

ASHFORD HOSPITALITY TRUST INC  
Form DEF 14A  
April 10, 2012  
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**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 under § 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.



3) Filing Party:

4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 15, 2012**

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 Embassy Suites Hotel, 14021 Noel Road, Dallas, Texas on May 15, 2012 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, 2012;
- (iii) to obtain advisory approval of the company's executive compensation; 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 6, 2012 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 10, 2012

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 15, 2012.**

The company's Proxy Statement for the 2012 Annual Meeting of Stockholders, the Annual Report to Stockholders for the fiscal year ended December 31, 2011 and the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 are available at [www.ahtreit.com](http://www.ahtreit.com) and [www.snl.com/IRWebLinkX/GenPage.aspx?IID=4088185&GKP=1073743126](http://www.snl.com/IRWebLinkX/GenPage.aspx?IID=4088185&GKP=1073743126).

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**ASHFORD HOSPITALITY TRUST, INC.**

**14185 Dallas Parkway, Suite 1100**

**Dallas, Texas 75254**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 15, 2012**

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 Embassy Suites Hotel, 14021 Noel Road, Dallas, Texas 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 refers to Ashford Hospitality Trust, Inc. This proxy statement and accompanying proxy will first be mailed to stockholders on or about April 10, 2012.

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, 2012;

obtain advisory approval of the company's executive compensation; 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

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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.



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### **GENERAL INFORMATION ABOUT VOTING**

#### **Solicitation of Proxies**

The enclosed proxy is solicited by and on behalf of our board of directors. In addition to the solicitation of proxies by use of the mail, officers and other employees of Ashford may solicit the return of proxies by personal interview, telephone, e-mail or facsimile. We will not pay additional compensation to our officers and employees for their solicitation efforts, but we will reimburse them for any out-of-pocket expenses they incur in their solicitation efforts. 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. We will bear the expense of soliciting proxies for the annual meeting of stockholders, including the cost of mailing.

#### **Voting Securities**

Our only outstanding voting equity securities are shares of our common stock. Each share of common stock entitles the holder to one vote. As of March 6, 2012 there were 68,029,476 shares of common stock outstanding and entitled to vote. Only stockholders of record at the close of business on March 6, 2012 are entitled to vote at the annual meeting of stockholders or any adjournment of the annual meeting.

#### **Voting**

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

If your common 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 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 outstanding shares of our common stock cast at the annual meeting will be required to elect each nominee to our board of directors (Proposal 1). The affirmative vote of a majority of the outstanding shares of our common stock cast at the annual meeting will be required to ratify the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2012 (Proposal 2). The favorable vote of a majority of the outstanding shares of our common stock cast at the annual meeting will be required for approval, on an advisory basis, of the executive compensation proposal (Proposals 3). For any other matter, unless otherwise required by Maryland or other applicable law, the affirmative vote of a majority of the outstanding shares of our common stock present and voting at the annual meeting is required to approve the matter.

Brokers holding shares beneficially owned by their clients cannot cast votes with respect to the election of directors or the advisory compensation proposal unless the brokers have received instructions from the beneficial owner of the shares. It is therefore important that you provide instructions to your broker so that your shares will be counted in the election of directors and in the advisory compensation proposal.

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Broker non-votes occur when a broker, bank or other nominee holding shares on your behalf votes the shares on some matters but not others. Abstentions, broker non-votes and withheld votes are included in determining whether a quorum is present, but will not be included in vote totals and will not affect the outcome of the vote on any matter.

If you sign and return your proxy card without giving specific voting instructions, your shares will be voted consistent with management recommendations.

### **Right To Revoke Proxy**

If you hold shares of common 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 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 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 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 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: Investor 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](http://www.ahtreit.com).

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**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. Our board of directors is currently comprised of seven members. Set forth below are the names, principal occupations, committee memberships, ages, directorships held with other companies, and other biographical data for the seven 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 6, 2012 (the record date) for each nominee. This beneficial ownership figure does not necessarily demonstrate the nominee's individual ownership. For a 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.

**The board of directors recommends a vote FOR all nominees.**

**Nominees for Director**

**ARCHIE BENNETT JR.**

*Chairman of the Board,*

*Ashford Hospitality Trust, Inc.*

Director since May 2003

Shares of common stock

beneficially owned by Mr. Bennett: 5,549,942\*

Age 74

Director Qualifications: Since the inception of the company, Mr. Bennett has been a vital member of our board and has provided valuable leadership on the board. Mr. Bennett is a hospitality industry leader with more than 40 years of hospitality-related experience. He has extensive knowledge and experience in virtually every aspect of the hotel industry, including development, ownership, operation, asset management and project management. Additionally, he possesses an in-depth familiarity with the day-to-day operations of the company that make him uniquely situated and qualified to serve as the chairman of the board.

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 served as chairman of the board of directors of Remington Hotel Corporation and is currently chairman of Remington Holdings, LP. 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.

\*Includes 1,591,414 shares of common stock of the company, 3,268,528 common partnership units in our operating partnership, and 690,000 long-term incentive partnership units, or LTIP units, in our operating partnership. The common units are redeemable for cash or, at our option, convertible on a one-for-one basis into shares of our common stock. If and when the LTIP units achieve economic parity with the common units and subject to certain time vesting requirements, the LTIP units will be convertible, at the option of the holder, into common units. This number excludes the company's obligation to issue common stock to Mr. Bennett pursuant to the company's deferred compensation plan. As of the record date, the company had reserved an aggregate of 8,217 shares of common stock for issuance to Mr. Bennett, which will be issuable periodically over a five year period beginning in 2014. As of the record date, the company has not reserved any additional shares for issuance to Mr. Archie Bennett under the deferred compensation plan; however, we pay dividend equivalents to participants in our deferred compensation plan who elect the company common stock as an investment option. The dividend equivalents are equal to dividends, if any, paid with respect to our common stock and are accrued to the plan participant in the form of additional shares of common stock payable at the time distributions are made from the plan. Mr. Bennett's deferred compensation continues to be invested in company common stock; however, NYSE rules limit the number of shares

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issuable to Mr. Bennett as a result of his deferral elections. Assuming the company ultimately issues the maximum allowable number of shares to Mr. Bennett under the deferred compensation plan and further assuming that all LTIP units held by Mr. Archie Bennett ultimately achieve economic parity with the common units and are converted into common units, Mr. Bennett would own 5,558,159 shares of common stock or securities convertible, at our option, on a one-for-one basis into shares of common stock.

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**MONTY J. BENNETT**

*Chief Executive Officer,*

*Ashford Hospitality Trust, Inc.*

Director since May 2003

Shares of common stock

beneficially owned by Mr. Bennett: 6,285,182\*

Age 46

Director Qualifications: Mr. Monty Bennett holds a Masters degree in Business Administration from the Johnson Graduate School of Management at Cornell University and a Bachelor of Science degree with distinction from the Cornell School of Hotel Administration. He has over 20 years experience in the hotel industry and has experience in virtually all aspects of the hospitality industry, including hotel ownership, finance, operations, development, asset management and project management. He is a frequent speaker at industry conferences. Mr. Bennett's extensive industry experience as well as the significant leadership qualities he has displayed in his role as the chief executive officer of the company since its inception are vital skills that enhance the overall composition of the board.

Mr. Monty Bennett was elected to the board of directors in May 2003 and has served as the Chief Executive Officer since that time. Prior to January 2009, Mr. Bennett also served as our president. Mr. Bennett also serves as the Chief Executive Officer of Remington Holdings, LP. 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. Monty Bennett is the son of Mr. Archie Bennett, Jr.

\* Includes 1,520,554 shares of common stock of the company, 3,268,528 common partnership units in our operating partnership, and 1,496,100 long-term incentive partnership units, or LTIP units, in our operating partnership. The common units are redeemable for cash or, at our option, convertible on a one-for-one basis into shares of our common stock. If and when the LTIP units achieve economic parity with the common units and subject to certain time vesting requirements, the LTIP units will be convertible, at the option of the holder, into common units. This number excludes the company's obligation to issue common stock to Mr. Bennett pursuant to the company's deferred compensation plan. As of December 31, 2011, the company had reserved an aggregate of 878,774 shares of common stock for issuance to Mr. Bennett, which will be issuable periodically over a five year period beginning in 2012. As of the record date, the company has not reserved any additional shares for issuance to Mr. Monty Bennett under the deferred compensation plan; however, we pay dividend equivalents to participants in our deferred compensation plan who elect the company common stock as an investment option. The dividend equivalents are equal to dividends, if any, paid with respect to our common stock and are accrued to the plan participant in the form of additional shares of common stock payable at the time distributions are made from the plan. Mr. Bennett's deferred compensation continues to be invested in company common stock; however, NYSE rules limit the number of shares issuable to Mr. Bennett as a result of his deferral elections. Assuming the company ultimately issues the maximum allowable number of shares to Mr. Bennett under the deferred compensation plan and further assuming that all LTIP units held by Mr. Monty Bennett ultimately achieve economic parity with the common units and are converted into common units, Mr. Bennett would own 7,174,686 shares of common stock or securities convertible, at our option, on a one-for-one basis into shares of common stock.

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**BENJAMIN J. ANSELL, M.D.**

*Founder, Director, Chairman of the Board,*

*UCLA Executive Health Program*

Member: Compensation Committee and

Nominating/Corporate Governance

Committee

Director since May 2009

Shares of common stock

beneficially owned by Dr. Ansell: 131,940

Age 44

Director Qualifications: Dr. Ansell has significant entrepreneurial and management experience including brand development and positioning, sales and marketing, finance and establishing strategic relationships with both corporate and individual clients and customers. Additionally, Dr. Ansell successfully completed the director certification program at the UCLA Anderson Graduate School of Management in 2009.

Dr. Ansell was elected to the board of directors in May 2009. Dr. Ansell is the founder of and currently Director and Chairman of the Board of the UCLA Executive Health Program, where he has been responsible for marketing and selling executive health program services to more than twenty Fortune 500 companies and 3,500 individual customers. Dr. Ansell also founded and serves as the Director of UCLA Medical Hospitality, which coordinates health services, concierge and some hospitality functions within the UCLA Health System. Dr. Ansell is also the senior practice physician specializing in cardiovascular disease prevention and early detection strategies. Over the past 15 years, Dr. Ansell has acted as senior advisor to the pharmaceutical industry and financial community with respect to U.S. marketing, sales and branding strategies for cardiovascular medication.

**THOMAS E. CALLAHAN**

*Co-President and Chief Executive Officer,*

*PKF Consulting USA*

Mr. Callahan was elected to the board of directors in December 2008. Mr. Callahan is currently Co-President and Chief Executive Officer of PKF Consulting USA, a national real estate advisory firm specializing in the hospitality industry, with responsibility for the overall operations and management of the company. Prior to forming the predecessor to PKF Consulting USA, in 1992, Mr. Callahan was Deputy Managing Partner of Pannell Kerr Forster, an international public accounting firm specializing in the hospitality industry.

Member: Audit Committee and Compensation

Committee

Director since December 2008

Shares of common stock

beneficially owned by Mr. Callahan: 28,932

Age 56

Director Qualifications: Mr. Callahan has a wealth of knowledge and experience in the hospitality industry, involving economic, financial, operational, management and valuation experiences. In addition, Mr. Callahan has extensive experience in evaluating organizational structures, financial controls and management information systems. Mr. Callahan also has significant relationships and contacts in the hospitality industry that are beneficial in his service on the board.

