HOST MARRIOTT CORP/
Form S-4/A
March 02, 2006
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As filed with the Securities and Exchange Commission on March 2, 2006

Registration No. 333-130249

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 4

to

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

HOST MARRIOTT CORPORATION

(Exact name of registrant as specified in its charter)

Maryland	**7011**	**53-0085950**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification Number)**

Elizabeth A. Abdoo

Executive Vice President and General Counsel

6903 Rockledge Drive, Suite 1500

Bethesda, Maryland 20817

(240) 744-1000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Scott C. Herlihy

Latham & Watkins LLP

555 11th Street, N.W., Suite 1000

Washington, D.C. 20004

(202) 637-2200

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary proxy statement/prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Proxy Statement/Prospectus

Subject to Completion, Dated March 2, 2006

Host Marriott Corporation, or Host, Host Marriott, L.P., or Host LP, Starwood Hotels & Resorts Worldwide, Inc., or Starwood, and Starwood s majority-owned subsidiary, Starwood Hotels & Resorts, or Starwood Trust, have entered into a master agreement and plan of merger, pursuant to which Host will acquire 38 hotels from Starwood and certain Starwood subsidiaries in a series of transactions, including the merger of a direct, wholly owned subsidiary of Host LP with and into Starwood Trust.

If the transactions are completed in their entirety, Host will pay total consideration of approximately $4.037 billion to Starwood, holders of Starwood Trust s Class B shares and Class A Exchangeable Preferred Shares and holders of SLT Realty Limited Partnership s RP units and Class A RP units (which classes of units represent 100% of the outstanding limited partnership interests in SLT Realty Limited Partnership), consisting in the aggregate of approximately $2.27 billion of Host common stock (representing approximately 133.5 million shares of Host common stock at the exchange price of $17.00 per share), $1.213 billion in cash and the assumption by Host of approximately $554 million in indebtedness, subject to adjustments described in this proxy statement/prospectus. The portion of the consideration to be received from Host by holders of Class B shares or Class A Exchangeable Preferred Shares generally will consist of 0.6122 shares of Host common stock and $0.503 in cash for each share held immediately prior to the completion of the transactions. Holders of Class A Exchangeable Preferred Shares will separately receive from Starwood a cash amount representing the value of the shares of Starwood common stock into which their Class A Exchangeable Preferred Shares are exchangeable immediately prior to the completion of the transactions. Currently, each Class B share trades as a unit with a share of Starwood common stock. Holders of these paired shares will retain their shares of Starwood common stock, which will not be affected by the transactions, except that the shares of Starwood common stock and Class B shares will be de-paired and the shares of Starwood common stock will trade independently of the Class B shares.

Host s management estimates that immediately after the transactions, Starwood Trust shareholders will hold approximately 26% of the then-outstanding shares of Host common stock, based on the number of shares of Host common stock outstanding on March 1, 2006. Host stockholders will continue to own their existing shares, which will not be affected by the transactions.

Host common stock is currently traded on the New York Stock Exchange under the trading symbol HMT. On March 1, 2006, Host common stock closed at $19.53 per share as reported on the New York Stock Exchange Composite Transaction Tape. However, the value of the consideration to be received by Starwood Trust shareholders will depend upon the market price per share of Host common stock and, with respect to the cash consideration payable by Starwood, Starwood common stock, which prior to the de-pairing is derived from the market price of the paired shares of Starwood and Starwood Trust, at the time of the completion of the transactions. There can be no assurance as to the market price of those securities at any time prior to, at or after the completion of the transactions.

The transactions cannot be completed unless the holders of a majority of shares of Host common stock voting in person or by proxy at the meeting approve the issuance of shares of Host common stock in the transactions, provided that the total votes cast represent over 50% of the outstanding shares of Host common stock entitled to vote. More information about Host, Starwood, Starwood Trust and the transactions is contained in this proxy statement/prospectus. **We encourage you to read carefully this proxy statement/prospectus, including the section entitled Risk Factors beginning on page 22.**

Based on its review, the board of directors of Host has determined that the master agreement and the transactions contemplated by the master agreement are advisable and in the best interests of Host and its stockholders and has unanimously approved the master agreement and the issuance of shares of Host common stock in the transactions. **Host s board of directors unanimously recommends that Host common stockholders vote FOR the proposal to approve the issuance of shares of Host common stock in the transactions.**

The vote of Host common stockholders is very important. Whether or not you plan to attend the Host special meeting, please take the time to vote by completing and mailing to us the enclosed proxy card or, by granting your proxy electronically over the Internet or by telephone. If your shares are held in street name, you must instruct your broker in order to vote.

The sole holder of Starwood Trust s Class A shares, a Starwood subsidiary, has already adopted the master agreement and approved the transactions and no other approval of Starwood Trust shareholders or Starwood stockholders is required. Accordingly, no vote of Starwood Trust shareholders or Starwood stockholders is being sought, and therefore no proxy is being requested, with respect to the transactions.

