committee. Final compensation decisions are ultimately made in the sole discretion of the compensation committee and approved by the independent directors of the Board.

Benchmarking

Compensation levels for our named executive officers are determined based on a number of factors, including the compensation levels in the marketplace for similar positions. Specifically, in making its determinations of incentive awards based on 2007 performance, the compensation committee analyzed the compensation practices and levels of executives within the following six companies, which we refer to as core peer companies that were selected based on similarity to us in function, size and scope. In the past, the compensation committee periodically reviewed additional compensation data for five supplemental peer companies, but all of those companies (except for Hospitality Properties Trust) have gone private since 2006. The compensation committee will continue to review the list of core peer companies and consider whether additions or deletions to the list may be appropriate.

Core Peer Companies

DiamondRock Hospitality Co.
FelCor Lodging Trust Inc.
Host Hotels & Resorts Inc,
LaSalle Hotel Properties
Strategic Hotels & Resorts, Inc.
Sunstone Hotel Investors Inc.

In general, the compensation committee believes that the compensation levels for our private competitors is above that of publicly traded companies, and that the private companies compete heavily, if not more than, the public peers for the type of executive talent we have on our management team. In addition, due to the company's unique niche in the hotel-REIT sector and the management team's success and market visibility in realizing an expedited growth strategy that includes the acquisition of the CNL Portfolio, the compensation committee believes it would be inappropriate to use the compensation of executives of these public companies as its only basis for comparison. Given these limitations regarding the comparability of public market compensation data, the compensation committee periodically reviews the public market data, but places at least equal importance on the business judgment of the experienced industry professionals among the board members and a review of each executive's compensation level relative to that of the other executives. Pearl Meyer & Partners assists the company in obtaining additional resources for private market compensation data.

In addition to considering public and private compensation data, the compensation committee must also consider the unique roles that each of the named executive officers of the company holds in benchmarking compensation by position. Specifically, each of our named executive officers performs duties that are traditionally assigned to multiple senior officers in competitive companies. The chief financial officer, by way of example, has had the role of performing pre-acquisition due diligence and underwriting of target assets as well as the role of asset management of acquired assets. The chief operating officer is charged with capital markets activities and is also head of acquisitions, responsible for securing our investments and for identifying opportunities for joint ventures or other business partnerships. The chief legal officer and head of transactions has the mandate to negotiate the terms of, and close, all acquisition and disposition transactions and equity and debt financings, in addition to the normal duties associated with the office of the general counsel and corporate secretary. The company's unusual division of

Table of Contents

responsibilities has created a cohesive and extremely streamlined management system, which enables the company to operate with a smaller staff of senior executives than would be expected of a company undertaking the growth that we have experienced. Therefore, while the compensation committee considers available peer compensation data, it recognizes that important adjustments must be considered in setting benchmarks for each named executive officer.

Together with its consideration of the unique roles of each named executive officer, the compensation committee also considers the time commitment of the chief executive officer to the company in relation to his duties as chief executive officer of Remington Hotel Corporation and as an executive officer of the general partner of Remington Lodging & Hospitality, L.P., Remington Management LP and their affiliates. Based on its review, the compensation committee has determined that those business activities are generally beneficial to the company and, in accordance with the chief executive officer's employment agreement, do not materially interfere with his duties to the company. Therefore, the committee follows a compensation philosophy for the chief executive officer that is comparable with the philosophy for the other named executive officers.

Because of the company's unique business strategy, the company's senior executives must demonstrate the financial acumen, decision-making and leadership abilities commonly required in other businesses such as financial services, investment management and private equity. Although the compensation committee does not benchmark the company's executive compensation levels against those of senior executives in these business segments, we believe it is appropriate, in view of our objective to retain key senior executives, to consider the incentive plan design features and pay practices for these parallel, but distinct businesses.

Based on our review of the information available related to the compensation levels for executives in the public and private markets and in recognition of the exponential growth in assets achieved by the management team and the challenges of implementing and integrating an ambitious acquisition strategy, the compensation committee targets total compensation in the top quartile for the public hotel REITs listed above for comparable performance. Actual total compensation may fall below or rise above the targeted level based on performance achievement.

Elements of Compensation

In 2007, the primary elements of our executive compensation packages included: (i) base salaries; (ii) annual bonuses; (iii) restricted stock awards (including awards of limited partnership units in our operating partnership, or LTIPs, under a newly implemented LTIP Unit Plan) and (iv) other executive programs and benefits. Each element is described in more detail below.

Base Salaries. The base salaries of our named executive officers are reviewed on an annual basis. Any increases to the base salaries of the executive officers are based on a subjective evaluation of such factors as the level of responsibility, individual performance, level of pay of the executive in question and other similarly situated executives. In March 2007, the chief executive officer recommended to the compensation committee increases in the base salaries for each of the other executive officers, retroactive to January 1, 2007. The compensation committee approved increases as follows:

president and chief executive officer \$700,000 (\$50,000 increase, or 7.7%)

chief financial officer \$350,000 (\$25,000 increase, or 7.7%)

chief operating officer \$550,000 (\$50,000 increase, or 10.0%)

chief legal officer \$375,000 (\$50,000 increase, or 15.4%)

chief accounting officer \$275,000 (\$55,000 increase, or 25.0%)

In the case of Mr. Nunneley, our chief accounting officer, the compensation committee approved a larger salary increase from 2006 to 2007 than other named executive officers in recognition of his active role in several significant acquisitions, including the then-pending integration of the CNL Portfolio.

In early 2008, our chief executive officer recommended that the compensation committee review and approve new employment agreements. The existing employment agreements were renewed and revised primarily to reflect the impact of Internal Revenue Code Section 409A but also to re-institute non-compete and non-solicitation provisions that had expired in the existing agreements. The new employment agreements include a 7.1% increase in

Table of Contents

the base salary of our chief financial officer but no other salary increases for 2008 for named executive officers. In approving the new employment agreements and increasing only the chief financial officer's salary, the compensation committee considered internal pay equity among the team of named executive officers, particularly with respect to our chief legal officer and chief financial officer.

Annual Bonuses. The compensation committee reviews and recommends annual bonuses for executive officers in March of the year following the fiscal year with respect to which such bonuses are earned. The employment agreements of each of the executive officers initially included a fixed bonus range, whereby the executive was guaranteed a minimum bonus at the low end of the range but could not receive a bonus in excess of the high end of the range. In March 2006, in an effort to foster the company's pay-for-performance philosophy, the employment agreements were revised (effective as of January 1, 2006) so that the contracts no longer contained a fixed bonus range, but instead included a targeted bonus range for each executive officer. The new employment agreements, adopted in March 2008 but effective January 1, 2008, continue to utilize the pay-for-performance philosophy with a targeted bonus range.

Annual bonus ranges are expressed as a percentage of salary. The targeted range for each executive is set forth in employment agreement, but the compensation committee has reserved the right to utilize its discretion to either pay a bonus above or below the targeted range based on a subjective evaluation of the executive's individual performance and responsibilities. Mr. Bennett's targeted annual bonus range is 75% to 125% of his base salary. Mr. Kimichik's targeted annual bonus range is 30% to 90% of his base salary. Mr. Kessler's targeted annual bonus range is 50% to 100% of his base salary. Mr. Brooks' targeted annual bonus range is 30% to 90% of his base salary. Mr. Nunneley's targeted annual bonus range is 20% to 60% of his base salary. The compensation committee generally aims to keep annual cash bonuses within the targeted ranges discussed above, but favors an emphasis on long-term incentive awards to create an ownership culture and provide an upside opportunity in reward for superior performance.

The performance goals and objectives under the company's annual incentive plan are developed annually by senior management and reviewed and approved by our board of directors. These objectives have historically included annual operating goals, as well as growth objectives designed to rationally expand the portfolio of hotel, mezzanine loan and other lodging related investments in concert with the short- and long-term predictions for hospitality industry performance on the national, regional and key city basis. Generally, the compensation committee and the Board have weighed the total enterprise value (both in terms of size and quality) of the company as a key objective for management since the initial public offering in 2003. Other key business objectives for 2007 included:

Achieve one-year total shareholder return (TSR) in the top half of the company's core peer group;

Achieve budgeted performance levels for the reported cash available for distributions (CAD) per share of \$0.95 and reported adjusted funds from operations (AFFO) per share of \$1.22;

Achieve RevPAR growth that exceeds the U.S. lodging industry average;

Raise additional equity capital with deployment by year-end;

Increase total enterprise value (TEV) by \$500 million over January 1, 2007;

Recycle capital via asset sales;

Enhance the company's market visibility by conducting at least 100 meetings with investors and analysts; and

Identify, develop and implement key mid- and long-term strategic initiatives consistent with the current economic environment and forecasts.

While there is no specific formula or weighting assigned to any one of these factors, the compensation committee carefully analyzes each of these factors in making its recommendations with respect to appropriate levels of annual and long-term compensation. For 2007, the compensation committee determined that management had met and exceeded seven of the eight goals described above. However, the company did not meet the TSR goal.