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**MARTIN L. EDELMAN**

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 LLC. 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.

*Of Counsel,*

*Paul Hastings LLC*

Lead Director Chairman:

Nominating/Corporate

Governance

Committee

Director since August 2003

Shares of common stock beneficially

owned by Mr. Edelman: 130,511\*

Age 70

Director Qualifications: Mr. Edelman brings an extensive legal and financial background to the board of directors. He has over 40 years of experience in the legal profession and has considerable experience in complex negotiations involving acquisitions, dispositions and financing. During his time at Battle Fowler LLP, Mr. Edelman was involved in the legal development of participating mortgages, institutional joint ventures in real estate and joint ventures between U.S. financial sources and European real estate companies and other financial structures.

\* Includes 37,800 shares of common stock of the company and 92,711 common partnership units in our operating partnership. The common units are redeemable for cash or, at our option, convertible on a one-for-one basis into shares of our common stock.



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**W. MICHAEL MURPHY**

*Head of Lodging and*

*Leisure Capital Markets*

*First Fidelity Companies*

Chairman: Compensation Committee

Member: Audit Committee,  
and Nominating/Corporate  
Governance Committee

Director since August 2003

Shares of common stock beneficially owned  
by Mr. Murphy: 54,800

Age 66

Director Qualifications: Mr. Murphy has over 35 years of hospitality experience. During his career at Holiday Inns, Inc. and Metric Partners, Mr. Murphy negotiated the acquisition of over fifty hotels, joint ventures and hotel management contracts. At Geller & Co. he served as asset manager for institutional owners of hotels, and at ResortQuest he led the acquisition of the company's portfolio of rental management operations. He has extensive contacts in the hospitality industry and in the commercial real estate lending community that are beneficial in his services on the board.

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 Head of Lodging and Leisure Capital Markets 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. Prior to that Mr. Murphy was a partner in the investment firm of Metric Partners where he was responsible for all hospitality related real estate matters including acquisitions, sales and the company's investment banking platform. Mr. Murphy served in various development roles at Holiday Inns, Inc. from 1973 to 1980. Mr. Murphy has been Co-Chairman of the Industry Real Estate Finance Advisory Council (IREFAC) three times and currently serves on the board of the Atlanta Hospitality Alliance.

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**PHILIP S. PAYNE**

*Chief Executive Officer,*

*Ginkgo Residential, LLC*

Chairman: Audit Committee

Member: Compensation Committee

Director since August, 2003

Shares of common stock

beneficially owned by Mr. Payne: 37,800

Age 60

Director Qualifications: Mr. Payne has an extensive understanding of finance and the financial reporting process. He has served in the capacity as chief financial officer as well as chief executive officer of various real estate entities and has experience in capital markets, public companies, real estate and the legal fields.

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 Ginkgo Residential, LLC. Ginkgo Residential was formed in July 2010 to assume all of the property management activities of Babcock & Brown Residential of which Mr. Payne was the CEO. Prior to joining Babcock & Brown Residential, Mr. Payne was the Chairman of BNP Residential Properties Trust, a publicly traded real estate investment trust that was acquired by Babcock & Brown Ltd, a publicly traded Australian investment bank, in 2007. 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. Mr. Payne is a member of the Urban Land Institute, founding chairman of ULI's Responsible Property Investing Council and is co-chairman of ULI's Climate, Land Use and Energy Group. Mr. Payne is also a member of National Multi Housing Council.

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### **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, 2011, our board of directors held five regular meetings and nine 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, held during the period for which such person was a director. 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 2011 annual meeting of stockholders.

### **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 directors' Corporate Governance Guidelines can be found in the Investor Relations section of our website at [www.ahtreit.com](http://www.ahtreit.com) by clicking INVESTOR, 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 Monty J. Bennett who are our chairman of the board of directors and chief executive officer, respectively, all of the directors who served on our board of directors during 2011 as well as all 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 Party Transactions on page 49 and three 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. The first such transaction considered by the board involves Fisher Highland Mezz LLC, an entity in which Mr. Edelman holds a 16% passive member interest. Fisher Highland Mezz LLC held a \$10,000,000 participation interest in a \$96,000,000 mezzanine loan that we held in our joint venture with Prudential Real Estate Investors. The other transactions reviewed by the board involve Dr. Ansell. Dr. Ansell is founder, director and chairman of the board of UCLA Executive Health Program, which received payments totaling \$22,419 from us for medical services provided to officers of the company from 2009 through 2011, which included payments of \$8,452, \$11,390 and \$2,577 in 2009, 2010 and 2011, respectively. Additionally, Dr. Ansell holds a 5.6% limited partnership interest in Seguin Land Investments, LP, a limited partnership in which both Messrs. Archie and Monty Bennett are also limited partners and Mr. Archie Bennett owns 100% equity interest in the general partner. Our board determined that none of these transactions impaired the independence of the directors involved. 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 means such director satisfies the NYSE independence tests.

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**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 Investors section of our website at [www.ahtreit.com](http://www.ahtreit.com) by clicking INVESTOR and then GOVERNANCE DOCUMENTS. In 2009, our board of directors established a temporary stock/debt repurchase committee, which has since been dissolved. The committee members who served on each active committee and a description of the principal responsibilities of each such committee follows.

	Audit	Compensation	Nominating/Corporate Governance
Benjamin J. Ansell, M.D.		X	X
Archie Bennett, Jr.			
Monty J. Bennett			
Thomas E. Callahan	X		
Martin L. Edelman			Chair
W. Michael Murphy	X	Chair	X
Philip S. Payne	Chair	X	

During 2011, the *audit committee* was composed of three independent directors. The audit committee met five times during 2011. 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 each of Messrs. Payne and Callahan 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 was composed of four independent directors until May 17, 2011, at which time the board reviewed the committees and named only three independent directors to serve on our compensation committee. The compensation committee met five times during 2011. This committee's purpose is to:

discharge responsibilities of the board of directors relating to compensation of our executives;

review and discuss with management the 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

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oversee and advise the board of directors on the adoption of policies that govern our compensation programs, including stock and benefit plans.

During 2011, the *nominating/corporate governance committee* was composed of three independent directors. The committee met twice during 2011. This committee's purpose is to:

identify individuals qualified to become members of our board of directors;

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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.

**Compensation Committee Interlocks and Insider Participation**

During fiscal 2011, Messrs Murphy, Payne, Ansell and Callahan served on our compensation committee, with Mr. Callahan's service on this committee ending in May 2011. No member of the compensation committee was at any time during fiscal 2011 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 2011.

No member of the compensation committee had any relationship with the company requiring disclosure as a related-party transaction in the section "Certain Relationships and Related Party Transactions" of this proxy statement.

**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, 2011. The compensation paid to our chairman is reflected in the tables following the Compensation Discussion & Analysis below. Our chief executive officer does not receive additional compensation for his service as a director.

**Director Compensation**

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards<sup>(1)</sup></b>	<b>Total</b>
Martin L. Edelman	\$ 79,000	\$ 69,465	\$ 148,465
Benjamin J. Ansell, M.D.	70,500	69,465	139,965
W. Michael Murphy	98,500	69,465	167,965
Philip S. Payne	102,000	69,465	171,465
Thomas E. Callahan	77,000	69,465	146,465

(1) Each independent director was granted 5,500 stock awards in 2011.

In October 2011, Pearl Meyer & Partners, LLC our independent compensation consultant, was retained by the Compensation Committee to review Ashford's non-employee director compensation program. Upon reviewing the findings of the consultant, the Compensation Committee determined no changes were necessary at the time. The current compensation of our non-employee directors, other than our chairman, consists of the following elements:

an annual board retainer of \$55,000 for all non-employee directors;

an additional annual board retainer of \$25,000 for the chairman of our audit committee;

an additional annual board retainer of \$5,000 for each member of our audit committee other than the chairman;

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an additional annual board retainer of \$15,000 for the chairman of our compensation committee;

an additional annual board retainer of \$10,000 for the chairman of our nominating/corporate governance committee;

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an annual grant of 5,500 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.

The compensation of our non-executive chairman consists of the following elements:

an annual retainer of \$400,000, plus a discretionary bonus of no more than 100% of the annual retainer;

a discretionary equity grant, which in 2011 consisted of 255,000 special limited partnership units in our operating partnership;

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.

The board implemented the concept of a discretionary bonus of no more than 100% of the annual retainer for the chairman of the board in May 2010. The decision was made by the full board after a wide ranging discussion on the duties and responsibilities of the directors and the fact that the chairman historically had not been eligible for cash bonuses. The full board believed that the chairman should be eligible for a cash bonus in recognition of his role during the downturn and the positive impact his leadership had on the company's performance and financial health during the recent turbulent economic period.

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.

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 5,500 shares of our common stock. These stock grants will be fully vested immediately. In accordance with this policy, we granted 5,500 shares of fully vested common stock to each of our independent directors in May 2011.

In lieu of the equity compensation granted to our other non-officer directors, in April 2011, we granted our chairman 97,888 additional equity securities and in May 2011, we granted him an additional 157,112 equity securities, all of which he elected to receive in the form of special limited partnership units in our operating partnership, sometimes referred to as LTIP units. The LTIP units granted in 2011 will vest in equal annual installments over four years. Additionally, in March 2012, we granted our chairman 145,000 equity securities, which will vest in three annual installments and which he elected to receive in the form of LTIP Units. The award granted in 2012 was based, in part, on recognition of the chairman's leadership role on the board during 2011.

In recognition of the more dynamic environment for director compensation, the board reviews compensation levels for directors at our core peer companies and selected supplemental peer companies and other data on trends in director compensation periodically and considers and implements changes to the program only as needed.





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**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](http://www.ahtreit.com) by clicking INVESTOR 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. While the committee does not have a specific policy concerning diversity, it does consider potential benefits that may be achieved through diversity in viewpoint, professional experience, education and skills. The committee 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 Candidates for Director section of this proxy statement. The nominating/corporate governance committee evaluates a candidate using the criteria set forth above without regard to who nominated the candidate and will consider 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 when evaluating the suitability of individual directors and when 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, as well as when a director s principal occupation or business association changes substantially from the position he or she held when originally invited to join the board, a director will tender a letter of proposed retirement or resignation, as applicable, 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 proposal or request that the director continue to serve.

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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 Candidates 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 hold, 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 timeframe provided to be considered for nomination by our nominating/corporate governance committee. Only recommendations received between December 11, 2012 and January 10, 2013 will be considered for candidacy at the 2013 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., 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. In 2011, the non-management directors met three times. At the non-management directors' meetings, the non-management directors review strategic issues for our board of directors' consideration, including future agendas, the flow of information to directors, management progression

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and succession, and our corporate governance guidelines. Mr. Edelman has been appointed lead director by the board of directors and presides at all meetings of the non-management directors. The lead director is responsible for advising the chief executive officer of decisions reached and suggestions made at these meetings. The lead 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 lead 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 will 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 education opportunities 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.

### **Board Leadership Structure and Role in Risk Oversight**

Our board of directors determines whether to have a joint chief executive officer and chairman position or to separate these offices, taking into consideration succession planning, skills and experience of the individuals filling these positions and other relevant factors. Currently, Mr. Archie Bennett, Jr., serves as the chairman of the board of directors because the members of our board believe that Mr. Bennett's more than 40 years of hospitality industry-related experience and his in-depth familiarity with the day-to-day operations of the company make him uniquely situated and best qualified to serve in such capacity. Mr. Monty Bennett, Archie Bennett's son, currently serves in the role of chief executive officer and has served in that capacity since our initial public offering. Mr. Monty Bennett's expertise in the hospitality industry has developed over the last 20 years, and our board of directors believes that he is the best qualified person to serve as our chief executive officer and, subject to the direction of the board of directors, to have general supervision and control of the day-to-day business of the company.