Sincerely,

Richard E. Marriott

Chairman of the Board

Host Marriott Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these transactions or the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated March 2, 2006, and is being mailed to stockholders of Host and shareholders of Starwood Trust on or about March 6, 2006.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Host and Starwood Trust from documents that are not included in or delivered with this proxy statement/prospectus. For a more detailed description of the information incorporated by reference into this proxy statement/prospectus and how you may obtain it, see Additional Information Where You Can Find More Information beginning on page 193.

You can obtain any of the documents incorporated by reference into this proxy statement/prospectus from Host or Starwood Trust, as applicable, or from the Securities and Exchange Commission, which is referred to as the SEC, through the SEC s website at www.sec.gov. Documents incorporated by reference are available from Host and Starwood Trust, as applicable, without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. Host stockholders and Starwood Trust shareholders may request a copy of such documents in writing or by telephone by contacting the applicable department at:

Host Marriott Corporation	Starwood Hotels & Resorts
6903 Rockledge Drive, Suite 1500	1111 Westchester Avenue
Bethesda, Maryland 20817-1109	White Plains, New York 10604
Attn: Investor Relations	Attn: General Counsel
Telephone: (240) 744-1000	Telephone: (914) 640-8100

In addition, you may obtain copies of the information relating to Host, without charge, by sending an e-mail to iiinfo@hostmarriott.com.

We are not incorporating the contents of the websites of the SEC, Host, Starwood Trust, Starwood or any other person into this document. We are only providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at these websites for your convenience.

In order for Host stockholders to receive timely delivery of the documents in advance of the Host special meeting, Host or Starwood Trust, as applicable, should receive your request no later than March 29, 2006. While Starwood Trust shareholders are not entitled to vote at the Host special meeting, the transactions may be completed soon after that meeting, subject to the other conditions described in this proxy statement/prospectus. Accordingly, in order for Starwood Trust shareholders to receive timely delivery of the documents, Host or Starwood Trust, as applicable, should receive your request no later than March 29, 2006.

For information about where to obtain copies of documents, see Additional Information Where You Can Find More Information beginning on page 193.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the SEC by Host, constitutes a prospectus of Host under the Securities Act of 1933, as amended, which is referred to in this document as the Securities Act, with respect to the shares of Host common stock to be issued to the holders of Starwood Trust shares in connection with the transactions. This document also constitutes a proxy statement of Host under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to in this document as the Exchange Act, and the rules thereunder, and a notice of meeting with respect to the Host special meeting of stockholders, at which, among other things, the holders of Host common stock will consider and vote upon a proposal to approve the issuance of shares of Host common stock in the transactions.

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HOST MARRIOTT CORPORATION

6903 Rockledge Drive, Suite 1500

Bethesda, Maryland 20817-1109

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On April 5, 2006

To the Stockholders of Host Marriott Corporation:

We will hold a special meeting of stockholders of Host at the Marriott at Metro Center in Washington, D.C., on April 5, 2006, at 9:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of shares of Host common stock pursuant to the Master Agreement and Plan of Merger, dated as of November 14, 2005, among Host Marriott Corporation, Host Marriott, L.P., Horizon Supernova Merger Sub, L.L.C., Horizon SLT Merger Sub, L.P., Starwood Hotels & Resorts Worldwide, Inc., Starwood Hotels & Resorts, Sheraton Holding Corporation and SLT Realty Limited Partnership.

2. To transact any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

These items of business are described in the attached proxy statement/prospectus. Only Host common stockholders of record at the close of business on February 22, 2006, the record date for the special meeting, are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting.

The board of directors of Host unanimously recommends that you vote FOR the proposal to approve the issuance of shares of Host common stock in the transactions.

Your vote is very important. It is important that your shares be represented and voted whether or not you plan to attend the special meeting in person. You may vote by completing and mailing the enclosed proxy card, or you may grant your proxy electronically via the Internet or by telephone. If your shares are held in street name, which means shares held of record by a broker, bank or other nominee, you should check the voting form used by that firm to determine whether you will be able to submit your proxy by telephone or on the Internet. Submitting a proxy over the Internet, by telephone or by mailing the enclosed proxy card will ensure your shares are represented at the special meeting. Please review the instructions in this proxy statement/prospectus and the enclosed proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these options.

By Order of the Board of Directors,

/s/ Elizabeth A. Abdoo

ELIZABETH A. ABDOO

Corporate Secretary

Host Marriott Corporation

March 2, 2006

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QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE HOST SPECIAL MEETING

The sole holder of Starwood Trust s Class A shares, a Starwood subsidiary, has already adopted the master agreement and approved the transactions and no other approval of Starwood Trust shareholders or Starwood stockholders is required. Accordingly, no vote of Starwood Trust shareholders or Starwood stockholders is being sought with respect to the transactions. ***Accordingly, Starwood Trust shareholders may skip this section and proceed to the Summary section beginning on page 1.***

If you are a Host stockholder, the following questions and answers highlight only selected procedural information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully this entire proxy statement/prospectus and the additional documents incorporated by reference into this proxy statement/prospectus to fully understand the voting procedures for the Host special meeting.

Q: Why are Host stockholders receiving this proxy statement/prospectus?

A: Host and Starwood have agreed to the transactions contemplated by the master agreement that is described in this proxy statement/prospectus.