Table of Contents

In reviewing the goals that were met, the compensation committee considered, several significant accomplishments, including:

Achieved CAD per share of \$1.01 and AFFO per share of \$1.28;

Realized RevPAR growth of 6.2% compared to industry average of 5.7%;

Completed significant \$2.4 billion acquisition of CNL Portfolio and raised substantial additional equity capital to reduce debt leverage, including \$575 million of common equity and \$200 million of perpetual preferred equity;

Grew TEV growth by \$1.6 billion following acquisition of CNL Portfolio;

Received full payment on four mezzanine loans totaling \$30.1 million, and sold 21 properties totaling \$313 million;

Met with over 250 investors and analysts, as compared to approximately 150 and 50 in 2006 and 2005, respectively; and

Commenced implementation of new mid-term and long-term initiatives associated with new business strategy.

The compensation committee also noted management's efforts and discipline in evaluating new investments, including, but not limited to the CNL Portfolio acquisition, and sources of financing while effectively managing our capital structure to maintain a low cost of debt. The compensation committee views these as important accomplishments in support of the company's long-term shareholder value.

After assessing each of these objectives, including the degree to which the company fell short of the TSR goal, the compensation committee awarded bonuses ranging from \$150,000 to \$585,000 to the named executive officers, as shown in the table below. On average, these levels reflect an average decline of 24% from 2006 bonus awards and are approximately 72%, on average, of the top of the targeted bonus range shown below. Pursuant to his non-compete agreement, Mr. Archie Bennett, Jr. does not participate in the annual bonus program.

	Salary	Bonus⁽¹⁾	Bonus as % of Salary	Targeted Bonus Range
Montgomery J. Bennett	700,000	\$ 585,000	83.6%	75% - 125%
David J. Kimichik	350,000	202,500	57.9%	30% - 90%
Douglas A. Kessler	550,000	385,000	70.0%	50% - 100%
David A. Brooks	375,000	290,000	77.3%	30% - 90%
Mark L. Nunneley	275,000	150,000	54.5%	20% - 60%
Archie Bennett, Jr.	300,000	n/a	n/a	n/a

(1) Reflects bonus earned for 2007 performance which was paid in March 2008.

The company and individual performance achievements during 2007 were considered along with the company's disappointing TSR results of negative 36% compared to peer average returns of negative 20%. In light of these factors, the compensation committee determined that annual bonuses should be reduced below the 2006 awards and

should fall within 50% - 85% of the high end of the targeted bonus range.

Equity Awards. In May 2005, our stockholders approved our Amended and Restated 2003 Stock Incentive Plan. Pursuant to the provisions of this plan, our compensation committee has the authority to (i) administer the plan, (ii) interpret the plan and (iii) grant stock options, purchased stock, bonus stock, stock appreciation rights, phantom stock, restricted stock, performance awards or other stock or performance-based awards to our employees, our non-employee directors and certain of our consultants or advisors. The compensation committee believes that our named executive officers should have an ongoing stake in the long-term success of our business. The compensation committee also believes that our named executive officers should have a considerable portion of their total compensation paid in the form of equity. This element of the total compensation program is intended to align the executive's interest to that of our stockholders through the granting of equity securities. While the plan allows our compensation committee to rely on any relevant factors in selecting the size and type of awards granted

Table of Contents

under the plan, in practice, the same philosophy used in determining the other elements of compensation, including the annual objectives described above, are used in determining such awards.

Given the dynamic and diversified nature of this company, which was only formed five years ago, the compensation committee has determined that time-based equity securities are the most prudent form of long-term compensation to supplement the total compensation package and promote equity ownership by executives early in the company's history. Utilizing equity grants has also served to facilitate the compensation committee's objective of ensuring retention of critical talent from the company's inception. In furtherance of our philosophy of rewarding executives for future superior performance, prior equity compensation grants are not considered in setting future compensation levels. However, the degree to which prior restricted equity awards are vested is considered in assessing retention risk.

While the plan allows for various types of awards, the compensation committee historically has chosen to grant only restricted stock awards with multi-year step vesting. However, in March 2008, the compensation committee elected to give our executive officers a choice of either receiving their equity awards in the form of restricted stock or LTIP units, or a combination of both.

LTIP units are a special class of partnership units in our operating partnership, called long term incentive partnership units. Grants of LTIP units are designed to offer executives the same long-term incentive as restricted stock, while allowing them to enjoy more favorable income tax treatment. Each LTIP unit awarded is deemed equivalent to an award of one share of common stock reserved under the 2003 Stock Incentive Plan, reducing availability for other equity awards on a one-for-one basis. LTIP units, whether vested or not, receive the same quarterly per unit distributions as common units of our operating partnership, which equal per share dividends on our common stock. This treatment with respect to quarterly distributions is analogous to the treatment of restricted stock. The key difference between LTIP units and restricted stock is that at the time of award, LTIP units do not have full economic parity with common units, but can achieve such parity over time upon the occurrence of specified events. If such parity is reached, vested LTIP units become convertible into an equal number of common units. Until and unless such parity is reached, the value that an executive will realize for a given number of vested LTIP units is less than the value of an equal number of shares of our common stock.

The LTIP unit was created pursuant to an amendment to our operating partnership agreement in March 2008. The compensation committee determined that offering LTIP units under the 2003 Stock Incentive Plan would serve as a valuable compensation tool, as an alternative to our restricted stock program. One key disadvantage of restricted stock is that executives are generally taxed on the full market value of a grant at the time of vesting, even if they choose to hold the stock. As a result, executives may need to sell a portion of their vested shares to pay taxes on their restricted stock awards from prior years. Conversely, if an executive chooses to receive LTIP units rather than restricted stock, the executive would generally be taxed only when he chooses to liquidate his LTIP units, rather than at the time of vesting.

Our compensation committee believes that making the LTIP unit alternative available to our executives (i) serves our objectives by increasing the tax effectiveness of a given award of equity interests and, therefore, enhances our equity-based compensation package for executives as a whole, (ii) advances the separate goal of promoting long-term equity ownership by executives (see *Stock Ownership Guidelines* below), (iii) has no adverse impact on dilution as compared to using restricted stock, (iv) does not increase the economic cost to us of equity-based compensation awards as compared to using restricted stock awards and (v) further aligns the interests of executives with the interests of stockholders. Based on these considerations, commencing in March 2008, we offer eligible executives a choice between restricted stock and LTIP units on a one-for-one basis for their equity-based compensation awards.

Grants of equity-based awards have historically been made on the date of the compensation committee's meeting in the end of March. Similar to the process the compensation committee follows for determining annual bonus awards,

grants of equity-based awards are based on a subjective review of the prior year's annual performance factors, including annual factors that reflect progress toward the company's mid- and long-term strategic initiatives. The value of the award is determined with respect to the closing price of our stock on the date of grant. In March 2007, based, in part, on the performance of the executive officers during 2006, the compensation committee granted 612,500 shares of restricted common stock to our named executive officers, of which 215,000 shares were granted

Table of Contents

to our chief executive officer, 180,000 shares were granted to our chief operating officer, 87,500 shares were granted to our chief legal officer, 80,000 shares to our chief financial officer, and 50,000 shares were granted to our chief accounting officer. In addition, in consideration of the role of our chairman in advancing the company's business strategy by building on the depth of his industry relationships and expertise, the compensation committee granted 100,000 shares of restricted common stock to our chairman in March 2007. The restricted stock granted to each of our executive officers in 2007 vests in equal annual installments on each of the first four anniversaries of the grant date; however, dividends are paid on the unvested restricted stock grants from the date of grant.

During 2007, the compensation committee determined that the significant efforts and achievements of the executive officers and other key employees who played a pivotal role in the acquisition of the \$2.4 billion CNL Portfolio, a transformational transaction for our company, should be recognized with a one-time, special award. The compensation committee noted that the efforts of the executive officers were critical to the successful completion of the CNL acquisition and the subsequent integration of the CNL Portfolio into our continuing operations. The compensation committee felt that the CNL transaction was completed in a quick and efficient manner which required significant incremental contributions from the executive team while the executives were also focused on continuing to effectively manage the existing operations of our company. In making this special determination, the compensation committee also considered the appropriate timing for special awards in the context of the company's annual equity award program. In particular, the compensation committee determined that special awards should be finalized not at the closing of the transaction during 2007, but after a successful integration period. Accordingly, in March 2008, the compensation met and made a final determination with respect to the special awards to be granted in connection with the CNL transaction. As a result, in March 2008, the compensation committee made the following special awards to our executives in recognition of the completion and successful integration of the CNL Portfolio acquisition: 281,100 shares to each of our chief executive officer and chief operating officer; 140,500 shares to our chief legal officer; 125,000 shares to our chief financial officer; 83,300 shares to our chief accounting officer; 145,000 shares to our chairman; and 44,700 shares to executives other than the named executive officers. Each of the named executive officers elected to receive these equity grants in the form of LTIP units. The LTIP units will vest over four and one-half years, commencing on September 1, 2008 and continuing on each September 1st thereafter, with 10% of the total grant vesting on September 1, 2008; 15% vesting on each of September 1, 2009, 2010 and 2011 and the final 45% vesting on September 1, 2012; however, analogous with restricted stock grants, unvested LTIP units will receive the same quarterly per unit distributions as common units of our operating partnership, which equal per share dividends on our common stock. In light of the unique nature of these special awards, the compensation committee also decided that any determination as to annual stock awards should be deferred until May or June 2008.