Recognizing the familial relationship between our chief executive officer and the chairman of our board of directors and the potential conflicts of interest that could arise as a result of such relationship, the company has taken additional steps to strengthen the board leadership structure and minimize the potential for any conflicts of interests. In addition to maintaining a majority of independent directors on the board of directors, the board complies with each of the following existing policies to mitigate potential conflicts of interest:

Our board of directors holds at least two regularly scheduled meetings per year for the independent directors without the chairman, chief executive officer or management present. At these meetings, the independent directors review strategic issues for consideration by the full board of directors, including future agendas, the flow of information to directors, management progression and succession, and our corporate governance guidelines. The board has appointed Mr. Edelman as lead director, and he presides at such meetings.

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 or an affiliate of any director or officer will require the approval of a majority of the disinterested directors.

Our board adopted a policy at the time of our initial public offering that requires all material management decisions related to the management agreement with Remington Lodging & Hospitality, LLC be approved by a majority of the independent directors.

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Our charter provisions, governance policies and conflicts of interest policies are designed to provide a strong and independent board that provides balance to the chief executive officer and chairman positions and ensure independent director input and control over matters involving potential conflicts of interest.

Our board believes that both Mr. Archie Bennett's leadership on the board of directors and Mr. Monty Bennett's day-to-day leadership in the company's operations are valuable and the loss of the leadership of either of these individuals would have a negative impact on the company's operations and ultimately on the stockholders. Accordingly, the board believes that the most effective leadership structure for the company at this time is for Mr. Monty Bennett to serve as our chief executive officer and for Mr. Archie Bennett, Jr. to serve as the chairman of our board of directors.

Ultimately, the full board of directors has responsibility for risk oversight, but our committees help oversee risk in areas over which they have responsibility. Our board of directors receives regular updates related to various risks for both our company and our industry. The audit committee receives and discusses reports regularly from members of management who are involved in the risk assessment and risk management functions on a daily basis and reports its analysis to the full board on a quarterly basis.

## **Compensation Risk**

The compensation committee annually reviews, with the assistance of management, the overall structure of the company's compensation program and policies to ensure they are consistent with effective management of enterprise key risks and that they do not encourage executives to take unnecessary or excessive risks that could threaten the value of the enterprise. With respect to the compensation programs and policies that apply to our named executive officers, this review includes:

analysis of how different elements of compensation may increase or mitigate risk-taking;

analysis of performance metrics that serve as the basis for short-term and long-term incentive programs and the relation of such incentives to the company's business objectives or the objectives related to a particular investment;

analysis of whether the performance measurement periods for short-term and long-term incentive compensation are appropriate;

analysis of the overall structure of compensation programs as related to business risks; and

an annual review of the named executive officers' share ownership levels and retention practices. The compensation committee believes that management's significant stock ownership levels help minimize the likelihood of unnecessary or excessive risk-taking.

Based on this review, we believe the company's well-balanced mix of salary and short-term and long-term incentives are appropriate and consistent with the company's risk management practices and overall strategies. We have also reviewed incentive plans generally available to all employees and have concluded that do not encourage employees to take unnecessary or excessive risks that could threaten the value of the enterprise. Furthermore, the compensation committee has full discretion to evaluate the company's performance in the context of quantitative and qualitative risk management objectives and determine or reduce incentive awards accordingly.

**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
Monty J. Bennett	46	Chief Executive Officer
Douglas A. Kessler	51	President
David A. Brooks	52	Chief Operating Officer, General Counsel and Secretary
David J. Kimichik	51	Chief Financial Officer and Treasurer
Jeremy Welter	35	Executive Vice President, Asset Management
Mark L. Nunneley	54	Chief Accounting Officer

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

Mr. Kessler has served as our President since January 2009. Prior to being appointed President, Mr. Kessler served as our Chief Operating Officer and Head of Acquisitions, beginning in May 2003. From July 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. Brooks has served as our Chief Operating Officer, General Counsel and Secretary since January 2009. Prior to assuming that role, he served as our Chief Legal Officer, Head of Transactions and Secretary. 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. 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 over 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.

We hired Mr. Welter in January 2011, and he was promoted to Executive Vice President in March 2011, replacing Mr. Alan Tallis who resigned from his position as Executive Vice President effective February 1, 2011. From August 2005 until December 2010, Mr. Welter was employed by Remington Hotels, LP in various capacities, most recently serving as chief financial officer. From July 2000 through July 2005, Mr. Welter was an investment banker at Stephens, where he worked on mergers and acquisitions as well as capital raises for public and private companies. Before working at Stephens, Mr. Welter was part of Bank of America's Global Corporate Investment Banking group.

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 a 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.

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### **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 2011 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 below.

#### **Executive Summary**

#### **Business Strategy**

We are 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 note mortgages, mezzanine loans and, if the appropriate opportunity arises, sale-leaseback transactions. The company implements two 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 its relative expected contribution to our hotel portfolio in terms of total return, volatility, product type or brand, asset quality, asset location and diversification. In response to the global economic crisis, particularly within the hotel industry, our capital allocation priorities during the crisis shifted to preserving capital, enhancing liquidity and consummating opportunistic capital stock repurchases. However, beginning in 2010, the lodging industry started experiencing improvement in fundamentals, and we have, once again, begun to take advantage of newly created lodging-related investment opportunities as they develop.

#### **Company Performance and 2011 Pay Decisions**

During 2011, the company skillfully took advantage of a number of transaction opportunities that were derived from the forward looking strategies put into place by management during the recent global economic downturn. These transaction opportunities, most notably the transformational acquisition of the 28-hotel Highland Hospitality portfolio, were completed with a view towards the company's short-term and long-term growth objectives, in keeping with the company's compensation philosophy. The management team's expert navigation of an environment plagued by continued uncertainty has resulted in achieving all of the company's 2011 business objectives (financial and non-financial). The following are highlights of the company's outstanding performance in 2011:

We achieved record AFFO per share of \$1.86 in 2011;

We achieved one-year TSR of -13% compared to peer average of -17%;

We orchestrated and set the groundwork for closing the highly complex and transformational transaction to purchase the 28-hotel Highland Hospitality portfolio at an attractive \$158,000 per key, which is significantly less than the approximate \$269,000 average price per key our peers paid for similar assets during the period 2009 to the present;

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We achieved 56% net operating income flow throughs for non-Highland hotels for 2011, and over 75% flow throughs for the Highland portfolio from incremental revenues (including over 120% net operating income flow throughs for the Highland portfolio in the 4<sup>th</sup> quarter of 2011);

We engaged in timely issuances of common and preferred equity and built up cash reserves in response to the possibility of a second economic slowdown; and

We completed a new credit facility to replace our previous credit facility and successfully extended all 2011 debt maturities. Our 2011 results reflect the culmination of multi-year strategies that have successfully brought the company through a severe and sustained industry downturn. As the lodging industry continues to gain momentum, the company is well-positioned for continued growth due to the ability of our management team to anticipate and capitalize on market shifts. Over the past several years, highlights of the company's superior performance include:

We created over \$400 million of stockholder value creation via our interest rate swap and flooridor strategies;

We successfully executed a share repurchase program, which resulted in our repurchase of approximately one-half of our outstanding common stock at an average price of \$3.26 per share;

Our AFFO per share growth since 2007 materially outperformed our hotel REIT peers in existence during that time (+48% vs. peer average -65%);

We had the highest average EBITDA flows and change in EBITDA margins of all hotel REITs over the past four years;

We recovered substantial amounts of capital invested in mezzanine loans despite the severe economic recession;

Our emphasis on managing cash available for distribution allowed the reinstatement of our dividend in early 2011, with an intention to increase it by 10% in 2012, resulting in one of the highest hospitality REIT dividend yields at the end of 2011 at approximately 5%; and

We outperformed our hotel REIT peer average in total stockholder returns on a trailing 1-, 2-, 3-, 4-, 5-, 6-, 7- and 8-year basis. Based on a review of the significant achievements noted above and additional discussion, the compensation committee determined that all objectives were exceeded, especially those related to relative TSR and AFFO growth as shown in the tables below.

\* Note: RLJ Lodging Trust went public in May 2011 and was therefore excluded





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\* Note: Chatham Lodging Trust, Pebblebrook Hotel Trust and RLJ Lodging Trust have not been public for three full fiscal years

\*\* Source of data used to derive Ashford's AFFO per share information is the company's publicly filed financial statements.

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Given Ashford's performance, together with due consideration given to the decline in total shareholder return during 2011, the following compensation decisions were made with respect to 2011 (each of which is discussed in detail under the heading Elements of Compensation below):

None of our named executive officers received a salary increase in 2011;

Based on the company's outstanding financial and strategic performance, the annual cash bonuses paid for 2011 were earned at 85% of the maximum, or about 15% lower than those paid with respect to 2010; and

The number of equity awards granted in 2012 (with respect to 2011 performance) were increased from the 2011 equity award grants (with respect to 2010 performance), without taking into consideration the multi-year special recognition equity awards granted in 2011 (with respect to the Highland acquisition).

These decisions underscore the committee's philosophy of only awarding above-market compensation if and when superior results are realized. 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 and its stockholders in any given year. Moreover, as an indicator of our strong pay-for-performance alignment, our CEO's total compensation (shown in the chart below) demonstrates a sustained alignment with shareholders. Total compensation for each year reflects base salary for that year, annual bonus earned for that year (but paid in the following year) and long-term incentive value earned for that year (but paid in the following year). The most recent three-year detail (2009-2011) of total compensation for the named executive officers is detailed in the *Actual Compensation* section below.

For purposes of the chart above, we used actual compensation (year earned, rather than paid out) as detailed in the three-year summary (2009-2011) below.

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 prior to the recent economic downturn, the compensation committee targeted total compensation

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opportunity in the top quartile for the public hotel REITs listed under the Review of Market Data for Peer Companies discussion above. We consider total compensation opportunity as each executive's base salary plus the high end of such executive's bonus range plus the value of such executive's recent incentive stock awards (other than special awards) at grant date. While the 2011 total compensation amount presented in the Summary Compensation Table includes equity awards made in 2011, as required by the SEC's rules and regulations, the compensation committee considers actual total compensation for 2011 for each executive to be the aggregate of such executive's 2011 base salary, annual bonus (corresponding to 2011 performance) and the grant date value of 2012 incentive equity awards (corresponding to 2011 performance). Using this approach, the total actual compensation for each of the named executive officers serving at the end of 2011, for the three years ended December 31, 2011, as analyzed by the compensation committee is as follows:

**Name and**

<b>Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Equity Based Awards<sup>(1)</sup></b>	<b>Actual Total Compensation</b>
Monty J. Bennett Chief Executive Officer	2011	\$ 700,000	\$ 1,190,000	\$ 2,378,750	\$ 4,268,750
	2010	700,000	1,400,000	8,750,455	10,850,455
	2009	700,000	1,120,000	1,646,400	3,466,400
David J. Kimichik Chief Financial Officer	2011	\$ 375,000	\$ 286,875	\$ 1,167,750	\$ 1,829,625
	2010	\$ 375,000	\$ 337,500	\$ 1,869,450	\$ 2,581,950
	2009	375,000	202,500	1,029,000	1,606,500
Douglas A. Kessler President	2011	\$ 550,000	\$ 701,250	\$ 1,859,750	\$ 3,111,000
	2010	550,000	825,000	4,937,757	6,312,757
	2009	550,000	702,000	1,474,900	2,726,900
David A. Brooks Chief Operating Officer	2011	\$ 425,000	\$ 451,563	\$ 1,643,500	\$ 2,520,063
	2010	425,000	531,250	4,937,757	5,894,007
	2009	421,154	510,000	1,372,000	2,303,154
Mark L. Nunneley Chief Accounting Officer	2011	\$ 275,000	\$ 175,313	\$ 865,000	\$ 1,315,313
	2010	\$ 275,000	\$ 206,250	\$ 1,416,250	\$ 1,951,500
	2009	275,000	165,000	686,000	1,126,000

(1) Represents the grant date fair value of equity awards that correspond to performance for the year indicated, some or all of which may have been granted after the end of the related fiscal year.