Under the rules of the New York Stock Exchange, which is referred to throughout this proxy statement/prospectus as the NYSE, on which Host common stock is traded, in order to complete the transactions, holders of shares of Host common stock must vote to approve the issuance of shares of Host common stock in the transactions. Host will hold a special meeting of its stockholders to obtain this approval.

This proxy statement/prospectus contains important information about the transactions, the transaction agreements and the special meeting of the stockholders of Host, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending the Host special meeting.

Your vote is very important. We encourage you to vote as soon as possible.

Q: When and where will the special meeting of Host stockholders be held?

A: The Host special meeting will take place at the Marriott at Metro Center, 775 12th Street, NW in Washington, D.C. on April 5, 2006 at 9:00 a.m., local time.

Q: Who can attend and vote at the Host special meeting?

A: All Host common stockholders of record as of the close of business on February 22, 2006, the record date for the Host special meeting, are entitled to receive notice of and to vote at the Host special meeting.

Q: What should holders of Host common stock do now?

A: After carefully reading and considering this proxy statement/prospectus, Host common stockholders of record as of the record date for the Host special meeting may now vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope or by submitting a proxy over the Internet or by telephone by following the instructions on the enclosed proxy card. If you hold shares of Host common stock in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction card used by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone.

Q: May holders of Host common stock vote at the Host special meeting?

A: Yes. You may also vote in person by attending the special meeting of Host stockholders. If you plan to attend the Host special meeting and wish to vote in person, you will be given a ballot at the special meeting.

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Please note, however, that if your shares are held in street name, and you wish to vote at the Host special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting. Whether or not you plan to attend the Host special meeting, you should grant your proxy as described in this proxy statement/prospectus.

Q: What will happen if I abstain from voting or fail to vote?

A: An abstention by a Host stockholder, which occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting, will have the same effect as voting against the issuance of shares of Host common stock in the transactions. Your failure to vote or to instruct your broker to vote if your shares are held in street name may have a negative effect on Host s ability to obtain the number of votes cast necessary for approval of the issuance of shares of Host common stock in the transactions in accordance with the listing requirements of the NYSE.

Q: May I change my vote after I have delivered my proxy?

A: Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the Host special meeting by:

delivering a signed written notice of revocation to Host s transfer agent at:

Computershare Trust Company, N.A.

P.O. Box 8611

Edison, New Jersey 08818

signing and delivering a new, valid proxy bearing a later date; and if it is a written proxy, it must be signed and delivered to Host s transfer agent at the address listed above;

submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions are followed); or

attending the Host special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

Q: What should holders of Host common stock do if they receive more than one set of voting materials for the Host special meeting?

A: You may receive more than one set of voting materials for the Host special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: Who can help answer my questions?

A: If you have any questions about the transactions or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

MacKenzie Partners, Inc.

105 Madison Avenue, 14^{th} Floor

New York, New York 10016

Call toll-free: (800) 322-2885

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SUMMARY

The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the master agreement and other transaction agreements and the transactions contemplated thereby, we encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Host and Starwood Trust that has been filed with the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled Additional Information Where You Can Find More Information beginning on page 193.

The Companies

Host Marriott Corporation

6903 Rockledge Drive, Suite 1500

Bethesda, Maryland 20817-1109

(240)744-1000

Host Marriott Corporation, or Host, is a Maryland corporation and operates as a self-managed and self-administered real estate investment trust, or REIT. Host owns properties and conducts operations through Host Marriott, L.P., which is referred to throughout this proxy statement/prospectus as Host LP, a Delaware limited partnership of which Host is the sole general partner, and of which Host currently holds approximately 95% of the partnership interests. References throughout this proxy statement/prospectus to Host will include a reference to Host LP to the extent applicable. As of March 1, 2006, Host s lodging portfolio consisted of 103 upper-upscale and luxury full-service hotels containing approximately 54,000 rooms. Host s portfolio is geographically diverse with hotels in most of the major metropolitan areas in 26 states, Washington, D.C., Toronto and Calgary, Canada and Mexico City, Mexico. Host s locations include central business districts of major cities, near airports and resort/conference locations. Upon the completion of the transactions, Host intends to change its name to Host Hotels & Resorts, Inc.

Host was formed in 1998 as a Maryland corporation in connection with its reorganization to qualify as a REIT. Host common stock is currently traded on the NYSE under the symbol HMT. Upon the completion of the transactions, Host common stock will trade on the NYSE under the symbol HST.

Starwood Hotels & Resorts Worldwide, Inc.