We feel that the time-vesting nature of the equity grants furthers our goal of long-term retention of our executives, while the payment of dividends prior to vesting serves as a current incentive for the performance necessary to obtain the grants. The restricted equity grants are determined in the context of the desired top quartile public market positioning for total compensation and the range for bonus awards. Since the compensation committee generally aims to keep annual bonuses close to the pre-established target range, a strong relationship between total compensation and performance is predicated on wider variability in the value of equity grants. In determining grant levels by executive, the compensation committee also considers individual performance, a review of each executive's compensation level relative to that of the other executives, the impact of new grants on total shareholder dilution and the degree to which prior unvested awards continue to support the retention of key executive talent.

In keeping with its objective of emphasizing the important relationship between pay and performance, the compensation committee has determined that the size of annual equity awards, including any awards that may be considered in May or June 2008, will be determined based on its review and evaluation of company and individual executive accomplishments in three performance goal categories. While the compensation committee has considered these goals in making equity award determinations in previous years, going forward, the compensation committee has established specific weightings for each category as follows:

Total shareholder return. Total shareholder return (TSR) includes stock price appreciation and dividend reinvestment. Three-year TSR is measured on an absolute basis and relative to the Standard & Poor's 500, as

Table of Contents

well as relative to various REIT industry indices that include some or all of the core peer companies. This performance goal category makes up 20% of the total award opportunity.

AFFO per share. Actual AFFO per share results are measured against our annual budget for AFFO per share, as approved and adjusted by the compensation committee and the board. This performance goal category makes up 40% of the total award opportunity.

Non-financial goals. Each year, the compensation committee reviews the company's short- and long-term business plans and identifies non-financial goals and accomplishments that are critical to the company's success. While some non-financial goals may be measured numerically, many are subjective in nature. Examples of non-financial goals that the compensation committee considered in 2007 include the development and implementation of our new business strategy and the increase in our visibility through numerous management meetings with investors and analysts. While there is no specific formula or weighting assigned to each of the non-financial goals within this category and the compensation committee may select the same or different non-financial goals each year, this performance goal category makes up 40% of the total award opportunity.

Stock Ownership Guidelines

While we do not have a formal policy to mandate or enforce stock ownership levels among our management team, we strongly encourage our executives to own and hold stock over the long term. In fact, a strong stock ownership culture already exists, as evidenced by the significant open market purchases by Mr. Archie Bennett, Jr. over the past three years and by Mr. Montgomery Bennett in 2007. Messrs. Archie and Montgomery Bennett's open market acquisitions rank well in excess of market practice among the core peer companies. As a group, our named executive officers have demonstrated a commitment to the company through long tenure and significant ownership levels as a multiple of salary (as of March 17, 2008) as follows:

Executive	Salary	Total Beneficial Ownership⁽¹⁾	Value⁽²⁾	Value as Multiple of Base	Years Tenure⁽³⁾
Montgomery Bennett	\$ 700,000	4,567,082	28,726,946	41.0	19
David Kimichik	350,000	306,343	1,926,897	5.5	26
Douglas Kessler	550,000	509,584	3,205,283	5.8	6
David A. Brooks	375,000	497,269	3,127,822	8.3	15
Mark Nunneley	275,000	222,771	1,401,230	5.1	23
Archie Bennett, Jr.	300,000	4,730,442	29,754,480	99.2	40

(1) Assumes that all units of our operating partnership held by such person are redeemed for common stock (regardless of when such units are redeemable) and includes all restricted stock grants made since our initial public offering through March 17, 2008, unless forfeited.

(2) Based on multiplying total beneficial ownership by the closing stock price of \$6.29 on March 17, 2008.

(3) Tenure includes service with the company's predecessors and affiliates.

Other Executive Programs and Benefits. The executive officers are provided other programs or benefits on the same terms offered to all employees. These programs and benefits include:

a 401(k) plan under which we match 50% of an eligible participant's contribution to the plan, up to 6% of such participant's base salary, subject to limitations imposed by the Internal Revenue Service;

an Employee Savings Incentive Plan, pursuant to which, if the employee does not participate in our 401(k) plan, we match 25% of a participant's contribution, up to 10% of such participant's base salary;

basic life and accidental death and dismemberment insurance in an amount of three times each executive's annual base salary, up to \$250,000; and

a deferred compensation plan adopted in 2007, which allows our executives, at their election, to defer portions of their compensation beginning in 2008.

We do not maintain any retirement plans other than the 401(k) plan. In addition, as a corporate matter, the company does not provide its executives with any executive perquisites other than complimentary periodic lodging

Table of Contents

at its facilities and an annual comprehensive executive health evaluation performed by the UCLA Comprehensive Health Program.

Tax and Accounting Considerations. Section 162(m) of the Internal Revenue Code of 1986, as amended, generally precludes a publicly-held corporation from a federal income tax deduction for a taxable year for compensation in excess of \$1 million paid to our chief executive officer or any of our other named executive officers with the exception of our chief financial officer. Exceptions are made for, among other things, qualified performance-based compensation. Qualified performance-based compensation means compensation paid solely on account of attainment of objective performance goals, provided that (i) performance goals are established by a compensation committee consisting solely of two or more outside directors, (ii) the material terms of the performance-based compensation are disclosed to and approved by a separate stockholder vote prior to payment, and (iii) prior to payment, our compensation committee certifies that the performance goals were attained and other material terms were satisfied. Our compensation committee intends, to the extent feasible and where it believes it is in the best interests of our company and its stockholders, to attempt to qualify executive compensation as tax deductible; however, our compensation committee does not intend to allow this tax provision to negatively affect its development and execution of effective compensation plans. Our compensation committee intends to maintain the flexibility to take actions it considers to be in the best interests of our company and its stockholders. The company is structured, however, such that compensation is not paid and deducted by the corporation, but at the operating partnership level. The IRS has previously issued a private letter ruling that held that Section 162(m) did not apply to compensation paid to employees of a REIT's operating partnership. Consistent with that ruling, we have taken a position that compensation expense paid and incurred at the operating partnership level is not subject to the Section 162(m) limit. As such, the compensation committee does not believe that it is necessary to meet the requirements of the performance-based compensation exception to Section 162(m). As private letter rulings are applicable only for the taxpayer who obtains the ruling, and we have not obtained a private letter ruling addressing this issue, there can be no assurance that the IRS will not challenge our position that Section 162(m) does not apply to compensation paid at the operating partnership level.

Adjustment or Recovery of Awards

Under Section 304 of Sarbanes-Oxley, if the company is required to restate its financials due to material noncompliance with any financial reporting requirements as a result of misconduct, the chief executive officer and chief financial officer must reimburse the company for (i) any bonus or other incentive-based or equity-based compensation received during the 12 months following the first public issuance of the non-complying document, and (ii) any profits realized by the individual from the sale of securities of the company during those 12 months.

Hedging Policies

Pursuant to our Code of Ethics, we maintain a policy on insider trading and compliance that prohibits executives from holding company securities in a margin account or pledging company securities as collateral for a loan. An exception exists if the executive requests and receives prior approval from our chief legal officer to pledge securities as collateral for a loan (but not for margin accounts).

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed the compensation discussion and analysis disclosure with Ashford's management, and based on this review and discussion, the compensation committee has recommended to the board of directors that the compensation discussion and analysis be included in this proxy statement.

COMPENSATION COMMITTEE

W. Michael Murphy, Chairman
Philip S. Payne
Charles P. Toppino

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table sets forth the compensation paid to or earned by the chairman of the company's board of directors as well as the company's chief executive officer, chief financial officer and the company's three other most highly compensated executive officer in fiscal years 2007 and 2006 for services rendered in all capacities.