**Say on Pay**

In 2011, shareholders were presented with an advisory vote to approve executive compensation which, was approved by 90% of the votes cast on the proposal. These results continue to demonstrate strong shareholder support for Ashford's overall executive compensation objectives and decisions. The Committee takes into account the outcome of Say on Pay votes when considering future executive compensation arrangements and potential changes to the executive compensation program.

**Corporate Governance**

The committee also believes that solid corporate governance should be reinforced through our compensation programs. The following policies support that position:

In 2011, we amended our executives' employment agreements to eliminate any requirement or obligation of the company to provide a gross-up payment to cover excise tax imposed on the applicable executive pursuant to Section 4999 of the Internal Revenue Code of 1986 or to reimburse the executive if any such tax is imposed;

We seek to balance our program, with the majority of our executive compensation opportunity focused on long-term results and equity-based awards;



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We generally offer our executive officers the same benefits as other employees, and have a very limited perquisite program;

We do not maintain SERPs or other forms of extraordinary retirement programs for our executives;

We have adopted formal stock ownership guidelines for our non-employee directors (common stock in excess of three times annual board cash retainer), our CEO (common stock in excess of six times base salary), our president (common stock in excess of four times base salary) and our other executive officers (common stock in excess of three times base salary);

We maintain a recoupment policy in accordance with Section 304 of Sarbanes-Oxley, which we will revisit when further regulations are available under the Dodd-Frank Act;

We maintain a policy that prohibits our directors, named executive officers, and other key executive officers from speculating in the company securities that they hold, and specifically prohibiting company personnel, including the named executive officers, from engaging in any short-term, speculative securities transactions, including purchasing securities on margin, engaging in short sales, buying or selling put or call options, and trading in options (other than those granted by the company).

When using an outside advisor, the compensation committee has engaged only an independent compensation consultant that does not provide any services to management and that had no prior relationship with management prior to the engagement.

We have implemented a strong risk management program, which includes our Compensation Committee's oversight of the ongoing evaluation of the relationship between our compensation programs and risk.

### **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, were key factors in the company's growth since its inception. While the recent economic downturn negatively affected us along with our entire industry, we believe that retention of our key executives, who have the knowledge and experience to effectively manage the business through a turbulent and challenging economic environment, was particularly important for the company's continued long-term success. The company believes that as the current business environment continues to improve, the company's public reporting peers (discussed below), as well as private equity investors, investment banks and real estate development companies will begin aggressively 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, or may soon become, 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;

contributions toward executing our business strategy;

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

a balanced approach to risk and reward; and

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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. The compensation committee also considers the company's philosophy of prudently managing investment and enterprise risk in determining the appropriate balance of performance measures and the mix of compensation elements.

### **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](http://www.ahtreit.com).

Since March 2007, the compensation committee directly retained the services of Pearl Meyer & Partners, LLC (PM&P), an independent compensation consulting firm, to provide assistance with the preparation of our compensation discussion and analysis. The committee has also periodically asked PM&P to conduct a market analysis of compensation for the named executive officers of our peers, present updates on trends in executive compensation and remain available to assist the compensation committee on selected compensation matters, including attending at least one committee meeting per year. In October 2011, PM&P was retained by the compensation committee to conduct a competitive market assessment for Ashford's named executive officers and provide an update on market and governance trends. PM&P has never performed any services other than executive and director compensation consulting for the company, and performed its services only on behalf of and at the direction of the compensation committee. In carrying out its responsibilities, PM&P periodically worked with members of management, including the chief executive officer.

### **Interaction with Management**

Our compensation committee regularly meets in executive sessions 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 performance factors outlined above under Overview Company Performance and 2011 Pay Decisions, 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.



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### **Review of Market Data for Peer Companies**

Compensation levels for our named executive officers are determined based on a number of factors, including a review of the compensation levels in the marketplace for similar positions. For 2011, the compensation committee expanded the current core peer companies to include three additional companies, Chatham Lodging Trust, Pebblebrook Hotel Trust and RLJ Lodging. PM&P reviewed compensation data for the following ten companies that were selected based on similarity to us in function, size and scope. The compensation committee periodically revisits the list of core peer companies and considers whether additions or deletions to the list may be appropriate.

#### **Core Peer Companies Considered for 2011**

Chatham Lodging Trust  
DiamondRock Hospitality Company  
FelCor Lodging Trust Incorporated  
Hersha Hospitality Trust  
Host Hotels & Resorts, Inc.  
LaSalle Hotel Properties  
Pebblebrook Hotel Trust  
RLJ Lodging Trust  
Strategic Hotels & Resorts, Inc.  
Sunstone Hotel Investors, Inc.

While analysis of the compensation at the core peer companies serves as a market check in determining compensation, the compensation committee believes that the compensation levels for our private competitors are above that of publicly traded companies, and that 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 with respect to hotel operating and capital markets knowledge, the compensation committee believes it would be inappropriate to use the compensation of executives of these public companies as its only basis for comparison or to use such information as a benchmark for our executive compensation. 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 compensation committee members and a review of each executive's compensation level relative to that of the other executives.

In addition to considering public and private compensation data, the compensation committee must also consider the unique role that each of the named executive officers of the company holds. Specifically, each of our named executive officers performs duties that are traditionally assigned to multiple senior officers in competitive companies. The president, by way of example, is charged with capital markets activities and is also responsible for securing our investments and for identifying opportunities for joint ventures or other business partnerships as well as being the lead contact for company financing activities. The chief operating officer is also the general counsel and has the mandate to negotiate the terms of, and close, all acquisition and disposition transactions and equity and debt financings. In addition, he is charged with the responsibility of managing our mezzanine loan portfolio and performing the normal duties associated with the office of the corporate secretary. The company's unusual division of responsibilities has created a cohesive and extremely streamlined management system, which enables the company to operate with a smaller staff of senior executives, including the named executive officers, than would be expected of a company of our size and structure.

Therefore, while the compensation committee considers available peer compensation data, it recognizes that important adjustments must be considered in setting compensation 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

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executive duties at Remington Holdings, LP and its 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. Accordingly, 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 similar, but distinct businesses.

**Elements of Compensation**

In 2011, the primary elements of our executive compensation packages included: (i) base salaries; (ii) annual bonuses; (iii) restricted stock awards, 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. The compensation committee approved the following annual base salaries for 2011:

chief executive officer (Mr. Monty Bennett) \$700,000

president (Mr. Kessler) \$550,000

chief operating officer and general counsel (Mr. Brooks) \$425,000

chief financial officer (Mr. Kimichik) \$375,000

chief accounting officer (Mr. Nunneley) \$275,000

There were no salary adjustments for any of our named executive officers in 2011.

*Annual Bonuses.* The compensation committee reviews and recommends annual bonuses for executive officers in the first quarter of the fiscal year of the year following the fiscal year with respect to which such bonuses are earned. The employment agreements of each of the executive officers include a targeted bonus range for such executive officer. Annual bonus ranges are expressed as a percentage of base salary. The targeted range for each executive is set forth in an 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. The following table sets forth the target bonus range and the actual bonus for each executive officer and our chairman, in each case as a percentage of base salary (or in the case of our chairman, as a percentage of his annual retainer):

<b>Name</b>	<b>Target Bonus Range (% of base salary/annual retainer)</b>	<b>Actual Bonus, as a % of base salary/annual retainer</b>
Monty J. Bennett	75% - 200%	170.00%
David J. Kimichik	30% - 90%	76.50%
Douglas A. Kessler	50% - 150%	127.50%
David A. Brooks	40% - 125%	106.25%
Mark L. Nunneley	20% - 75%	63.75%

Archie Bennett, Jr.

0% - 100%

85.00%

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The compensation committee generally intends to keep annual cash bonuses within the targeted ranges discussed above. For 2011, as recognition of the management team's extraordinary short- and long-term performance, the compensation committee determined that the annual bonuses paid to the named executive officers should fall at 85% of the high end of the applicable targeted bonus range, as shown above. In setting the target annual bonus range for each named executive officer, the compensation committee maintained its philosophy of favoring an emphasis on long-term incentive awards to create an ownership culture and provide an upside opportunity in reward for superior performance. Conversely, if performance falls below acceptable levels, the compensation committee intends that the value of annual bonuses and long-term incentive awards would also decline, with the potential for zero awards in the event of poor 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 improve key performance metrics of EBITDA and AFFO (as defined below) per share, as well as to encourage the expansion, as appropriate, of the company's investment portfolio of hotels, mezzanine loans and other lodging-related investments in a reasonable and sound business manner, giving effect to the current market conditions and economic outlook. 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. Other key business objectives established at the beginning of the year for 2011 included:

Achieve one-year total stockholder return (TSR) in the top half of the company's core peer group, and outperform our hotel REIT peer TSR average on a trailing one year basis;

Achieve budgeted performance levels for reported adjusted funds from operations (AFFO) per share of \$1.83;

Achieve RevPAR yield growth that exceeds the U.S. lodging industry average/competitive sets;

Achieve 40% NOI flow through, which means 40% of incremental total revenues flowing through to net operating income;

Raise capital through asset sales and equity offerings;

Recover maximum investment returns from mezzanine loans;

Repay or restructure the 2007 Wachovia credit facility;

Negotiate extension for 2011 and 2012 debt maturities;

Maintain compliance with applicable financial covenants related to existing debt and outstanding preferred equity;

Continue to maintain strong relationships with investors, analysts and credit facility participants.

While there is no specific formula or weighting assigned to any one of these factors for the annual bonus award, 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 2011, the compensation committee determined that management had exceeded all of the goals described above.

In reviewing the goals and in evaluating the level of performance achievement, the compensation committee also considered several significant accomplishments, including:

Achieved one-year TSR of -13% compared to peer median of -17% (66th percentile positioning) and a cumulative three-year TSR of 94% compared to peer median of 27%

Outperformed our hotel REIT peer TSR average on a trailing 1-, 2-, 3-, 4-, 5-, 6-, 7- and 8-year basis;

Reported record AFFO per share of \$1.86 in 2011;

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Materially outperformed our hotel REIT peers in AFFO per share growth since 2007 (+48% vs. -65%);

Achieved RevPAR yield growth slightly in excess of competitive sets;

Achieved 56% NOI flow throughs for non-Highland hotels for 2011, and over 75% NOI flow throughs for the Highland portfolio from incremental revenues (including over 120% NOI flow throughs for the Highland portfolio in the 4<sup>th</sup> quarter of 2011);

Completed an \$88 million common equity offering, an \$84 million Series E perpetual preferred offering, and a \$30 million Series E perpetual preferred offering;

Completed four asset sales, totaling \$162 million;

Recovered substantial amounts of capital invested in mezzanine loans despite the economic recession;

Completed a new \$105 million credit facility with Keybank, N.A., as agent (subsequently increased to \$145 million), to replace the 2007 Wachovia credit facility and successful extension of all 2011 debt maturities.