Starwood Hotels & Resorts

1111 Westchester Avenue

White Plains, New York 10604

(914) 640-8100

Starwood Hotels & Resorts Worldwide, Inc., or Starwood, is one of the world s largest hotel and leisure companies. Starwood conducts its hotel and leisure business both directly and through its subsidiaries, including Starwood Hotels & Resorts, a Maryland real estate investment trust, which is referred to in this proxy statement/prospectus as Starwood Trust. At January 31, 2006, Starwood s hotel portfolio included owned, leased, managed and franchised hotels totaling approximately 844 hotels with approximately 260,000 rooms in more than 100 countries and territories, and is comprised of approximately 126 hotels that Starwood owns or leases or in which Starwood has a majority equity interest, approximately 377 hotels managed by Starwood on behalf of third-party owners (including entities in which Starwood has a minority equity interest) and approximately 341 hotels for which Starwood receives franchise fees. Starwood s brand names include St. Regis®, The Luxury Collection®,

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Sheraton®, Westin®, Four Points by Sheraton®, W®, Le Meridien® and aloft(SM). Starwood also owns Starwood Vacation Ownership, Inc., a developer and operator of high quality vacation interval ownership resorts.

Starwood Trust was organized in 1969, and Starwood was incorporated in 1980, both under the laws of Maryland. The shares of Starwood common stock and the Class B shares of Starwood Trust are paired and trade together as a unit on the NYSE under the symbol HOT.

The Transactions (see page 50)

Host and Starwood have agreed to engage in a series of transactions pursuant to which Host will acquire 38 hotels from Starwood and certain Starwood subsidiaries for total consideration of approximately $4.037 billion. The transactions include:

- the acquisition by Host LP of certain domestic hotels in a separate purchase structured to allow Host LP to complete like-kind exchange transactions for federal income tax purposes;
- the merger of a direct, wholly owned subsidiary of Host LP with and into Starwood Trust, resulting in Starwood Trust becoming a direct, wholly owned subsidiary of Host LP and SLT Realty Limited Partnership becoming an indirect, majority-owned subsidiary of Host LP;
- the merger of an indirect, wholly owned subsidiary of Host LP with and into SLT Realty Limited Partnership, resulting in the exchange of all outstanding RP units and Class A RP units in SLT Realty Limited Partnership into the right to receive cash, and resulting in SLT Realty Limited Partnership becoming an indirect wholly owned subsidiary of Host LP;
- the acquisition by Host LP of the equity interests in Sheraton Holding Corporation, or SHC;
- the acquisition by Host LP (through certain subsidiary REITs and foreign subsidiaries formed for this transaction) of certain foreign hotels not owned by Starwood Trust, SHC or SLT Realty Limited Partnership through the acquisition of the equity interests in various Starwood subsidiaries; and
- the acquisition by Host LP (or a designated taxable REIT subsidiary or other subsidiary of Host LP) of certain domestic improvements and working capital, as well as other ancillary assets from Starwood.

We have attached the master agreement, indemnification agreement and tax sharing and indemnification agreement as *Annex A*, *Annex B* and *Annex C*, respectively, to this proxy statement/prospectus. We encourage you to carefully read the annexed transaction agreements as they are the principal legal documents that govern the transactions.

Consideration for the Transactions

The total consideration payable by Host in the transactions, if completed in their entirety, will be approximately $4.037 billion, consisting of approximately $1.213 billion in cash, the assumption by Host of approximately $554 million in indebtedness and approximately $2.27 billion of Host common stock (representing 133,529,412 shares of Host common stock at the exchange price of $17.00 per share), in each case subject to adjustments described herein. Because the total consideration includes shares of Host common stock, the value of such consideration to Starwood Trust shareholders depends on the market price of Host common stock at the time of closing. In the event that either Starwood assumes the $450 million of the 7 $^{3}/8$% debentures due November 15, 2015 (the 2015 SHC Debentures) or the 2015 SHC Debentures do not remain outstanding at the closing of the transactions, the cash consideration will be increased by, and the aggregate indebtedness assumed by Host will be decreased by, approximately $450 million.

The portion of the consideration to be received from Host LP by holders of Class B shares or Class A Exchangeable Preferred Shares of Starwood Trust generally consists of 0.6122 shares of Host common stock and $0.503 in cash for each share held immediately prior to the completion of the transactions. Holders of Class A Exchangeable Preferred Shares of Starwood Trust will also separately receive from Starwood a cash amount

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representing the value of the shares of Starwood common stock into which their Class A Exchangeable Preferred Shares are exchangeable immediately prior to the completion of the transactions. Holders of these paired shares of Starwood and Starwood Trust will retain their shares of Starwood common stock, which will not be affected by the transactions, except that the shares of Starwood common stock and Class B shares of Starwood Trust will be de-paired prior to the date of the merger of the Host LP subsidiary with and into Starwood Trust, after which the shares of Starwood common stock will trade independently of the Class B shares of Starwood Trust.

Starwood and its subsidiaries will directly receive the consideration not payable in respect of Starwood Trust s Class B shares or Class A Exchangeable Preferred Shares or SLT Realty Limited Partnership s RP units or Class A RP units.

Preferred Stock Purchase Rights **(see page 165)**

Each person or entity receiving shares of Host common stock in the transactions will also receive the right to acquire an equal number of Host s Series A Junior Participating Preferred Stock associated with Host common stock. These preferred stock purchase rights are traded with Host common stock, are evidenced by certificates representing common stock and may be transferred only with the common stock. Prior to the public announcement that a person (or group of affiliated persons) has acquired, obtained the right to acquire, or commenced a tender offer or exchange offer that would result in its ownership of, 20% or more of Host s outstanding shares of common stock, none of which has occurred as of this date, the rights will not be exercisable or evidenced separately from Host common stock. If a triggering event not approved by the board of directors of Host were to occur, each purchase right entitles its holder, other than the third party or parties responsible for triggering the event, to purchase common stock of either Host or the acquiring entity having a value of twice the exercise price of the right. The preferred stock purchase rights have no rights or benefits unless and until one of the triggering events described above occurs.