Name and Principal Position	Year	Salary	Bonus	Stock Awards⁽¹⁾	All Other Compensation	Total
Montgomery J. Bennett President and Chief Executive Officer	2007	\$ 700,000	\$ 585,000	\$ 1,745,631		\$ 3,030,631
	2006	650,000	812,500	1,412,789		2,875,289
David J. Kimichik Chief Financial Officer and Treasurer	2007	350,000	202,500	776,250		1,328,750
	2006	325,000	265,000	447,705		1,037,705
Douglas A. Kessler Chief Operating Officer	2007	550,000	385,000	1,745,631		2,680,631
	2006	500,000	550,000	835,665		1,885,665
David A. Brooks Chief Legal Officer and Secretary	2007	375,000	290,000	872,505		1,537,505
	2006	325,000	292,500	349,327		966,827
Mark L. Nunneley Chief Accounting Officer	2007	275,000	150,000	517,293		942,293
	2006	220,000	200,000	153,534		573,534
Archie Bennett, Jr. ⁽²⁾ Chairman of the Board	2007	300,000	0	900,450	\$ 39,819 ⁽³⁾	1,240,269
	2006	300,000	0	1,127,804	\$ 26,442 ⁽³⁾	1,454,246

(1) Represents the proportionate amount of the total fair value of stock and LTIP unit awards recognized by us in 2007 and 2006, as applicable, for financial reporting purposes, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The fair values of these awards and the amounts expensed were determined in accordance with FAS 123R. A discussion of the assumptions used in calculating these values can be found in Note 3 to our 2007 audited financial statements on page 86 of our annual report on Form 10-K for the year ended December 31, 2007. This amount only represents the one-time special award made in connection with the CNL transaction. Because the compensation committee decided to defer the regular annual stock awards until May or June 2008, the total value of stock awards for 2007 compensation is not calculable as of the date of this proxy statement. We expect that the stock awards will be determined no later than June 30, 2008.

(2) Although the chairman of the board is a non-executive chairman, we have elected to include his compensation information in each of the required tables because of the material nature of his compensation.

(3)

These amounts represent the value of life, health and disability insurance premiums paid by the company for the benefit of Mr. Archie Bennett, as well as fees for his attendance at board and committee meetings. Of this amount, \$10,534 and \$11,127 was paid by the company for health insurance premiums for Mr. Bennett in 2007 and 2006, respectively. Although these benefits are available to all salaried employees, we do not pay such amounts for any other non-executive director.

Table of Contents**GRANTS OF PLAN BASED AWARDS**

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock	Grant Date Fair Value of Stock Awards
Montgomery J. Bennett	3/27/07	215,000	\$ 2,663,850
David J. Kimichik	3/27/07	80,000	991,200
Douglas A. Kessler	3/27/07	180,000	2,230,200
David A. Brooks	3/27/07	87,500	1,084,125
Mark L. Nunneley	3/27/07	50,000	619,500
Archie Bennett, Jr.	3/27/07	100,000	1,239,000

We entered into new employment agreements with each of Messrs. Montgomery Bennett, Kimichik, Kessler, Brooks and Nunneley in March 2008, primarily to reflect the impact of Internal Revenue Code Section 409A but also to re-institute non-compete and non-solicitation provisions that had expired in the existing agreements. The new employment agreements were effective retroactively to January 1, 2008 and replace the agreements we entered into with these same individuals in connection with our initial public offering in August 2003. These new employment agreements are substantially similar to the previous employment agreements and continue to provide for Mr. Bennett to serve as our president and chief executive officer, Mr. Kimichik to serve as our chief financial officer and treasurer, Mr. Kessler to serve as our chief operating officer, Mr. Brooks to serve as our chief legal officer and secretary, and Mr. Nunneley to serve as our chief accounting officer. These employment agreements require Messrs. Kimichik, Kessler, Brooks and Nunneley to devote substantially full-time attention and time to our affairs, but also permit them to devote time to their outside business interests consistent with past practice. Mr. Bennett's employment agreement allows him to continue to act as Chief Executive Officer and President of Remington Hotel Corporation, or Remington Hotel, and to act as an executive officer of the general partners of Remington Lodging & Hospitality, L.P and its affiliate Remington Management LP, (together these entities are referred to as the Remington Managers), provided his duties for Remington Hotel and the Remington Managers do not materially interfere with his duties to us.

The employment agreements provide for annual base salaries, eligibility for annual cash bonuses, based on a targeted bonus range for each officer; director's and officer's liability insurance coverage; participation in other short- and long-term incentive, savings and retirement plans applicable generally to our senior executives; and medical and other group welfare plan coverage and fringe benefits provided to our senior executives. The employment agreements in effect in 2007 expired on December 31, 2007 and the new employment agreements became effective as of January 1, 2008. Each of the new employment agreements is subject to automatic one-year renewals at the end of its initial term (December 31, 2008), unless either party provides at least four months' notice of non-renewal of the applicable employment agreement.

The employment agreements provide for:

An annual base salary for 2007 of \$700,000 for Mr. Bennett, \$350,000 for Mr. Kimichik (\$375,000 for 2008), \$550,000 for Mr. Kessler, \$375,000 for Mr. Brooks and \$275,000 for Mr. Nunneley, subject to annual adjustments;

Eligibility for annual cash performance bonuses under our incentive bonus plans;

Director's and officer's liability insurance coverage;

Participation in other short- and long-term incentive, savings and retirement plans applicable generally to our senior executives; and

Medical and other group welfare plan coverage and fringe benefits provided to our senior executives.

In addition to the salary listed above, Mr. Kimichik's new employment agreement provides for a one-time salary adjustment payment of \$13,468, payable by the company to Mr. Kimichik on March 21, 2008.

Mr. Bennett's targeted annual bonus range is 75% to 125% of his base salary. Mr. Kimichik's targeted annual bonus range is 30% to 90% of his base salary. Mr. Kessler's targeted annual bonus range is 50% to 100% of his base

Table of Contents

salary. Mr. Brooks' targeted annual bonus range is 30% to 90% of his base salary. Mr. Nunneley's targeted annual bonus range is 20% to 60% of his base salary. These targeted annual bonus ranges for our named executive officers remain unchanged from 2006.

In addition to the employment agreements described above, we entered into a new non-compete agreement with Mr. Archie Bennett, Jr. in March 2008, effective retroactively to January 1, 2008. The non-compete agreement provides for Mr. Bennett to serve as our non-executive chairman. The non-compete agreement has an initial term ending December 31, 2008 and is subject to automatic one-year extensions thereafter, in each case, unless either party provides at least four months' notice of non-renewal. Mr. Bennett's non-compete agreement allows him to continue to act as chairman of Remington Hotel and the Remington Managers provided his duties for Remington Hotel and the Remington Managers do not materially interfere with his duties to us. The non-compete agreement currently provides for, among other provisions:

An annual director's fee of \$300,000, of which \$25,000 may be paid in the form of shares of our common stock, at the discretion of our compensation committee;

Director's and officer's liability insurance coverage;

Participation in other short- and long-term incentive, savings and retirement plans, in the discretion of our compensation committee; and

Medical and other group welfare plan coverage and fringe benefits, in the discretion of our compensation committee.

The stock awards granted to each of the named executive officers and our chairman were all granted under the company's Amended and Restated 2003 Stock Incentive Plan and are all subject to time-based vesting requirements. Dividends will be paid on all unvested shares at the same rate as dividends payable with respect to all outstanding shares of common stock, with no preference to shares issued under our stock plan.

The company places heavier emphasis on our variable pay components of annual bonuses and restricted stock awards than on salary. Typically, the amount of salary paid to each named executive officer represents approximately 20% to 30% of our named executive officers' total compensation packages. While the compensation committee seeks to provide a competitive base salary and bonus structure, it believes that the majority of each named executive officer's total compensation should be paid in the form of equity grants vesting over a period of years, to help ensure alignment of the executive's interest to that of our stockholders as well as longevity of the officer. As such, the value of equity grants typically represents over 75% of the incentive pay components, which excludes base salary.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Number of Shares of Stock That Had Not Vested at December 31, 2007	Market Value of Shares of Stock That Had Not Vested at December 31, 2007
Montgomery J. Bennett	36,500 ⁽¹⁾	\$ 262,435
	120,000 ⁽²⁾	862,800
	215,000 ⁽³⁾	1,545,850
	371,500	\$ 2,671,085
David J. Kimichik	13,666 ⁽¹⁾	\$ 98,259
	46,667 ⁽²⁾	335,536
	80,000 ⁽³⁾	575,200
	140,333	\$ 1,008,994
Douglas A. Kessler	30,134 ⁽¹⁾	\$ 216,663
	100,000 ⁽²⁾	719,000
	180,000 ⁽³⁾	1,294,200
	310,134	\$ 2,229,863
David A. Brooks	13,666 ⁽¹⁾	\$ 98,259
	46,667 ⁽²⁾	335,536
	87,500 ⁽³⁾	629,125
	147,833	\$ 1,062,919
Mark L. Nunneley	5,500 ⁽¹⁾	\$ 39,545
	20,000 ⁽²⁾	143,800
	50,000 ⁽³⁾	359,500
	75,500	\$ 542,845
Archie Bennett, Jr.	18,666 ⁽¹⁾	\$ 134,209
	53,333 ⁽²⁾	383,464
	100,000 ⁽³⁾	719,000
	171,999	\$ 1,236,673

- (1) These shares were originally granted on March 24, 2005 with a vesting term of three years. The shares became fully vested on March 24, 2008.
- (2) These shares were originally granted on March 28, 2006 with a vesting term of three years. One-third of the shares vested on each of March 28, 2007 and 2008; and the remainder will vest on March 28, 2009.
- (3) These shares were granted on March 27, 2007 with a vesting term of four years. One-fourth of the shares vested on March 27, 2008; one-fourth of the shares will vest on each of March 27, 2009, 2010 and 2011.