Maintained compliance with all debt and preferred equity financial covenants and redeemed or converted to common stock all Series B-1 preferred stock, eliminating significant financial covenants and reporting obligations established for the benefit of the Series B-1 stockholders;

Successfully managed our cash available for distribution, which allowed the reinstatement of our dividend in early 2011, resulting in one of the highest hospitality REIT dividend yields at the end of 2011 at approximately 5%, and in the fourth quarter of 2011, the dividend was increased by 10% commencing in 2012;

Maintained strong relationships with investors, analysts and credit facility participants; and

Successfully integrated and began the management of the 28-hotel Highland Hospitality portfolio, which was purchased in early 2011 at an attractive \$158,000 per key.

In determining individual bonuses, the compensation committee considered company and management performance achievements during 2011 as well as each executive's role in the company's outstanding performance. After evaluating each of these objectives and assessing the positive results achieved in an extremely difficult economic environment, the compensation committee awarded bonuses ranging from \$175,313 to \$1,190,000 to the named executive officers, as shown in the table below. These levels reflect an average decrease of approximately 15% from 2010 bonus awards. Each bonus was 85% of the maximum bonus available pursuant to the targeted bonus range for the executive, as shown below.

	Stated Base Salary	Bonus <sup>(1)</sup>	Bonus as % of Stated Base Salary	Targeted Bonus Range	Bonus as % of High End of Targeted Bonus Range
Monty J. Bennett	\$ 700,000	\$ 1,190,000	170.0%	75 - 200%	85%

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Douglas A. Kessler	550,000	701,250	127.5%	50 - 150%	85%
David A. Brooks	425,000	451,563	106.3%	40 - 125%	85%
David J. Kimichik	375,000	286,875	76.5%	30 - 90%	85%
Mark L. Nunneley	275,000	175,313	63.8%	20 - 75%	85%
Archie Bennett, Jr.	400,000	340,000	85.0%	0 - 100%	85%

(1) Reflects bonus earned for 2011 performance which was paid in March 2012.

In determining bonuses, the compensation committee considered company and individual performance achievements during 2011 as well as each executive's role in the company's outstanding performance. For 2011, the committee determined that each of the named executive officers should receive the maximum bonus award in recognition that this level of performance results could only be achieved through the collaborative efforts of the management team.

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*Equity Awards.* Equity awards may be made under our stock incentive plan, which was most recently approved by our stockholders in 2011. The compensation committee believes that our named executive officers should have an ongoing stake in the long-term success of our business and 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 our executives' interests with those 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 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 nine years ago, the compensation committee has determined that time-based equity securities (vesting over either three or four years) are a prudent form of long-term compensation to supplement the total compensation package and promote equity ownership by executives. Utilizing equity grants has also served to facilitate the compensation committee's objective of ensuring retention of critical talent. 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.

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 will be determined based on its review and evaluation of company and individual executive accomplishments in three performance goal categories. The compensation committee has established specific weightings for each category as follows:

*Total stockholder return (20% of award opportunity).* Total stockholder 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 well as relative to various REIT industry indices that include some or all of the core peer companies. The committee determined that the established three-year TSR goal was substantially exceeded. In particular, Ashford's three-year TSR ending December 2011 was 94% (CAGR), which was the highest TSR among the core peer group (median = 27%) for the same period.

*Adjusted funds from operations per share (40% of award opportunity).* 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. The committee determined that this goal was exceeded. AFFO per share achievement at \$1.86 compares favorably with an annual budget of \$1.83 per share.

*Non-financial goals (40% of award opportunity).* 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. These goals are frequently the same as those used to determine annual cash incentives, discussed above. 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 2011 include the execution of a new senior credit facility to replace the 2007 credit facility, the extension of all 2011 debt maturities, the creation of over \$400 million in stockholder value from the development and implementation of our interest rate swap and flooridor strategies, our proactive actions to address value which resulted in the recovery of nearly all capital invested in mezzanine loans despite the economic recession, our emphasis on managing cash available for distribution and the reinstatement of a strong dividend in early 2011, and successful integration and management of the 28-hotel Highland Hospitality portfolio which was purchased in early 2011 at an attractive \$158,000 per key. 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. The committee determined that all of these non-financial business goals were exceeded.



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Based on consideration of these performance measures during 2011 (the significant outcomes of which were discussed under Annual Bonus above), the compensation committee made equity grants in March 2012 to our named executive officers as follows:

<b>Executive</b>	<b>March 2012 Equity Award for 2011 Performance</b>
Monty J. Bennett	275,000
Douglas A. Kessler	215,000
David A. Brooks	190,000
David J. Kimichik	135,000
Mark L. Nunneley	100,000
Archie Bennett, Jr.	145,000

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 determined that the chairman should also be included as a participant in these equity awards. In determining the equity awards by individual, the compensation committee considered each individual's contributions toward the achievement of the stock performance, AFFO per share and non-financial goals described above. All of the equity grants made in March 2012 will vest in three equal annual installments, commencing on March 2, 2013.

While our stock incentive plans allow for various types of awards, the compensation committee historically has chosen to grant only restricted stock awards with multi-year step vesting. However, beginning 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 long-term incentive partnership units, sometimes referred to as LTIP units, or a combination of both. Our chairman and each of our named executive officers elected to receive the March 2012 equity grants in the form of LTIP units. We will make distributions on the unvested LTIP units from the date of grant if and to the extent we make distributions on the common units of our operating partnership, which typically equal per share dividends paid on our common stock.

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 our stock incentive plans, 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, if any. This treatment with respect to quarterly distributions is analogous to the treatment of time-vested 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. At the time of the award, executives who receive LTIP units make a \$0.05 capital contribution per LTIP unit. Upon the occurrence of certain corporate events, which are not performance related events, the capital accounts of our operating partnership may be adjusted, allowing for the LTIP units to achieve parity with the common units over time. 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.

Subject to satisfaction of the vesting requirements, which are based on continued employment, the LTIP units will achieve parity with the common units upon the sale or deemed sale of all or substantially all of the assets of the partnership at a time when the company's stock is trading at some level in excess of the price it was trading at on the date of the LTIP issuance (\$6.26 with respect to the LTIP units issued in 2008; \$6.91 with respect to the LTIP units issued in 2010; \$11.38 with respect to the LTIP units issued in April 2011; \$13.28 with respect to the LTIP units issued in May 2011; and \$8.70 with respect to the LTIP units issued in 2012). More specifically, LTIP units will achieve full economic parity with common units in connection with (i) the actual

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sale of all or substantially all of the assets of our operating partnership or (ii) the hypothetical sale of such assets, which results from a capital account revaluation, as defined in the partnership agreement, for the operating partnership. A capital account revaluation generally occurs whenever there is an issuance of additional partnership interests or the redemption of partnership interests. If a sale, or deemed sale as a result of a capital account revaluation, occurs at a time when the operating partnership's assets have sufficiently appreciated, the LTIP units will achieve full economic parity with the common units. However, in the absence of sufficient appreciation in the value of the assets of the operating partnership at the time a sale or deemed sale occurs, full economic parity would not be reached. Until and unless such economic parity is reached, the value that an executive will realize for vested LTIP units will be less than the value of an equal number of shares of our common stock. All of the LTIP units issued in 2008 and 2010 and have reached economic parity with the common units, and 959,852 of the 2,035,000 LTIP units issued in 2011 have achieved such parity, but none of the LTIP units issued in 2012 have achieved such parity.

The compensation committee believes that offering LTIP units under our stock incentive plans continues to 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. None of the executive officers have liquidated any of the LTIP units that have been granted since the introduction of LTIP units in 2008.

Our compensation committee believes that making the LTIP unit alternative available to our executives (i) serves our company's 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 our executives with the interests of our stockholders.

Grants of equity-based awards have historically been made on the date of the compensation committee's meeting at 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.

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, if any, prior to vesting serves as a current incentive for the performance necessary to obtain the grants. 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 stockholder dilution and the degree to which prior unvested awards continue to support the retention of key executive talent.

### **Stock Ownership Guidelines**

Our corporate governance guidelines provide ownership guidelines for our directors as well as our executive officers. The guidelines state that each member of the board should hold an amount of our common stock having a value in excess of three times his annual board retainer fee (excluding any portion of the retainer fee representing additional compensation for being a committee chairman), and the chief executive officer should

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hold an amount of our common stock having a value in excess of six times his annual base salary. The guideline for our president is stock ownership of an amount of our common stock having a value in excess of four times his annual base salary and each other executive is required by our guidelines to hold common stock having a value in excess of three times his annual base salary. The guidelines provide that ownership of common units or LTIP units in our operating partnership constitute common stock for purposes of compliance with the guideline. Any future board member or executive officer or board member will be expected to achieve compliance within three years of being appointed or elected, as applicable. Currently, all of our board members and executive officers satisfy our stock ownership guidelines.

As a group, our named executive officers have demonstrated a commitment to the company through long tenure and significant equity ownership levels as a multiple of salary that are well in excess of market best practices.

## **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; and

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

Additionally, we implemented a deferred compensation plan in 2007, which allows our executives and directors, at their election, to defer portions of their compensation. Historically, our chief executive officer has been the only participant in this plan. In December 2008, Mr. Monty Bennett elected to defer all of his 2009 base salary (except \$16,500), 100% of his cash bonus and 100% of dividends or distributions paid on unvested equity grants, if any, into the deferred compensation plan. In 2009, Mr. Monty Bennett again elected to defer 100% of his 2010 base salary (except for \$16,500), 100% of his cash bonus and 100% of dividends or distributions paid on unvested equity grants, if any, into the deferred compensation plan. Mr. Monty Bennett made no deferral election in 2010 with respect to 2011 compensation or in 2011 with respect to 2012 compensation. In 2011, the chairman of our board, Mr. Archie Bennett elected to participate in our deferred compensation plan, electing to defer all of his 2012 annual cash retainer.

In 2009, the compensation committee determined that the investment elections available under this plan will include company stock. If company stock is selected as an investment option by a participant, the company intends to issue common stock to the individual at the end of the elected deferral period from the company's treasury shares. Such shares will be reserved for issuance to the applicable participants; provided, however, because of NYSE rules related to the issuance of stock to related parties, the number of shares of common stock issuable under the deferred compensation plan in any one fiscal year will be limited to 1% of the number of shares of common stock outstanding at the date such deferral election begins. Because shares reserved for issuance pursuant to the deferred compensation plan are treasury shares, cash dividends may not be paid currently on such shares. In order to be more closely aligned with an investment in company stock, the compensation committee determined that we will pay plan participants who elect the company stock investment option dividend equivalents, which will be accrued as additional shares, if and to the extent we pay dividends on our common stock. The result of this modification is that each executive who participates in our deferred compensation plan and elects the company stock investment option will receive his investment shares plus any related dividend equivalent shares at the time that distributions are made from the plan, subject to the 1% annual limit described above. Amounts payable in excess of the 1% annual limit will be paid to the executive in cash at the end of the applicable deferral period.

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In addition, as a corporate matter, the company does not provide its executives with any executive perquisites other than complimentary periodic lodging at its facilities, an annual comprehensive executive health evaluation performed by the UCLA Comprehensive Health Program and optional disability insurance not available to all employees, for which the premiums paid by the company on behalf of the named executive officers is less than \$10,000 annually per executive.