Ownership of Host After the Transactions

In connection with the transactions contemplated by the master agreement, Host expects to issue approximately 133.5 million shares of Host common stock, which will result in former Starwood Trust shareholders receiving in the transactions approximately 26% of the then-outstanding shares of Host common stock, based on the number of shares of Host common stock outstanding on March 1, 2006.

Recommendation of Host s Board of Directors (see page 61)

Host s board of directors has determined that the master agreement and the transactions contemplated by the master agreement are advisable and in the best interests of Host and its stockholders and has unanimously approved the master agreement and the issuance of shares of Host common stock in the transactions. Host s board of directors unanimously recommends that Host common stockholders vote **FOR** the proposal to approve of the issuance of shares of Host common stock in the transactions.

Host s Reasons for the Transactions (see page 61)

In determining whether to approve the master agreement and the proposed transactions, Host s board of directors considered a number of factors, including, among others, the strength of the portfolio, the enhanced growth potential and brand diversification (with the portfolio consisting of 20 Sheratons, 13 Westins, two W hotels, one St. Regis hotel, one The Luxury Collection hotel and one additional unbranded hotel), the international platform represented by the portfolio (with 13 of the hotels to be acquired located outside the United States), and the attractive financial terms. As a result of the transactions, 9% of Host s entire portfolio (by revenue) will be located outside United States, up from 3% prior to the transactions. With the addition of the acquired hotels, only 53% of Host s portfolio (by revenue) will consist of Marriott-branded hotels, while Westin- branded hotels will represent 9%, up from 1% prior to the transactions, and Sheraton and W-branded hotels will represent 14% and 2%, respectively. Currently, Host does not own Sheraton or W-branded hotels.

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Host s board also considered potentially negative factors, including the risk that the transactions could not be completed or, if completed, could fail to produce the benefits anticipated by Host. Host s board of directors did not consider it practical and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered.

Opinion of Host Financial Advisor (see page 67)

Goldman, Sachs & Co., or Goldman Sachs, delivered its opinion to Host s board of directors to the effect that, as of November 14, 2005 and based upon and subject to the factors and assumptions set forth therein, the Consideration (as defined in such opinion) in the aggregate to be paid by Host and certain of its subsidiaries for the Assets and Interests (each as defined in such opinion) pursuant to the master agreement was fair from a financial point of view to Host.

The full text of the written opinion of Goldman Sachs, dated November 14, 2005, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as *Annex D* to this proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of Host s board of directors in connection with its consideration of the master agreement and the transactions. The Goldman Sachs opinion is not a recommendation as to how any holder of shares of Host common stock should vote with respect to the transactions. Pursuant to an engagement letter between Host and Goldman Sachs, if the aggregate consideration is greater than $4 billion, but less than or equal to $5 billion, Host has agreed to pay Goldman Sachs upon completion of the transactions a transaction fee equal to 0.33% of the aggregate consideration (as defined in such engagement letter) not to exceed $15 million. In the event that the transaction is not consummated, Goldman Sachs would not receive a fee in connection with the transaction (other than as a result of a termination in connection with which a break-up fee is payable to Host).

Opinion of Starwood and Starwood Trust s Financial Advisor (see page 72)

Bear, Stearns & Co. Inc., or Bear Stearns, at the November 13, 2005 meeting of Starwood s board of directors and Starwood Trust s board of trustees, delivered its oral opinion, which was subsequently confirmed in writing, that, as of November 13, 2005, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the aggregate consideration to be received by Starwood, Starwood Trust and their shareholders for the Starwood Portfolio, as defined in Bear Stearns written opinion, was fair, from a financial point of view, to Starwood and Starwood Trust.

The full text of Bear Stearns written opinion is attached as *Annex E* to this proxy statement/prospectus. Bear Stearns provided its opinion solely for the benefit and use of Starwood s board of directors and Starwood Trust s board of trustees and the opinion did not constitute a recommendation to either of the boards in connection with the transactions. The Bear Stearns opinion is not a recommendation to Host s board of directors or any shareholders of Host as to how to vote in connection with the transactions. Pursuant to the terms of Bear Stearns engagement letter, Starwood has agreed to pay Bear Stearns a transaction fee equal to $17 million, which is payable upon consummation of the transactions contemplated by the master agreement. If the transactions are terminated, Starwood would not be required to pay Bear Stearns a fee in connection with the transactions.

Stockholders Entitled to Vote at the Host Special Meeting (see page 46)

You can vote at the Host special meeting if you owned Host common stock at the close of business on February 22, 2006, which is referred to throughout this proxy statement/prospectus as the record date. On that date, there were 385,792,520 shares of Host common stock outstanding and entitled to vote at the Host special meeting. You can cast one vote for each share of Host common stock that you owned on the record date.