Table of Contents**STOCK VESTED DURING 2007**

Name	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting
Montgomery J. Bennett	104,700	\$ 1,276,622
David J. Kimichik	39,366	\$ 479,912
Douglas A. Kessler	84,133	\$ 1,026,000
David A. Brooks	39,366	\$ 479,912
Mark L. Nunneley	16,666	\$ 203,060
Archie Bennett, Jr.	48,834	\$ 596,153

POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE OF CONTROL**Executive Officers**

Under the terms of their respective employment agreements, each of our named executive officers is entitled to receive certain severance benefits after termination of employment. The amount and nature of these benefits vary depending on the circumstances under which employment terminates. The employment agreements provide for certain specified benefits during the entire term of the employment agreement.

Each of the employment agreements of our named executive officers provides that, if the executive's employment is terminated as a result of death or disability of the executive; by us without cause (including non-renewal of the agreement by us); by the executive for good reason; or after a change of control (each as defined in the applicable employment agreement), the executive will be entitled to accrued and unpaid salary to the date of such termination and any unpaid incentive bonus from the prior year plus the following severance payments and benefits, subject to his execution and non-revocation of a general release of claims:

a lump-sum cash severance payment (more fully described below);

pro-rated payment of the incentive bonus for the year of termination, payable at the time incentive bonuses are paid to the remaining senior executives for the year in which the termination occurs;

all restricted equity securities held by such executive will become fully vested; and

health, life and disability benefits for 18 months following the executive's termination of employment at the same cost to the executive as in effect immediately preceding such termination, subject to reduction to the extent that the executive receives comparable benefits from a subsequent employer, payable by the company over the period of coverage.

The lump sum severance payment payable upon termination of an executive's employment agreement in any of the circumstances described above is calculated as the sum of such executive's then-current annual base salary plus his average bonus over the prior three years, multiplied by a severance multiplier. The severance multiplier is:

one for all executives in the event of termination as a result of death or disability of the executive and termination by us without cause (including non-renewal of the agreement);

two for all executives other than Mr. Montgomery Bennett and three for Mr. Montgomery Bennett in the event of termination by the executive for good reason;

two for Messrs. Kimichik, Brooks and Nunneley and three for Messrs. Montgomery Bennett and Kessler in the event of termination following a change in control.

If an executive's employment is terminated by the executive officer without good reason (as defined in the applicable employment agreement), the executive will be entitled to accrued and unpaid salary to the date of such termination and any unpaid incentive bonus from the prior year. Additionally, the employment agreements for each of the executives includes non-compete provisions, and in the event the executive elects to end his employment with

Table of Contents

us without good reason, in exchange for the executive honoring his non-compete provisions, he will be entitled to the following additional payments:

health benefits for the duration of the executive's non-compete period following the executive's termination of employment at the same cost to the executive as in effect immediately preceding such termination, subject to reduction to the extent that the executive receives comparable benefits from a subsequent employer; except that Mr. Montgomery Bennett is not entitled to this benefit; and

a non-compete payment equal to the sum of his then-current annual base salary plus average bonus over the prior three years, paid equally over the twelve-month period immediately following the executive's termination.

If any named executive officer's employment agreement is terminated by the company for cause, the executive will be entitled solely to any accrued and unpaid salary to the date of such termination and any unpaid incentive bonus from the prior year.

In addition, if the severance payment to any executive is deemed to be a golden parachute payment under § 280G of the Internal Revenue Code of 1986, as amended, then such executive would also be entitled to a tax gross-up payment to cover his excise tax liability under § 280G. As of December 31, 2007, each of Messrs. Montgomery Bennett, Kessler and Nunneley would have owed excise tax as shown in the tables beginning on page 31.

Each of the employment agreements also contain standard confidentiality, non-compete, non-solicitation and non-interference provisions. The confidentiality and non-interference provisions apply during the term of the employment agreement and for anytime thereafter. The non-solicitation provisions apply during the term of the agreement, and for a period of one year following the termination of the executive. The non-compete provisions of Messrs. Kimichik, Kessler, Brooks and Nunneley apply during the term of the employment agreements and for a period of one year thereafter if the executive's employment is terminated as a result of disability, by the executive without good reason, or at the election of the executive not to renew the agreement. However, if the executive is removed for any other reason, including, without limitation, as a result of a change in control, a termination by the executive for good reason, or a termination by the company for cause or without cause (including non-renewal by the company), the non-compete provisions end on the date of the executive's termination.

The non-compete provisions of Mr. Montgomery Bennett's employment agreement apply during the term of his agreement, and if Mr. Montgomery Bennett resigns without cause, for a period of one year thereafter, or if Mr. Montgomery Bennett is removed for cause, for a period of 18 months thereafter. In the case of Mr. Montgomery Bennett's resignation without cause, in consideration for his non-compete, Mr. Montgomery Bennett will receive a cash payment, to be paid in equal monthly installments during his one-year non-compete period, equal to the sum of his then-current annual base salary plus average bonus over the prior three years. Mr. Montgomery Bennett's non-compete period will terminate if Remington Lodging, terminates our exclusivity rights under the mutual exclusivity agreement between Remington Lodging and us.

Chairman of our Board

Under the terms of our chairman's non-compete agreement, Mr. Archie Bennett is entitled to receive certain severance benefits upon the termination of his position as our chairman. The amount and nature of these benefits vary depending on the circumstances under which his directorship terminates, but are similar to the benefits received by our executive officers, and accordingly, are included in the tables below.

Mr. Archie Bennett's non-compete agreement provides that, if his service as a director is terminated by him for good reason or after a change of control (each as defined in the Mr. Archie Bennett's non-compete agreement), he will be

entitled to accrued and unpaid director fees to the date of such termination plus the following severance payments and benefits, subject to his execution and non-revocation of a general release of claims:

a lump-sum cash severance payment equal to two times his then-current director's fee; and

all restricted equity securities held by Mr. Archie Bennett will become fully vested.

Table of Contents

If Mr. Archie Bennett is asked to resign his directorship by us without cause, or if Mr. Archie Bennett is not re-nominated and re-elected to serve as our chairman, then he will receive each of the benefits above except that his lump sum cash severance payment will be equal to one times the sum of his then-current director's fee. Mr. Archie Bennett's non-compete agreement also provides that he or his estate will be entitled to receive these same severance benefits in the event of his death or disability.

If Mr. Archie Bennett decides to discontinue his service to us without good reason (as defined in the non-compete agreement), including an election by him not to renew his non-compete agreement, he will be entitled to receive any accrued and unpaid fees and expenses through the date of such termination and in exchange for Mr. Archie Bennett honoring the non-compete provisions of his agreement (discussed below) a cash severance payment equal to his annual director fees for one year, paid in twelve equal monthly installments over the year following such termination.

If Mr. Archie Bennett's services are terminated by the company for cause (as defined in the non-compete agreement), the executive will be entitled solely to any accrued and unpaid director's fees and expenses up to the date of such termination.

In addition, if the severance payment to Mr. Archie Bennett is deemed to be a golden parachute payment under § 280G of the Internal Revenue Code of 1986, as amended, then he would also be entitled to a tax gross-up payment to cover his excise tax liability under § 280G. As of December 31, 2007, Mr. Archie Bennett would not have owed excise tax.

Mr. Archie Bennett's non-compete agreement contains standard confidentiality, non-compete, non-solicitation and non-interference provisions. The confidentiality provisions apply during the term of the non-compete agreement and any time thereafter. The non-compete provisions apply only during the term of his non-compete agreement if Mr. Archie Bennett terminates his service as a director as a result of a change in control or for good reason; however, if Mr. Archie Bennett's service as a director is terminated as a result of disability, by Mr. Archie Bennett without good reason or by us for cause, the non-compete and non-solicitation provisions apply for a period of one year after termination. In the case of Mr. Archie Bennett's resignation without good reason, in consideration for his non-compete, Mr. Archie Bennett will receive a cash payment, to be paid in equal monthly installments during the one-year non-compete period, equal to his then-current annual director's fee. Mr. Archie Bennett's non-compete period will terminate if Remington Lodging terminates our exclusivity rights under the mutual exclusivity agreement between Remington Lodging and us.

Table of Contents**Summary of Potential Payments upon Termination**

The tables below reflect the amount of compensation payable to the chairman of our board and each named executive officer upon termination of employment or following a change of control, assuming that such termination was effective as of December 31, 2007 and the employment agreements that become effective January 1, 2008 were in effect on December 31, 2007.