## **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. Certain performance-based compensation exceptions are available; however, our company is structured 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 holding that Section 162(m) does 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. We also consider the accounting impact of all compensation paid to our executives, and equity awards are given special consideration pursuant to FASB ASC Topic 718.

## **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. Under the Dodd-Frank Act, there may be additional recoupment obligations required by the company. When final guidance is available as to these requirements, the company intends to modify its recoupment policies accordingly.

## **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 general counsel to pledge securities as collateral for a loan (but not for margin accounts). We maintain a policy that prohibits our directors, named executive officers, and other key executive officers from speculating in the company securities that they hold, and specifically prohibiting company personnel, including the named executive officers, from engaging in any short-term, speculative securities transactions, including purchasing securities on margin, engaging in short sales, buying or selling put or call options, and trading in options (other than those granted by the company).

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**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

Benjamin J. Ansell, M.D.

Thomas E. Callahan

**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 2011, 2010 and 2009 for services rendered in all capacities.

Name and Principal Position	Year	Salary	Bonus	Equity Based Awards <sup>(1)</sup>	All Other Compensation	Total
Monty J. Bennett Chief Executive Officer	2011	\$ 700,000	\$ 1,190,000	\$ 8,750,455	\$	\$ 10,640,455
	2010	700,000	1,400,000	1,646,400		3,746,400
Chief Executive Officer	2009	700,000 <sup>(2)</sup>	1,120,000 <sup>(2)</sup>	395,160		2,215,160
David J. Kimichik Chief Financial Officer and Treasurer	2011	375,000	286,875	1,869,450		2,531,325
	2010	375,000	337,500	1,029,000		1,741,500
Douglas A. Kessler President	2011	550,000	701,250	4,937,757		6,189,007
David A. Brooks Chief Operating Officer, General Counsel and Secretary	2010	550,000	825,000	1,474,900		2,849,900
	2009	550,000	702,000	299,040		1,551,040
Mark L. Nunneley Chief Accounting Officer	2011	425,000	451,563	4,937,757		5,814,320
	2010	425,000	531,250	1,372,000		2,328,250
Archie Bennett, Jr. <sup>(3)</sup> Chairman of the Board	2011	421,154	510,000	192,952		1,124,106
Archie Bennett, Jr. <sup>(3)</sup> Chairman of the Board	2011	275,000	175,313	1,416,250		1,866,563
	2010	275,000	206,250	686,000		1,167,250
Archie Bennett, Jr. <sup>(3)</sup> Chairman of the Board	2009	275,000	165,000	158,064		498,064
	2011	400,000	340,000	3,187,663	35,533 <sup>(4)</sup>	3,963,196
Chairman of the Board	2010	361,154	400,000	994,700	43,384	1,799,238
	2009	300,000	0	230,510	48,353	578,863

(1) Represents the total grant date fair value of restricted stock and LTIP unit awards computed in accordance with FASB ASC Topic 718. These grants are subject to vesting over a three- or four-year period.

(2) Mr. Monty Bennett deferred all except \$16,500 of his 2009 and 2010 salary and 100% of his 2009 and 2010 bonus. As of March 10, 2009, Mr. Bennett has elected to invest all of his deferral amounts in company common stock. As of December 31, 2011, the company has reserved an aggregate of 878,774 shares of common stock for issuance to Mr. Bennett, which will be issuable periodically at the end of the various deferral periods elected by Mr. Bennett under our deferred compensation plan, subject to compliance with all legal and regulatory requirements.

(3) 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.

(4) The amounts included as All Other Compensation for Mr. Archie Bennett 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 the total other compensation paid to Mr. Bennett in 2011, \$22,000 represents fees paid for his attendance at board and committee meetings and \$13,533 represents the amount paid by the

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company for health insurance premiums for Mr. Bennett. Although the health insurance 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**

<b>Name</b>	<b>Grant Date<sup>(1)</sup></b>	<b>All Other Stock Awards: Number of Shares of Stock</b>	<b>Grant Date Fair Value of Stock Awards</b>
Monty J. Bennett	April 6, 2011	268,708	\$ 3,044,462
	May 25, 2011	431,292	5,705,993
David J. Kimichik	April 6, 2011	165,000	1,869,450
Douglas A. Kessler	April 6, 2011	151,628	1,717,945
	May 25, 2011	243,372	3,219,812
David A. Brooks	April 6, 2011	151,628	1,717,945
	May 25, 2011	243,372	3,219,812
Mark L. Nunneley	April 6, 2011	125,000	1,416,250
Archie Bennett, Jr.	April 6, 2011	97,888	1,109,071
	May 25, 2011	157,112	2,078,592

- (1) There were two grant dates in 2011 because following the April 6, 2011 grant date, there were insufficient shares remaining under the existing stock incentive plan available to issue the special equity awards granted to acknowledge the significant efforts and achievements of, and reward, the executive officers who played a pivotal role in the acquisition of the Highland Hospitality portfolio in early 2011. A new stock incentive plan was presented to and approved by the shareholders at the 2011 annual meeting, and the special equity awards were granted after the meeting, on May 25, 2011, under the newly-approved plan.

**Employment Agreements**

We have employment agreements with each of our named executive officers. These employment agreements, as amended, provide for Mr. Monty Bennett to serve as our chief executive officer, Mr. Kessler to serve as our president, Mr. Brooks to serve as our chief operating officer, general counsel and secretary, Mr. Kimichik to serve as our chief financial officer and treasurer and Mr. Nunneley to serve as our chief accounting officer. These employment agreements require our executive officers 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 of Remington Holdings, LP, or Remington Holdings, and to act as an executive officer of the managing member of Remington Lodging & Hospitality, LLC, or Remington Lodging, provided his duties for Remington Holdings and Remington Lodging do not materially interfere with his duties to us. Each of these employment agreements is subject to automatic one-year renewals, unless either party provides at least four months' notice of non-renewal of the applicable employment agreement. All of these employment agreements were automatically renewed for 2011.

The employment agreements for each of our executive officers provide for:

an annual base salary for 2011 of \$700,000 for Mr. Monty Bennett, \$550,000 for Mr. Kessler, \$425,000 for Mr. Brooks, and \$375,000 for Mr. Kimichik, and \$275,000 for Mr. Nunneley, subject to annual adjustments;

eligibility for annual cash performance bonuses under our incentive bonus plans, 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;

medical and other group welfare plan coverage;

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payment for an extensive annual medical exam conducted at UCLA Medical Center; and

an additional disability insurance policy available only to our senior executives.

All of these benefits, with the exception of the annual medical exam conducted at UCLA Medical Center and the additional disability insurance policy, are available to all of our salaried employees. The cumulative cost of the medical exam and the additional disability insurance policy has not, historically, exceeded \$10,000 annually for any individual executive.

Mr. Bennett's targeted annual bonus range is 75% to 200% of his base salary. Mr. Kessler's targeted annual bonus range is 50% to 150% of his base salary. Mr. Brooks' targeted annual bonus range is 40% to 125% of his base salary. Mr. Kimichik's targeted annual bonus range is 30% to 90% of his base salary. Mr. Nunneley's targeted annual bonus range is 20% to 75% of his base salary.

In addition to the employment agreements described above, we have entered into a non-compete agreement with Mr. Archie Bennett, Jr. The non-compete agreement provides for Mr. Bennett to serve as our non-executive chairman. The non-compete agreement is an annual agreement, subject to automatic one-year extensions, 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 Holdings and Remington Lodging provided his duties for Remington Holdings and Remington Lodging 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 \$400,000, 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 equity awards granted to each of the named executive officers and our chairman in 2011 were granted under the company's Amended and Restated 2003 Stock Incentive Plan or the company's 2011 Stock Incentive Plan, approved by stockholders at the 2011 annual meeting, and are all grants are subject to time-based vesting requirements. Dividends or distributions will be paid on all unvested shares or units, if applicable, at the same rate as dividends payable with respect to all outstanding shares of common stock, with no preference to equity grants 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. Historically, the amount of salary paid to each named executive officer has represented 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 a significant portion of the incentive pay components, which excludes base salary.

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

Name	Number of Equity Awards That Had Not Vested at December 31, 2011	Market Value of Equity Awards That Had Not Vested at December 31, 2011
Monty J. Bennett	126,495 <sup>(1)</sup>	\$ 1,011,960
	74,000 <sup>(2)</sup>	592,000
	160,000 <sup>(3)</sup>	1,280,000
	431,292 <sup>(4)</sup>	3,450,336
	268,708 <sup>(5)</sup>	2,149,664
		\$ 8,483,960
David J. Kimichik	56,250 <sup>(1)</sup>	\$ 450,000
	24,666 <sup>(2)</sup>	197,328
	100,000 <sup>(3)</sup>	800,000
	165,000 <sup>(6)</sup>	1,320,000
		\$ 2,767,328
Douglas A. Kessler	126,495 <sup>(1)</sup>	\$ 1,011,960
	56,000 <sup>(2)</sup>	448,000
	143,333 <sup>(3)</sup>	2,074,750
	243,372 <sup>(4)</sup>	1,946,976
	151,628 <sup>(5)</sup>	1,213,024
		\$ 5,766,624
David A. Brooks	63,225 <sup>(1)</sup>	\$ 505,800
	36,134 <sup>(2)</sup>	289,072
	133,333 <sup>(3)</sup>	1,066,664
	243,372 <sup>(4)</sup>	1,946,976
	151,628 <sup>(5)</sup>	1,213,024
		\$ 5,021,536
Mark L. Nunneley	37,485 <sup>(1)</sup>	\$ 299,880
	29,600 <sup>(2)</sup>	236,800
	66,667 <sup>(3)</sup>	533,336
	125,000 <sup>(6)</sup>	1,000,000
		\$ 2,070,016
Archie Bennett, Jr.	62,250 <sup>(1)</sup>	\$ 522,000
	43,166 <sup>(2)</sup>	345,328
	96,667 <sup>(3)</sup>	773,336
	157,112 <sup>(4)</sup>	1,256,896
	97,888 <sup>(5)</sup>	783,104

\$ 3,680,664

- (1) These equity awards were granted on March 21, 2008 with a vesting term as follows: 10% of the awards vested on September 1, 2008; 15% of the awards vested on each of September 1, 2009, September 1, 2010 and September 1, 2011, and the remaining 45% of the awards will vest on September 1, 2012.
- (2) These equity awards were granted on April 2, 2009 with a vesting term of three years. One-third of the awards granted on April 2, 2009 vested on April 2, 2010, one-third vested on April 2, 2011, and the remaining one-third vested on April 2, 2012.
- (3) These equity awards were granted on March 24, 2010 with a vesting term of three years. One-third of the awards granted on March 24, 2010 vested on March 24, 2011, one-third vested on March 24, 2012 and the remaining one-third will vest on March 24, 2013.
- (4) These equity awards were granted on May 25, 2011 with a vesting term of four years. One-fourth of the awards granted on May 25, 2011 will vest on March 31, 2012, one-fourth will vest on March 31, 2013, and the remaining one-fourth will vest on March 31, 2016
- (5) These equity awards were granted on April 6, 2011 with a vesting term of four years. One-fourth of the awards granted on April 6, 2011 vested on March 31, 2012, one-fourth will vest on March 31, 2013, one-fourth will vest on March 31, 2015, and the remaining one-fourth will vest on March 31, 2016.
- (6) These equity awards were granted on April 6, 2011 with a vesting term of three years. One-third of the awards granted on April 6, 2011 vested on March 31, 2012, one-third will vest on March 31, 2013, and the remaining one-third will vest on March 31, 2015.