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Vote Required (see page 46)

The sole holder of Starwood Trust s Class A shares, Starwood Hotels & Resorts Holdings, Inc., a subsidiary of Starwood, has already adopted the master agreement and approved the transactions and no other approval of Starwood Trust shareholders or Starwood stockholders is required. Accordingly, no vote of Starwood Trust shareholders or Starwood stockholders is being sought, and therefore no proxy is being requested from them, with respect to the transactions.

In order to complete the transactions contemplated by the master agreement, holders of shares of Host common stock must approve the issuance of shares of Host common stock in the transactions. In accordance with the listing requirements of the NYSE, the issuance of shares of Host common stock in the transactions requires the affirmative vote of the holders of a majority of shares of Host common stock cast on the proposal, in person or by proxy, provided that the total votes cast on the proposal represent over 50% of the outstanding shares of Host common stock entitled to vote on the proposal.

Abstentions and broker non-votes, will be counted in determining whether a quorum is present at the Host special meeting for purposes of the vote of Host stockholders on the proposal to approve the issuance of shares of Host common stock in the transactions. An abstention, which occurs when a stockholder attends a meeting either in person or by proxy, but abstains from voting, will have the same effect as a vote against the proposal. A broker non-vote occurs when shares are held in street name by a broker or other nominee on behalf of a beneficial owner and the beneficial owner does not instruct the broker or nominee how to vote the shares for a proposal that is non-routine under the listing requirements of the NYSE. Broker non-votes could have a negative effect on Host s ability to obtain the necessary number of votes cast in accordance with the NYSE s listing requirements for the proposal to approve the issuance of shares of Host common stock in the transactions because it is a non-routine proposal.

Share Ownership of Directors and Executive Officers of Host

At the close of business on the record date, directors and executive officers of Host and their affiliates beneficially owned and were entitled to vote 21,506,917 shares of Host common stock, collectively representing ..055% of the shares of Host common stock outstanding on that date.

Conditions to Completion of the Transactions (see page 90)

A number of conditions must be satisfied before the transactions will be completed. These include, among others:

- the receipt of the approval by Host common stockholders of the issuance of shares of Host common stock in the transactions;
- the receipt of the approval for listing on the NYSE of shares of Host common stock to be issued in the transactions;
- the satisfaction of all antitrust requirements in Canada and Italy;

the absence of any legal restraints or prohibitions preventing the completion of the transactions;

the representations and warranties of each party contained in the master agreement being true and correct, generally except to the extent that breaches of such representations and warranties would not reasonably be expected to result in a material adverse effect with respect to Host or the business of Starwood currently contemplated to be acquired by Host or result in a material default under certain operating agreements to be entered into between Host and Starwood at the closing;

the performance by Host and Starwood in all material respects of their respective obligations under the master agreement;

the absence of any events or developments since the date of the master agreement that would reasonably be expected to have a material adverse effect with respect to Host or the business of Starwood currently contemplated to be acquired by Host;

the absence of any actual or proposed change in tax law or regulation with respect to consolidated tax return rules that would reasonably be expected to result in a material risk of Starwood incurring an economic cost of more than $200 million that Starwood did not expect to bear from the transactions; and

the 20-trading day average closing price of a share of Host common stock being no less than $13.60 on the date on which the closing date is determined.

Each of Host and Starwood may, if legally permissible, waive the conditions to the performance of its obligations under the master agreement and complete the transactions even though one or more of these conditions has not been met. Neither Host nor Starwood can give any assurance that all of the conditions to the transactions will be either satisfied or waived or that the transactions will occur.

No Solicitation by Starwood (see page 100)

The master agreement contains restrictions on the ability of Starwood to solicit or engage in discussions or negotiations with a third party with respect to a proposal to acquire a significant interest in the hotels currently contemplated to be acquired by Host in the transactions.

Break-up Fee (see page 107)

If the master agreement is terminated, Starwood, in certain circumstances, will be required to pay a break-up fee of up to $100 million to Host and reimburse Host for up to $20 million of Host s transaction-related expenses, and Host, in the event the master agreement is terminated by either party due to the failure to obtain the requisite vote of Host stockholders, will be required to reimburse Starwood for up to $20 million of Starwood s transaction-related expenses but will not be required to pay a break-up fee.

Deferral of Hotels (see page 102)

Host and Starwood have agreed that, in the circumstances described below, one or both of them may elect to defer , or temporarily (or, ultimately, permanently) exclude from the transactions, one or more hotels or entities to be acquired by Host in the transactions. If a hotel or entity is deferred, the cash portion of the overall purchase price for the transactions will be reduced by the amount of the purchase price that was allocated to such hotel (or, in the case of a deferred entity, the hotels owned by such entity) in the master agreement.

Either Host or Starwood can defer any hotel or entity to be acquired by Host from the initial closing transactions without the other s consent upon the occurrence of any of the following deferral triggers related to such hotel or entity:

failure to obtain any consent identified prior to signing the master agreement;

required antitrust approvals are not obtained; or

any temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction is issued or laws become effective that prevent the transactions or make them illegal.