Name	Death or Disability of the Executive or by Company without Cause, Including Non-Renewal by Company	Termination Scenarios		
		By the Executive with Good Reason	Following a Change of Control	By Executive without Good Reason, Including Non-Renewal by Executive
Montgomery J. Bennett				
Severance Payment	\$ 1,360,625	\$ 4,081,875	\$ 4,081,875	
Pro-Rated Bonus	585,000	585,000	585,000	\$ 585,000
Acceleration of Unvested Equity Awards	2,671,085	2,671,085	2,671,085	
Non-Compete Payment				1,360,625
Tax Gross-up Payment ⁽¹⁾			1,458,646	
Other Benefits	17,602	17,602	17,602	
Total	\$ 4,634,312	\$ 7,355,562	\$ 8,814,208	1,945,625
David J. Kimichik				
Severance Payment	\$ 591,633	\$ 1,183,267	\$ 1,183,267	
Pro-Rated Bonus	202,500	202,500	202,500	\$ 202,500
Acceleration of Unvested Equity Awards	1,008,994	1,008,994	1,008,994	
Non-Compete Payment				591,633
Other Benefits	15,790	15,790	15,790	10,527
Total	\$ 1,818,918	\$ 2,410,551	\$ 2,410,551	\$ 804,660
Douglas A. Kessler				
Severance Payment	\$ 981,667	\$ 1,963,333	\$ 2,945,000	
Pro-Rated Bonus	385,000	385,000	385,000	\$ 385,000
Acceleration of Unvested Equity Awards	2,229,863	2,229,863	2,229,863	
Non-Compete Payment				981,667
Tax Gross-up Payment ⁽¹⁾			1,149,485	
Other Benefits	33,516	33,516	33,516	22,344
Total	\$ 3,630,046	\$ 4,611,713	\$ 6,742,864	\$ 1,389,011

David A. Brooks						
Severance Payment	\$	654,967	\$	1,309,933	\$	1,309,933
Pro-Rated Bonus		290,000		290,000	\$	290,000
Acceleration of Unvested Equity Awards		1,062,919		1,062,919		1,062,919
Non-Compete Payment						654,967
Other Benefits		29,246		29,246		19,497
Total	\$	2,037,132	\$	2,692,099	\$	2,692,099
Mark L. Nunneley						
Severance Payment	\$	427,967	\$	855,933	\$	855,933
Pro-Rated Bonus		150,000		150,000	\$	150,000
Acceleration of Unvested Equity Awards		542,845		542,845		542,845
Non-Compete Payment						427,967
Tax Gross-up Payment ⁽¹⁾						337,997
Other Benefits		26,318		26,318		17,545
Total	\$	1,147,130	\$	1,575,096	\$	1,913,093
Archie Bennett, Jr.						
Severance Payment	\$	300,000	\$	600,000	\$	600,000
Acceleration of Unvested Equity Awards		1,236,673		1,236,673		1,236,673
Non-Compete Payment					\$	300,000
Total	\$	1,536,673	\$	1,836,673	\$	1,836,673

(1) A tax gross-up payment will be due only if the executive's employment is terminated within one year following a change of control. The amount included in the table is an estimated amount for each executive entitled to such a gross-up payment, assuming that termination occurs following a change in control; and no specific value has been allocated for the non-compete and non-solicitation covenants included in the executive officer's employment agreement.

Table of Contents

AUDIT COMMITTEE

Our audit committee is governed by a written charter adopted by our board of directors and is composed of three independent directors, each of whom has been determined by our board of directors to be independent in accordance with the rules of the NYSE.

The following is our audit committee's report in its role as the overseer of the integrity of our financial statements, the financial reporting process, our independent auditor's performance, including their qualification and independence, and our compliance with legal and regulatory requirements. In carrying out its oversight responsibilities, our audit committee is not providing any expert or special assurance as to our financial statements or any professional certification as to the outside auditor's work. This report shall not be deemed to be soliciting material or to be filed with the SEC under the Securities Act of 1933 or the Securities Exchange Act of 1934 or incorporated by reference in any document so filed.

AUDIT COMMITTEE REPORT

The audit committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. The audit committee meetings include, whenever appropriate, executive sessions with the independent auditors and with Ashford's internal auditors, in each case without the presence of management.

The audit committee has reviewed and discussed the consolidated financial statements with management and Ernst & Young LLP, Ashford's independent registered public accounting firm. Management is responsible for the preparation, presentation and integrity of Ashford's consolidated financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Ernst & Young LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States, as well as expressing an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

During the course of the year, management completed the documentation, testing and evaluation of Ashford's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The audit committee was kept apprised of the progress of the evaluation and provided oversight and advise to management during the process. In connection with this oversight, the audit committee received periodic updates provided by management and Ernst & Young LLP at each regularly scheduled audit committee meeting. At the conclusion of the process, management provided the audit committee with, and the audit committee reviewed a report on, the effectiveness of Ashford's internal control over financial reporting. The audit committee also reviewed the report of management contained in Ashford's annual report on Form 10-K for the fiscal year ended December 31, 2007 filed with the SEC, as well as Ernst & Young LLP's Report of Independent Registered Public Accounting Firm included in Ashford's annual report on Form 10-K for the fiscal year ended December 31, 2007 related to its audit of (i) the consolidated financial statements, (ii) management's assessment of the effectiveness of internal control over financial reporting and (iii) the effectiveness of internal control over financial reporting. The audit committee continues to oversee Ashford's efforts related to its internal control over financial reporting and management's preparation for the evaluation in fiscal 2008.

The audit committee has discussed with Ernst & Young LLP the matters required to be discussed with the independent auditors pursuant to Statement on Auditing Standards No. 61, as amended (Communication with the Audit Committees), including the quality of Ashford's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The audit committee also discussed with Ernst & Young LLP matters relating to its independence, including review of audit and non-audit fees and the written disclosures and letter from Ernst & Young LLP to the audit committee pursuant to Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees).

Table of Contents

Taking all of these reviews and discussions into account, the undersigned audit committee members recommended to the board of directors that the board approve the inclusion of Ashford's audited financial statements in Ashford's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Philip S. Payne, Chairman

W.D. Minami

W. Michael Murphy

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

For purposes of this proxy statement a beneficial owner means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares:

- (i) *Voting power* which includes the power to vote, or to direct the voting of, any class of our voting securities; and/or
- (ii) *Investment power* which includes the power to dispose, or to direct the disposition of, any class of our voting securities.

Security Ownership of Management

Listed in the following table and the notes thereto is certain information with respect to the beneficial ownership of our common stock as of March 17, 2008, by (i) each of our directors, (ii) each of our executive officers and (iii) all of our directors and executive officers as a group. No directors or executive officers own any shares of Series B-1 Preferred Stock.

Name of Stockholder	Number of Shares Beneficially Owned⁽¹⁾	Percent of Class⁽²⁾
Archie Bennett, Jr.	4,730,442	4.0%
Montgomery J. Bennett	4,567,082	3.8%
Martin Edelman	113,111	*
Charles P. Toppino	30,500	*
Philip S. Payne	20,400	*
W.D. Minami	22,200	*
W. Michael Murphy	22,400	*
David Kimichik	306,343	*
Douglas Kessler	509,584	*
David A. Brooks	497,269	*
Mark L. Nunneley	222,771	*
All executive officers and directors as a group (11 persons)	11,042,102	8.7%

* Denotes less than 1.0%.

- (1) Assumes that all units of our operating partnership held by such person or group of persons are redeemed for common stock (regardless of when such units are redeemable) and includes all restricted stock grants made since our initial public offering through March 17, 2008. All such stock grants vest in equal annual installments over a three or four year period commencing on the date of their issuance.
- (2) The total number of shares outstanding used in calculating the percentage assumes that none of the operating partnership units held by other persons are redeemed for common stock.

Table of Contents**Security Ownership of Certain Beneficial Owners**

Listed in the following table and the notes thereto is certain information with respect to the beneficial ownership of our common stock and our Series B-1 Preferred Stock as of March 17, 2008, by the persons known to Ashford to be the beneficial owners of five percent or more of either our common stock or our Series B-1 Preferred Stock, by virtue of the filing of Schedule 13D or Schedule 13G with the Securities and Exchange Commission. To our knowledge, other than as set forth in the table below, there are no persons owning more than five percent of any class of Ashford's voting securities. Unless otherwise indicated, all shares are owned directly and the indicated person has sole voting and investment power.

Title of Securities	Name of Stockholder	Number of Shares Beneficially Owned	Percent of Class⁽¹⁾
Common Stock	AXA Assurances I.A.R.D. Mutuelle	8,307,397 ⁽²⁾	6.9%
Common Stock	The Vanguard Group, Inc.	7,276,869 ⁽³⁾	6.1%
Common Stock	Security Capital Research & Management Inc.	6,494,200 ⁽⁴⁾	5.4%
Common Stock	RREEF America, L.L.C.	6,319,550 ⁽⁵⁾	5.3%
Series B-1 Preferred Stock	Security Capital Secured Growth Incorporated	7,447,865	100%

(1) The total number of shares of common stock outstanding used in calculating the percentage assumes that none of the operating partnership units held by other persons are redeemed for common stock.