**Table of Contents****EQUITY AWARDS VESTED DURING 2011**

Name	Stock Awards: Number of Equity Awards <sup>(1)</sup>	
	Acquired on Vesting	Value Realized on Vesting
Monty J. Bennett	249,915	\$ 2,585,007
David J. Kimichik	113,417	1,172,029
Douglas A. Kessler	214,832	2,201,844
David A. Brooks	145,750	1,517,159
Mark L. Nunneley	87,928	918,434
Archie Bennett, Jr.	138,250	1,436,012

(1) Includes LTIP units that vested during 2011, all of which have now achieved parity with the common units.

**2011 NONQUALIFIED DEFERRED COMPENSATION**

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE <sup>(1)</sup>
Monty J. Bennett	0	\$ 208,336	\$ 208,336	0	\$ 7,030,192

(1) Mr. Monty Bennett has elected to invest all compensation deferrals in shares of our common stock. The amount in this column represents the market value of the shares of common stock reserved for issuance to Mr. Bennett pursuant to the deferred compensation plan at December 31, 2011.

In 2007 we implemented a deferred compensation plan which allows our executives and directors, at their election, to defer portions of their compensation. Historically, Mr. Monty Bennett has been the only participant in this plan. In 2008, Mr. Monty Bennett elected to defer 100% of his 2009 base salary (except for \$16,500), 100% of his cash bonus and 100% of dividends or distributions paid on unvested equity grants, if any, into the deferred compensation plan. In 2009, Mr. Monty Bennett again elected to defer 100% of his 2010 base salary (except for \$16,500), 100% of his cash bonus and 100% of dividends or distributions paid on unvested equity grants, if any, into the deferred compensation plan. Mr. Monty Bennett made no deferral election in 2010 with respect to 2011 compensation or in 2011 with respect to 2012 compensation. In 2011, the chairman of our board, Mr. Archie Bennett elected to participate in our deferred compensation plan, electing to defer all of his 2012 annual cash retainer; however, as this election was not effective until 2012, the table above does not reflect Mr. Archie Bennett's participation in our deferred compensation plan.

In 2009, the compensation committee determined that the investment elections available under this plan would include company stock. If company stock is selected as an investment option by a participant, as Mr. Monty Bennett has, the company intends to issue common stock to the individual at the end of the elected deferral period from the company's treasury shares purchased on the open market at the time of each deferral. Such shares will be reserved for issuance to the applicable participants; provided, however, the number of shares of common stock issuable under the deferred compensation plan in any one fiscal year will be limited to 1% of the number of shares common stock outstanding at date such deferral election begins. We will pay plan participants who elect the company stock investment option dividend equivalents, which will be accrued as additional shares, if and to the extent we pay dividends on our common stock. Thereby, each executive who participates in our deferred compensation plan and elects the company stock investment option will receive his investment shares plus any related dividend equivalent shares at the time that distributions are made from the plan, subject to the 1% annual limit described above and any other applicable rules or limitations. Amounts payable in excess of the 1% annual limit will be paid to the executive in cash at the end of the applicable deferral period.

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**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. Monty Bennett and three for Mr. Monty Bennett in the event of termination by the executive for good reason;

two for Messrs. Brooks and Kimichik and three for Messrs. Monty 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 us without good reason, in exchange for the executive honoring his non-compete provisions, he will be entitled to the following additional payments:

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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. Monty 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.

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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.

The executives' employment agreements were amended in 2011 to eliminate any requirement or obligation of the company to provide a gross-up payment to cover excise tax imposed on the applicable executive pursuant to Section 4999 of the Internal Revenue Code of 1986 or to reimburse the executive if any such tax is imposed.

Each of the employment agreements 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. Kessler, Brooks, Kimichik 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. Monty Bennett's employment agreement apply during the term of his agreement, and if Mr. Monty Bennett resigns without cause, for a period of one year thereafter, or if Mr. Monty Bennett is removed for cause, for a period of 18 months thereafter. In the case of Mr. Monty Bennett's resignation without cause, in consideration for his non-compete, Mr. Monty 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. Monty Bennett's non-compete period will terminate if Remington Holdings or Remington Lodging terminates our exclusivity rights under the mutual exclusivity agreement between Remington Holdings, Remington Lodging and us.

Additionally, in the event of an executive's termination for any reason, all deferred compensation amounts payable under our deferred compensation plan become due and payable in a single lump sum payment within 45 days of the termination date notwithstanding the deferral periods previously elected by the executive.

### **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.

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



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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), he will be entitled solely to any accrued and unpaid director's fees and expenses up to the date of such termination.

Mr. Bennett's non-compete agreement was amended in 2011 to eliminate any requirement or obligation of the company to provide a gross-up payment to cover excise tax imposed on him pursuant to Section 4999 of the Internal Revenue Code of 1986 or to reimburse him if any such tax is imposed.

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 Holdings or Remington Lodging terminates our exclusivity rights under the mutual exclusivity agreement between Remington Holdings, 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, 2011.

	Termination Scenarios			By Executive without Good Reason, Including Non-Renewal by Executive
	Death or Disability of the Executive or by Company without Cause, including Non-Renewal by Company	By the Executive with Good Reason	Following a Change of Control	
<b>Monty J. Bennett</b>				
Severance Payment	\$ 1,936,667	\$ 5,810,000	\$ 5,810,000	
Pro-Rated Bonus	\$ 1,190,000	\$ 1,190,000	\$ 1,190,000	
Acceleration of Unvested Equity Awards	\$ 5,005,864	\$ 5,005,864	\$ 5,005,864	
Non-Compete Payment				\$ 1,936,667
Other Benefits	\$ 22,930	\$ 22,930	\$ 22,930	
<b>TOTAL</b>	<b>\$ 8,155,461</b>	<b>\$ 12,028,794</b>	<b>\$ 12,028,794</b>	<b>\$ 1,936,667</b>
<b>David J. Kimichik</b>				
Severance Payment	\$ 650,625	\$ 1,301,250	\$ 1,301,250	
Pro-Rated Bonus	\$ 286,875	\$ 286,875	\$ 286,875	
Acceleration of Unvested Equity Awards	\$ 2,751,271	\$ 2,751,271	\$ 2,751,271	
Non-Compete Payment				\$ 650,625
Other Benefits	\$ 20,785	\$ 20,785	\$ 20,785	13,410
<b>TOTAL</b>	<b>\$ 3,709,556</b>	<b>\$ 4,360,181</b>	<b>\$ 4,360,181</b>	<b>\$ 664,035</b>
<b>Douglas A. Kessler</b>				
Severance Payment	\$ 1,292,750	\$ 2,585,500	\$ 3,878,250	
Pro-Rated Bonus	\$ 701,250	\$ 701,250	\$ 701,250	
Acceleration of Unvested Equity Awards	\$ 3,798,578	\$ 3,798,578	\$ 3,798,578	
Non-Compete Payment				\$ 1,292,750
Other Benefits	\$ 41,522	\$ 41,522	\$ 41,522	26,788
<b>TOTAL</b>	<b>\$ 5,834,100</b>	<b>\$ 7,126,850</b>	<b>\$ 8,419,600</b>	<b>\$ 1,319,538</b>
<b>David A. Brooks</b>				
Severance Payment	\$ 922,604	\$ 1,845,209	\$ 1,845,209	
Pro-Rated Bonus	\$ 451,563	\$ 451,563	\$ 451,563	
Acceleration of Unvested Equity Awards	\$ 3,057,148	\$ 3,057,148	\$ 3,057,148	
Non-Compete Payment				\$ 922,604
Other Benefits	\$ 37,109	\$ 37,109	\$ 37,109	\$ 23,941
<b>TOTAL</b>	<b>\$ 4,468,424</b>	<b>\$ 5,391,029</b>	<b>\$ 5,391,029</b>	<b>\$ 946,545</b>
<b>Mark L. Nunneley<sup>(1)</sup></b>				
Severance Payment	\$ 457,188	\$ 914,375	\$ 914,375	
Pro-Rated Bonus	\$ 175,313	\$ 175,313	\$ 175,313	
Acceleration of Unvested Equity Awards	\$ 2,058,556	\$ 2,058,556	\$ 2,058,556	
Non-Compete Payment				\$ 457,188

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Other Benefits	\$	33,935	\$	33,935	\$	33,935	\$	21,894
<b>TOTAL</b>	<b>\$</b>	<b>2,724,992</b>	<b>\$</b>	<b>3,182,179</b>	<b>\$</b>	<b>3,182,179</b>	<b>\$</b>	<b>479,082</b>
Archie Bennett, Jr.								
Severance Payment	\$	400,000	\$	800,000	\$	800,000		
Acceleration of Unvested Equity Awards	\$	2,410,780	\$	2,410,780	\$	2,410,780		
Non-Compete Payment							\$	400,000
Tax Gross-up Payment	\$		\$		\$		\$	
<b>TOTAL</b>	<b>\$</b>	<b>2,810,780</b>	<b>\$</b>	<b>3,210,780</b>	<b>\$</b>	<b>3,210,780</b>	<b>\$</b>	<b>400,000</b>

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**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 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 advice 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, 2011 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, 2011 related to its audit of (i) the consolidated financial statements and (ii) 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 year 2012.

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

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judgments and the clarity of disclosures in the financial statements. The audit committee has received the written disclosures and letter from Ernst & Young LLP to the audit committee required by the applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the audit committee concerning independence, and has discussed with Ernst & Young LLP its independence.

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, 2011, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Philip S. Payne, Chairman  
W. Michael Murphy

Thomas E. Callahan

**Table of Contents****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 6, 2012, by (i) each of our directors, (ii) each of our named executive officers and (iii) all of our directors and named executive officers as a group.

Name of Stockholder	Number of Shares Beneficially Owned <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
Archie Bennett, Jr.	5,247,830	7.2%
Monty J. Bennett	5,578,890	7.6%
Benjamin J. Ansell, M.D.	131,940	*
Thomas E. Callahan	28,932	*
Martin Edelman	130,511	*
W. Michael Murphy	54,800	*
Philip S. Payne	37,800	*
David A. Brooks	1,115,297	1.6%
Douglas A. Kessler	964,962	1.4%
David J. Kimichik	820,343	1.2%
Mark L. Nunneley	619,871	*
All executive officers and directors as a group (12 persons)	14,733,431	17.8%

\* Denotes less than 1.0%.

- (1) Assumes that all common units of our operating partnership held by such person or group of persons are redeemed for common stock and includes all restricted stock grants made since our initial public offering through March 6, 2012. All such stock grants vest in equal annual installments over a three or four year period, generally commencing on the date of their issuance. The number includes LTIP units in our operating partnership that have achieved economic parity with the common units as of the record date but excludes any LTIP units issued subsequent to the record date or that have not yet achieved economic parity. All LTIP units that have achieved economic parity with the common units are, subject to certain time-based vesting requirements, convertible into common units, which are redeemable for cash or, at our option, convertible on a one-for-one basis into shares of our common stock. See footnotes to the director nominee table for additional discussion of potential share ownership by Messrs. Archie and Monty Bennett as the result of equity amounts issued post-record date and shares issuable pursuant to our deferred compensation plan.
- (2) As of March 6, 2012, there were outstanding and entitled to vote 68,029,476 shares of common stock. The total number of shares outstanding used in calculating the percentage for each person assumes that operating partnership common units held by such person and LTIP units held by such person that have achieved economic parity with the common units are redeemed for common stock but 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 as of March 6, 2012 by the persons known to Ashford to be the beneficial owners of five percent or more of our common stock (our only voting securities), 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 common stock. Unless otherwise indicated, all shares are owned directly and the indicated person has sole voting and investment power.