In addition, Starwood can exclude any of the Canadian hotels to be acquired by Host from the initial closing transactions without Host s consent if Starwood does not succeed in obtaining the desired ruling from the Canadian tax authorities with respect to certain Canadian restructuring transactions related to the sale of the Canadian hotels to Host.

In addition, Host can defer any hotel or entity to be acquired by Host from the initial closing transactions without Starwood s consent upon the occurrence of any of the following deferral triggers related to such hotel or entity:

casualty at a hotel currently contemplated to be acquired by Host that results in cost of repair (without taking into account insurance) in excess of 25% of the value of such hotel;

condemnation of a hotel currently contemplated to be acquired by Host that results in an economic impact (without taking into account any condemnation award) in excess of 25% of the value of such hotel;

breach of specified Starwood representations or failure to obtain a required consent not previously identified that results in an economic impact (without taking into account any indemnification or insurance) in excess of 25% of the value of a hotel or entity currently contemplated to be acquired by Host;

failure of Starwood to complete its restructuring in a manner that satisfies Host s restructuring conditions;

specified structuring costs attendant to the ownership of certain foreign hotels to be acquired by Host would reasonably be expected to exceed 10% of the earnings before interest, taxes, depreciation and amortization, or EBITDA, that would (but for such costs) otherwise be received by Host with respect to such foreign hotels during the twelve months immediately following the closing; or

if Host s closing conditions are satisfied on the overall transactions, but a required consent has not been obtained (or there is another deferral trigger) with respect to one of three primary European hotels (i.e., Westin Palace Madrid, Westin Palace Milan and the Westin Europa & Regina), Host can elect to defer all acquired hotels located outside of the United States, Canada and Poland.

Host and Starwood are working with the intention that Host will acquire at closing all of the hotels in the transactions and no hotel has been deferred or excluded from the transactions as of the date of this proxy statement/prospectus. Furthermore, Host and Starwood have conditions to their respective obligations to complete the transactions, which limit the hotels that can be excluded by either party from the initial closing without the other party s consent. However, there is no guarantee that all of the deferral triggers will be satisfied or waived prior to closing. In particular, given the waiting period applicable to certain approvals that are required to be obtained from the municipality in which the Westin Europa & Regina (a hotel in Venice) is located, unless a waiver can be obtained, it is likely that the transfer of that hotel will not be capable of completion prior to the second quarter of 2006. As a result, if the requisite Host stockholder approval is obtained and all other conditions to the completion of the closing transactions have been satisfied prior to that time, it is likely that the acquisition of the Westin Europa & Regina (and, if Host so elects, all other hotels located outside of the United States, Canada and Poland) would be deferred. In such an event, if the applicable approvals are not obtained prior to 90 days after the initial closing of the transactions (or, if Host elects to defer all hotels located outside the United States, Canada and Poland, prior to October 17, 2006), the deferred hotels could ultimately be permanently excluded from the transactions and retained by Starwood.

In the event that the requisite Host stockholder vote is obtained and, following such vote, the number or value of hotels in the transactions were to materially change due to the deferral triggers described above, then Host would call another special meeting of its stockholders for the purpose of re-approving the issuance of shares of Host common stock in the transactions.

Indemnification (see page 109)

Subject to certain limitations, Starwood has agreed to indemnify and hold Host harmless from liabilities being retained by Starwood and breaches of Starwood s covenants, agreements, representations and warranties

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contained in the master agreement. Similarly, subject to certain limitations, Host has agreed to indemnify and hold Starwood harmless from liabilities being assumed by Host and breaches of Host s covenants, agreements, representations and warranties contained in the master agreement.

Each of Host and Starwood will indemnify the other for every dollar there is no deductible, cap or survival limitation of assumed liabilities and retained liabilities, respectively. Subject to certain survival limitations, the parties will indemnify each other for every dollar of losses arising from a breach of a covenant there is no deductible or cap except that with respect to breaches of covenants relating to the parties conduct of their respective businesses pre-closing, there is a $500,000 threshold. A party s right to indemnification for a loss that results from a breach by the other party of its representations or warranties will be subject to a specified deductible, cap and survival limitation. Generally, neither Host nor Starwood will be liable for a claim by the other with respect to breaches of representations and warranties involving (i) individual losses of less than $500,000, (ii) losses that, in the aggregate, are less than $50 million or (iii) losses in excess of $100 million.

Termination of the Master Agreement (see page 105)

Host and Starwood may mutually agree in writing, at any time before the completion of the transactions, to terminate the master agreement. Also, either Host or Starwood may terminate the master agreement in a number of circumstances, including if:

- the transactions are not completed by April 17, 2006;
- any governmental entity prohibits the transactions;
- Host common stockholders at the Host special meeting fail to approve the issuance of shares of Host common stock in the transactions;
- the 20-trading day average closing price of a share of Host common stock is less than $13.60 on the date on which the closing date is determined; or
- the breach or failure to perform of the other party s covenants, agreements, representations or warranties contained in the master agreement would result in the failure to satisfy one or more of the closing conditions, and such breach is not cured within 20 business days following notice of such breach.