(2) Based on information provided by AXA Assurances I.A.R.D. Mutuelle in Schedule 13G filed with the Securities and Exchange Commission on February 14, 2008. AXA Assurances I.A.R.D. Mutuelle's address is 1290 Avenue of the Americas, New York, New York 10104.

(3) Based on information provided by The Vanguard Group, Inc. in Schedule 13G filed with the Securities and Exchange Commission on February 12, 2008. The Vanguard Group, Inc.'s address is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

(4) Based on information provided by Security Capital Research and Management Inc. in Schedule 13G filed with the Securities and Exchange Commission on February 15, 2008. Security Capital Research and Management Inc.'s address is 10 South Dearborn Street, Suite 1400, Chicago, Illinois 60603.

(5) Based on information provided by RREEF America, L.L.C. in Schedule 13G filed with the Securities and Exchange Commission on January 31, 2008. RREEF America, L.L.C.'s address is Theodor Heuss Allee 70, 60468 Frankfurt am Main, Federal Republic of Germany.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

To our knowledge, based solely on review of the copies of such reports furnished to us and written representations that no other reports were required, during the year ended December 31, 2007, all of our directors, executive officers and beneficial owners of more than ten percent of our common stock were in compliance with the Section 16(a) filing requirements.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our operating partnership entered into a master management agreement with Remington Lodging & Hospitality, L.P., subject to certain independent director approvals, pursuant to which Remington Lodging, or its affiliate Remington Management LP (together referred to as the Remington Managers), operates and manages a significant number of our hotels. The Remington Managers are affiliates of Remington Hotel Corporation, and each such entity is are beneficially owned 100% by Messrs. Archie and Montgomery Bennett. The fees due to the Remington Manager under the management agreements include management fees, project and purchase management fees and other fees. The actual amount of management fees for the properties managed by the Remington Managers for the 12 months ended December 31, 2007, was equal to approximately \$13.1 million. The actual amount of project and purchase management fees for the same period was approximately \$9.0 million.

Further, we and our operating partnership entered into a mutual exclusivity agreement with Remington Lodging and Remington Hotel and Messrs. Archie and Montgomery Bennett, pursuant to which we have a first right of refusal to purchase lodging investments identified by them. We also agreed to hire Remington Lodging or its

Table of Contents

affiliates for the management or construction of any hotel which is part of an investment we elect to pursue, unless either all of our independent directors elect not to do so or a majority of our independent directors elect not to do so based on a determination that special circumstances exist or that another manager or developer could perform materially better than Remington Lodging or one of its affiliates.

In connection with the consummation of our initial public offering, we acquired eight asset management and consulting agreements between Ashford Financial Corporation and eight hotel management companies in consideration of 1,025,000 units of limited partnership interest in Ashford Hospitality Limited Partnership. Under these eight agreements, Ashford Financial Corporation provided asset management and consulting services to 27 hotels managed under contract with the eight management companies. We now hold Ashford Financial Corporation's interest under the contributed agreements. Each of the eight management companies is either a wholly owned subsidiary of Remington Hotel Corporation, which is owned 100% by Messrs. Archie and Montgomery Bennett, or is 100% owned by one or both of the Bennetts. Messrs. Archie and Montgomery Bennett also own 100% of Ashford Financial Corporation. Pursuant to a written guaranty agreement executed by Ashford Financial Corporation for our benefit, Ashford Financial Corporation guaranteed that we will be paid a minimum of \$1.2 million per year for five years from our initial public offering, in consulting fees under all of the asset management and consulting agreements, for a total guarantee of \$6.0 million. The minimum guaranteed amount will be subject to annual adjustments based on the consumer price index. All of the 27 hotel properties for which we previously provided the asset management and consulting services have been sold, including our acquisition of 21 of the hotel properties in March 2005. In connection with the sale of these properties, the asset management and consulting agreements for these properties have been terminated, and we will no longer receive any fees under the terminated agreements. However, pursuant to the written guaranty agreement executed in connection with our initial public offering, Ashford Financial Corporation will continue to guarantee a minimum fee of approximately \$1.2 million per year through December 31, 2008. We were paid approximately \$1.3 million in 2007 under the Ashford Financial Corporation guaranty, adjusted based on the consumer price index. We expect to continue to receive the guaranteed minimum amount from Ashford Financial Corporation through December 31, 2008.

Remington Hotels LP, which is owned 100% by Messrs. Archie and Montgomery Bennett, pays for certain corporate general and administrative expenses on our behalf, including rent, payroll, office supplies and travel. Such charges are allocated to us based on various methodologies, including headcount, office space, usage and actual amounts incurred. For the year ended December 31, 2007, such costs were approximately \$3.2 million, which were reimbursed by us monthly.

Additionally, pursuant to an agreement for certain hotel acquisition and disposition advisory services between us and Eastdil Secured, LLC, a company of which Mr. Toppino was, at the time, a Senior Managing Director, we paid Eastdil Secured a \$1,125,000 success fee when we completed our acquisition of a 51-hotel portfolio from CNL in April 2007.

Because we could be subject to various conflicts of interest arising from our relationship with Remington Hotel Corporation and other parties, to mitigate any potential conflicts of interest, our charter contains a requirement that any transaction or agreement involving us, our wholly-owned subsidiaries or our operating partnership and a director or officer of an affiliate of any director or officer will require the approval of a majority of the disinterested directors. Additionally, our board of directors has adopted a policy that requires all management decisions related to the management agreements with the Remington Managers to be approved by a majority of the independent directors, except as specifically provided otherwise in the management agreement. Further, our board of directors has also adopted our Code of Business Ethics and Conduct, which includes a policy for review of transactions involving related persons, and other potential conflicts of interest. Pursuant to the Code of Business Ethics and Conduct, non-officer employees must report any actual or potential conflict of interest involving themselves or others to their supervisor, our chief legal officer or our chief governance officer. Officers must make such report to our chief legal officer, our chief governance officer or to the chairman of our nominating/corporate governance committee. Directors

must make such report to the chairman of our nominating/corporate governance committee.

Table of Contents

**PROPOSAL NUMBER TWO RATIFICATION OF THE APPOINTMENT OF
ERNST & YOUNG LLP AS OUR INDEPENDENT AUDITORS**

We are asking our stockholders to ratify our audit committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008. Ernst & Young LLP has audited our financial statements since we commenced operations in 2003. Stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm is not required by our bylaws or otherwise. However, our board of directors is submitting the selection of Ernst & Young LLP to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in the best interests of us and our stockholders.

Our audit committee is responsible for appointing, setting compensation, retaining and overseeing the work of our independent registered public accounting firm. Our audit committee pre-approves all audit and non-audit services provided to us by our independent registered public accounting firm. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. The audit committee has delegated pre-approval authority to its chairperson when expedition of services is necessary. The independent registered public accounting firm and management are required to periodically report to the full audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The audit committee approved all fees paid to Ernst & Young LLP during the past two years with no reliance placed on the de minimis exception established by the SEC for approving such services.

Services provided by Ernst & Young LLP during 2007 included the audits of (i) our annual financial statements and the financial statements of our subsidiaries, (ii) management's assessment of the effectiveness of internal control over financial reporting, and (iii) the effectiveness of internal control over financial reporting. Services also included the limited review of unaudited quarterly financial information; review and consultation regarding filings with the SEC and the Internal Revenue Service; assistance with management's evaluation of internal accounting controls; and consultation on financial and tax accounting and reporting matters. During the years ended December 31, 2007 and 2006, fees incurred related to our principal accountants, Ernst & Young LLP, consisted of the following:

	Year Ended December 31,	
	2007	2006
Audit Fees	\$ 1,695,000	\$ 1,274,300
Audit-Related Fees	502,356	172,820
Tax Fees	619,212	134,166
All Other Fees		
Total	\$ 2,816,568	\$ 1,581,286

Our audit committee has considered all fees provided by the independent auditors to us and concluded this involvement is compatible with maintaining the auditors' independence.

Representatives of Ernst & Young LLP will be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions.

The board of directors recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2008.

Table of Contents

**PROPOSAL NUMBER THREE AMENDMENT
TO THE AMENDED AND RESTATED 2003 STOCK INCENTIVE PLAN**

General

Our board of directors proposes and recommends that stockholders approve amendments to the Amended and Restated 2003 Stock Incentive Plan (a) increasing the number of shares of common stock that may be issued under the Plan by 3,750,000 and (b) eliminating the current limitation on the maximum number of shares of common stock that can be issued under the plan to any one participant in any one calendar year. The affirmative vote of a majority of the holders of shares of our common stock and Series B-1 Preferred Stock, voting together as a single class, cast on the proposal will be required for approval.