<b>Title of Securities</b>	<b>Name of Stockholder</b>	<b>Number of Beneficially Owned</b>	<b>Percent of Class<sup>(1)</sup></b>
Common Stock	The Vanguard Group, Inc.	6,580,070 <sup>(2)</sup>	8.8%
Common Stock	Monty J. Bennett	5,578,890 <sup>(3)</sup>	7.6%
Common Stock	Archie Bennett, Jr.	5,247,830 <sup>(3)</sup>	7.2%
Common Stock	Blackrock, Inc.	4,259,909 <sup>(4)</sup>	5.8%
Common Stock	Morgan Stanley	3,666,895 <sup>(5)</sup>	5.1%
Common Stock	Robeco Investment Management, Inc.	3,412,701 <sup>(6)</sup>	4.8%

- (1) As of March 6, 2012, there were outstanding and entitled to vote 68,029,476 shares of common stock.
- (2) Based on information provided by The Vanguard Group, Inc. ( Vanguard Group ) in an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 8, 2012. Per its Schedule 13G, Vanguard Group has sole voting power over 88,834 of such shares and sole power to dispose of 6,491,236 of such shares. The principal business address of Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (3) The total number of shares of the company's common stock outstanding used in calculating the percentage assumes that operating partnership units held by this person, including LTIP units that have achieved economic parity with our common stock, are converted into common stock but none of the operating units held by other people are converted into common stock. Each of Mr. Archie Bennett and Mr. Monty Bennett own a portion of their shares indirectly.
- (4) Based on information provided by Blackrock, Inc. in an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 13, 2012. Per its Schedule 13G, Blackrock, Inc. has sole voting and dispositive power over all such shares. The principal business address of Blackrock, Inc. is 40 East 52nd Street, New York, New York 10022.
- (5) Based on information provided by Morgan Stanley in a Schedule 13G filed with the Securities and Exchange Commission on February 8, 2012. Per its Schedule 13G, Morgan Stanley has sole voting power over 2,491,922 of such shares and sole power to dispose of all of the shares. The principal business address of Morgan Stanley is 1585 Broadway, New York, NY 10036.
- (6) Based on information provided by Robeco Investment Management, Inc. in an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 6, 2012. Per its Schedule 13G/A, Robeco Investment Management, Inc. has sole dispositive power over all such shares and sole voting power over 1,711,746 of such shares. The principal business address of Robeco Investment Management, Inc. is 909 Third Ave., New York, New York 10022.

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

To our knowledge, based solely on review of the copies of Forms 3, 4 and 5 furnished to us and written representations that no other reports were required, during the year ended December 31, 2011, 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 with the exception of the following: (i) one late Form 4 filing made by each of Mr. Ansell and Mr. Edelman, each reporting on transaction; (ii) two late Form 4 filings made by Mr. Callahan reporting a total of four transactions; (iii) one Form 3/A filing made by Mr. Welter to correct information previously filed on Form 3, and (iv) two late Form 4 filings made by Security Capital Preferred Growth Incorporated, the holder of our Series B-1 Preferred Stock prior to its redemption, reporting

a total of 34 transactions.



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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

Our operating partnership entered into a master management agreement with Remington Lodging & Hospitality, LLC, or Remington Lodging, subject to certain independent director approvals, pursuant to which Remington Lodging operates and manages a significant number of our hotels. Remington Lodging is an affiliate of Remington Holdings, LP and is beneficially owned 100% by Messrs. Archie and Monty Bennett. The fees due to Remington Lodging 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 Remington Lodging for the 12 months ended December 31, 2011, were approximately \$13 million. The actual amount of project and purchase management fees for the same period were approximately \$6.6 million. In addition, Remington Lodging also managed 19 of the 28 hotels held by the PIM Highland JV in return for a base management fee of 3% of gross revenues and an incentive management fee equal to the lesser of 1% of gross revenues or the amount by which actual house profit exceeds house profit set forth in the annual operating budget, as such terms are defined in the management agreement. During 2011, Remington Lodging received from PIM Highland JV a base management fee of \$4.8 million, incentive management fees of \$1.1 million, market service fees of \$1.6 million (which includes purchasing, design and construction management).

Further, we and our operating partnership have a mutual exclusivity agreement with Remington Lodging and Remington Holdings and Messrs. Archie and Monty 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 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.

Additionally, in March 2011, we acquired an interest in the 28-hotel portfolio of Highland Hospitality through a newly-formed joint venture with Prudential Real Estate Investors. The joint venture effected a consensual foreclosure and restructuring of certain mezzanine and senior loans on the portfolio. In connection with the debt restructuring, we entered into certain guaranty and indemnity agreements with the senior and mezzanine lenders pursuant to which we have potential recourse liability with respect to the mortgage and mezzanine debt arising from certain events or circumstances caused by or resulting from certain actions of Remington Lodging specifically set forth in the related guaranty and indemnity agreements. The maximum aggregate liability we could potentially incur under such guaranty and indemnity agreements is \$200,000,000. We have entered into an indemnity agreement with Remington Lodging pursuant to which Remington Lodging has agreed to indemnify us for any liabilities under the guaranty and indemnity agreements with the senior and mezzanine lenders that arise, directly or indirectly, from specifically identified actions of Remington Lodging or any related party.

Remington Hotels LP, which is owned 100% by Messrs. Archie and Monty 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, 2011, such costs were approximately \$4.3 million and were reimbursed by us monthly.

Because we could be subject to various conflicts of interest arising from our relationship with Remington Holdings, Remington Lodging 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 Remington Lodging 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 general counsel. Officers must make such report to our general counsel, 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.

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**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, 2012. 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 2011 included the audits of (i) our annual financial statements and the financial statements of our subsidiaries and (ii) 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; and consultation on financial and tax accounting and reporting matters. During the years ended December 31, 2011 and 2010, fees incurred related to our principal accountants, Ernst & Young LLP, consisted of the following:

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
Audit Fees	\$ 1,446,150	\$ 1,084,500
Audit-Related Fees	140,000	100,000
Tax Fees	614,900	330,550
All Other Fees		
<b>Total</b>	<b>\$ 2,201,050</b>	<b>\$ 1,515,050</b>

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, 2012.**

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**PROPOSAL NUMBER THREE ADVISORY APPROVAL OF EXECUTIVE COMPENSATION**

We are providing stockholders an opportunity to cast a non-binding advisory vote on executive compensation (sometimes referred to as "say on pay"). This proposal allows the company to obtain the views of stockholders on the design and effectiveness of our executive compensation program. Your advisory vote will serve as an additional tool to guide the compensation committee and our board in continuing to improve the alignment of our executive compensation programs with the interests of the company and our stockholders.

The board of directors believes the compensation program for the named executive officers is instrumental in rewarding past successes as well as motivating and retaining the executives needed to maximize the creation of long-term stockholder value in a competitive environment.

The board of directors recommends stockholder approval of the compensation of the company's named executive officers as disclosed pursuant to the SEC's compensation disclosure rules (which includes the Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the compensation tables).

Because your vote is advisory in nature, it will not have any effect on compensation already paid or awarded to any of our executive officers and will not be binding on our board. However, the compensation committee will take into account the outcome of this advisory vote when considering future executive compensation decisions.

**The board of directors recommends a vote FOR approval of Proposal Number Three.**

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**OTHER PROPOSALS**

The proxies intend to exercise their discretionary authority to vote on any stockholder proposals submitted at the 2012 annual meeting as permitted by Rule 14a-4(c) promulgated under the Securities Exchange Act of 1934, as amended, and not included in this proxy statement. For a stockholder proposal to be considered for inclusion in the company's proxy statement for the 2013 annual meeting of stockholders, our corporate secretary must receive the written proposal at our principal office no later than the close of business on December 11, 2012. Such proposals also must comply with SEC regulations Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to the attention of Investor Relations at 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254.

As to any proposal that a stockholder intends to present to stockholders other than by inclusion in our proxy statement for the 2013 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 no earlier than December 11, 2012 and no later than January 10, 2013. Even if the proper notice is received timely, 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 100 F Street N.E., Washington, DC 20549-1090. 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](http://www.sec.gov). We make available on our website at [www.ahtreit.com](http://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, 2011. 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.

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**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 10, 2012. You should not assume that the information contained in this proxy statement is accurate as of any later date.**

By order of the board of directors,

David A. Brooks

Secretary

April 10, 2012

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**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the 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 1:00 a.m., Central Time, on May 15, 2012.**

**Vote by Internet**

Go to [www.investorvote.com/AHT](http://www.investorvote.com/AHT)

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

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 **X** areas.

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

**A Proposals** The Board of Directors recommends a vote FOR the election of the nominees.

1. Election of Directors:	For	Withhold		For	Withhold		For	Withhold		For	Withhold
	..	..	02 - Monty J. Bennett	..	..	03 - Benjamin J. Ansell, M.D.	..	..	04 - Thomas E. Callahan	..	
01 - Archie Bennett, Jr.											
05 - Martin L. Edelman	..	..	06 - W. Michael Murphy	..	..	07 - Phillip S. Payne	..	..			

The Board of Directors recommends a vote FOR Proposals 2 and 3.

	For	Against	Abstain		For	Against	Abstain
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.	..	..	..	3. To obtain advisory approval of the company's executive compensation.	..	..	..
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 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.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

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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](http://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  
Providence, RI 02940-3069

Telephone Inside the USA: (877) 282-1168  
Telephone Outside the USA: (781)575-2723

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

**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 15, 2012**

Edgar Filing: ASHFORD HOSPITALITY TRUST INC - Form DEF 14A

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 15, 2012 at the Embassy Suites Hotel, 14021 Noel Road, 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 CONSISTENT WITH THE RECOMMENDATION OF THE BOARD OF DIRECTORS ON EACH PROPOSAL, 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**

**PLEASE VOTE YOUR PROXY PROMPTLY AND RETURN IN THE ENCLOSED ENVELOPE,**

**WHICH REQUIRES NO POSTAGE IF MAILED IN THE U.S.A.**

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Using a **black ink** pen, mark your votes with an **X** as shown in **X**

this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**A Proposals** The Board of Directors recommends a vote **FOR** the election of the nominees.

1. Election of Directors:	<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>For</b>	
	..	..	02 - Monty J. Bennett	..	..	03 - Benjamin J. Ansell, M.D.	..	..	04 - Thomas E. Callahan	..	
			01 - Archie Bennett, Jr.								
			05 - Martin L. Edelman	..	..	06 - W. Michael Murphy	..	..	07 - Phillip S. Payne	..	..

The Board of Directors recommends a vote **FOR** Proposals 2 and 3.

	<b>For</b>	<b>Against</b>	<b>Abstain</b>		<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.	..	..	..	3. To obtain advisory approval of the company's executive compensation.	..	..	..

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 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.

Date (mm/dd/yyyy) Please print date below.

/ /

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

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q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**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 15, 2012**

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 15, 2012 at the Embassy Suites Hotel, 14021 Noel Road, Dallas, Texas and at any adjournment of the meeting. I hereby acknowledge receipt of the notice of annual meeting and proxy statement.

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