Description of the Proposed Amendments to the Amended and Restated 2003 Stock Incentive Plan

Increase in Number of Shares. Under the 2003 Stock Incentive Plan, as adopted by stockholders in 2003, 1,531,681 shares of common stock were originally reserved for issuance under the plan. In 2005, the stockholders approved an amendment to the plan to reserve an additional 2,485,436 shares for issuance under the plan. As of December 31, 2007, 1,385,289 shares remained available for issuance under the plan; however, the board issued 1,121,070 equity securities in March 2008 and 16,353 shares were returned to the plan through forfeitures during the first quarter of 2008. As a result of these transactions, only 280,572 shares remain available for issuance under the plan as of the date of this proxy statement. Our board of directors believes that the proposed increase of 3,750,000 shares available for issuance under the plan is important to our continued success in attracting, motivating and retaining qualified directors, officers and employees with appropriate experience and ability, and to increase the grantee's alignment of interest with stockholders.

Elimination of Maximum Per Participant Per Calendar Year. Our plan currently provides that we can issue no more than 450,000 shares of our common stock to any one participant in any one calendar year. A limitation such as this one is typically required in the context of obtaining an exception from Section 162(m) of the Internal Revenue Code of 1986 with respect to performance-based compensation. Because we are a REIT that pays our employee compensation through our operating partner, and the IRS has previously issued a private letter ruling that held that Section 162(m) does not apply to compensation paid to employees of a REIT's operating partnership, our compensation committee does not believe that it is necessary to meet the requirements of the performance-based compensation exception to Section 162(m). Given this position and the fact that we do not currently have any compensation which we are seeking to qualify for the performance-based exemption under Section 162(m), it is not necessary to have an annual limitation on the maximum number of shares any one participant can receive in any one calendar year. Additionally, elimination of this annual maximum will provide the compensation committee greater flexibility in structuring executive compensation packages that align the interests of our directors, officers and employees with those of our stockholders.

Eligibility

Under our stock incentive plan, we may grant awards to employees, consultants and non-employee directors of the company or its affiliates. While we may grant incentive stock options only to employees of the company or its affiliates, we may grant nonqualified stock options, bonus stock, stock appreciation rights, stock awards and performance awards to any eligible participant. As of March 17, 2008, we had a total of 68 employees and five non-employee directors and our affiliates had a total of approximately 135 employees, all of whom are eligible to participate in the Plan.

The board of directors recommends a vote FOR approval of the amendments to the Amended and Restated 2003 Stock Incentive Plan.

Table of Contents

STOCKHOLDER PROPOSALS

The proxies intend to exercise their discretionary authority to vote on any stockholder proposals submitted at the 2008 annual meeting as permitted by Rule 14a-4(c) promulgated under the Securities Exchange Act of 1934, as amended. Any stockholder proposal to be presented at the 2009 annual meeting of stockholders must have been received at our principal office to the attention of Investor Relations at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254 no earlier than December 8, 2008 and no later than January 7, 2009 in order to be included in the proxy statement and form of proxy for such meeting. As to any proposal that a stockholder intends to present to stockholders other than by inclusion in our proxy statement for the 2009 annual meeting of stockholders, the proxies named in management's proxy for that annual meeting of stockholders will be entitled to exercise their discretionary authority on that proposal unless we receive notice of the matter to be proposed not later than February 21, 2009. Even if the proper notice is received on or prior to February 21, 2009, the proxies named in management's proxy for that annual meeting of stockholders may nevertheless exercise their discretionary authority with respect to such matter by advising stockholders of such proposal and how they intend to exercise their discretion to vote on such matter, unless the stockholder making the proposal solicits proxies with respect to the proposal to the extent required by Rule 14a-4(c)(2) under the Securities Exchange Act of 1934, as amended.

ADDITIONAL INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC at 450 Fifth Street NW, Washington, DC 20549. You may read and copy any reports, statements or other information we file at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at (800) SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from commercial document retrieval services and on the website maintained by the SEC at www.sec.gov. We make available on our website at www.ahtreit.com, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, press releases, charters for the committees of our board of directors, our Board of Directors Guidelines, our Code of Business Conduct and Ethics, our Financial Officer Code of Conduct and other company information, including amendments to such documents as soon as reasonably practicable after such materials are electronically filed or furnished to the SEC or otherwise publicly released. Such information will also be furnished upon written request to Ashford Hospitality Trust, Inc., Attention: Investor Relations, 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254 or by calling (972) 490-9600.

The SEC allows us to incorporate by reference information into this proxy statement. That means we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this proxy statement, except to the extent that the information is superseded by information in this proxy statement.

This proxy statement incorporates by reference the information contained in our Annual Report on Form 10-K for the year ended December 31, 2007. We also incorporate by reference the information contained in all other documents we file with the SEC after the date of this proxy statement and prior to the annual meeting. The information contained in any of these documents will be considered part of this proxy statement from the date these documents are filed.

Any statement contained in this proxy statement or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this proxy statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement.

Table of Contents

You should rely only on the information contained in (or incorporated by reference into) this proxy statement to vote on each of the proposals submitted for stockholder vote. We have not authorized anyone to provide you with information that is different from what is contained in (or incorporated by reference into) this proxy statement. This proxy statement is dated April 7, 2008. You should not assume that the information contained in this proxy statement is accurate as of any later.

By order of the board of directors,

David A. Brooks
Secretary

April 7, 2008

Table of Contents

Admission Ticket

Electronic Voting Instructions

You can vote by Internet or telephone!

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Central Time, on May 12, 2008.

Vote by Internet

Log on to the Internet and go to

www.investorvote.com/AHT

Follow the steps outlined on the secured website.

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

x

Annual Meeting Proxy Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.

1. Election of Directors

	For	Withhold		For	Withhold		For	Withhold
01 - Archie Bennett, Jr.	[]	[]	02 - Montgomery J. Bennett	[]	[]	03 - Martin L. Edelman	[]	[]
	For	Withhold		For	Withhold		For	Withhold
04 - W.D. Minami	[]	[]	05 - W. Michael Murphy	[]	[]	06 - Phillip S. Payne	[]	[]
	For	Withhold						
07 - Charles P. Toppino	[]	[]						

2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

	For	Against	Abstain
	[]	[]	[]

3. To approve amendments to the company's Amended and Restated 2003 Stock Incentive Plan that will (a) increase the number of shares of common stock reserved for issuance under the plan by 3,750,000 shares and (b) eliminate the current limitation on the maximum number of shares of common stock that can be issued under the plan to any one participant

	[]	[]	[]
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in any one calendar year.

4. In the discretion of such proxies, upon such other business as may properly come before the annual meeting or any adjournment of the meeting, including any matter of which we did not receive timely notice as provided by Rule 14a-4c promulgated under the Securities Exchange Act of 1934, as amended.

B Non-Voting Items

Change of Address Please print your new address below. **Comments** Please print your comments below.

C Authorized Signatures **This section must be completed for your vote to be counted.** **Date and Sign Below**
NOTE: If voting by mail, please sign exactly as your name(s) appear on the above. If more than one name appears, all persons so designated should sign. When signing in a representative capacity, please give your full title.

mm/dd/yyyy) - Please print date below. Signature 1 - Please keep signature within the box Signature 2 - Please keep signature within the box

Table of Contents

Dear Stockholder:

Stockholders of Ashford Hospitality Trust can take advantage of several services available through our transfer agent, Computershare Trust Company, N.A. These services include:

Direct Deposit of Dividends:

To receive your dividend payments via direct deposit, please mail a copy of your voided check, along with your request to Computershare at the address referenced below.

Internet Account Access

Stockholders may now access their accounts on-line at www.computershare.com

Among the services offered through Account Access, certificate histories can be viewed, address changes requested and tax identification numbers certified.

Transfer Agent Contact Information

Computershare Trust Company, N.A. P.O. Box 43069	Telephone Inside the USA: (877) 282-1168 Telephone Outside the USA: (781) 575-2723
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Providence, RI
02940-3069

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy Ashford Hospitality Trust, Inc.

**14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254**

THIS PROXY IS SOLICITED BY AND ON BEHALF OF THE BOARD OF DIRECTORS

Proxy for Annual Meeting of Stockholders to be held May 13, 2008

The undersigned, a stockholder of Ashford Hospitality Trust, Inc., a Maryland Corporation, hereby appoints David A. Brooks and David J. Kimichik, as proxies, each with the power of substitution to vote the shares of common stock, which the undersigned would be entitled to vote if personally present at the annual meeting of stockholders to be held at 10:00 a.m., Dallas time, on May 13, 2008 at the Hilton Dallas Lincoln Centre, 5410 LBJ Freeway, Dallas, Texas and at any adjournment of the meeting. I hereby acknowledge receipt of the notice of annual meeting and proxy statement.

This proxy when properly completed and returned, will be voted in the manner directed herein by the undersigned stockholder. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE NOMINEES FOR THE DIRECTOR NAMED HEREIN AND FOR PROPOSALS 2 AND 3, and IN THE DISCRETION OF THE PROXYHOLDER, ON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING, OR ANY ADJOURNMENT OF THE MEETING.

DO NOT STAPLE OR MUTILATE

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**PLEASE VOTE YOUR PROXY PROMPTLY AND RETURN IN THE ENCLOSED ENVELOPE,
WHICH REQUIRES NO POSTAGE IF MAILED IN THE U.S.A.**