Host may terminate the master agreement if:

- Starwood enters into a definitive agreement relating to, or consummates, a transaction resulting in a more than 50% change in the ownership of Starwood; or
- Host delivers to Starwood notice of actual or alleged breaches by Starwood of its representations and warranties and Starwood declines to agree that the cap on Host s indemnification will not apply for such identified breaches of representations and warranties (for more information on Starwood s indemnification obligations, see Material Terms of the Principal Transaction Agreements Indemnification Agreement beginning on page 109).

Starwood may terminate the master agreement if Starwood delivers to Host notice of actual or alleged breaches by Starwood of its representations and warranties and Host declines to limit to $50 million Starwood s total liability for Host s claims for such identified breaches or representations and warranties.

Listing of Host Common Stock (see page 81)

Application will be made to have the shares of Host common stock issued in the transactions approved for listing on the NYSE, where Host common stock is currently traded under the symbol HMT and, after the completion of the transactions, will be traded under the symbol HST.

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Dissenters Rights of Appraisal (see page 81)

Under Maryland law, holders of Host common stock are not entitled to dissenters or appraisal rights in connection with the issuance of Host common stock in the transactions.

Except for the sole holder of the Class A shares of Starwood Trust, which waived its rights, no holder of shares of Starwood Trust, paired shares of Starwood and Starwood Trust or units of SLT Realty Limited Partnership is entitled to appraisal, dissenters or similar rights as a result of the consummation of the transactions.

Regulatory Matters (see page 81)

Neither Host nor Starwood is aware of any material federal or state regulatory requirements that must be complied with or approvals that must be obtained in connection with the transactions. However, there are certain antitrust requirements that must be satisfied in Canada and Italy in connection with Host s acquisition of hotels located in these countries. With respect to the Canadian antitrust approval, the Canadian Competition Bureau issued a no-action letter on January 24, 2006 indicating that it will not challenge the transactions at this time.

Transfer Taxes and Transaction Costs (see page 108)

Host and Starwood will share equally all transfer taxes and specified transaction costs incurred in connection with the closing transactions. However, this sharing by Host and Starwood is subject, except in certain circumstances, to a $50 million cap on Host s obligations, subject to reduction in certain circumstances.

In addition, each party will bear its own legal, investment banking and other fees and expenses incurred in connection with the closing transactions, including, in the case of Host, substantially all of the costs of obtaining title policies.

Relationship of Host and Starwood Following the Transactions (see page 118)

At the closing of the transactions, Host and Starwood will enter into certain agreements to govern their relationship going forward. In particular, Host and Starwood, through their respective subsidiaries, will enter into operating agreements (pursuant to which Starwood will provide management services for the hotels being acquired by Host) and license agreements (which will address rights to use service marks, logos, symbols and trademarks, such as Westin®, Sheraton® and W®). The combined terms of the operating and license agreements with Starwood would be structured to be generally comparable to Host s established management agreements with its other third-party managers (such as Marriott International, Hyatt and Hilton).

Under each operating agreement, Starwood would provide comprehensive management services for the hotels for an initial term of 20 years each, with two renewal terms of 10 years each. Starwood would receive compensation in the form of a base fee of 1% of annual gross revenues, and an incentive fee of 20% of annual gross operating profit, after Host has received a priority return of 10.75% on its purchase price and other investments in the hotels. In addition, the operating agreements would require Host to provide funding up to 5% of the gross operating revenue of each hotel for any required capital expenditures (including replacements of furniture, fixtures and equipment) and building capital improvements.

In addition to rights relating to the subject brand, the license agreement would address matters relating to compliance with certain standards and policies and the provision of certain system program and centralized services. The license agreements would have an initial term of 20 years each, with two renewal terms of 10 years each. Starwood would receive compensation in the form of a license fee of 5% of gross operating revenue attributable to room sales and 2% of gross operating revenue attributable to food and beverage sales. In addition, the license agreements would limit Host s ability to sell, lease or otherwise transfer any hotel by requiring that the transferee assume the related operating agreement and meet other specified conditions.

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Material Federal Income Tax Consequences (see pages 121 and 125)

The parties intend that the REIT merger will be treated as a taxable purchase by Host LP of all of the outstanding shares of Starwood Trust in exchange for the REIT merger consideration. In evaluating the tax consequences of the transactions, including the ownership and disposition of Host common stock after the transactions, you should consider the matters discussed in the section entitled Material Federal Income Tax Consequences of the REIT Merger to Holders of Paired Shares of Starwood and Starwood Trust and Holders of Starwood Trust Class A Exchangeable Preferred Shares beginning on page 121, and the section entitled Material Federal Income Tax Consequences to Holders of Shares of Host Common Stock on page 125.

Accounting Treatment (see page 77)

In accordance with SFAS No. 141, Business Combinations, Host will account for the transactions as a business combination. Upon the consummation of the transactions, Host will record the cash consideration, the market value of Host common stock issued, the fair value of the assets and liabilities assumed, as well as the amount of direct transaction costs.

Risks (see page 22)

In evaluating the transactions, the transaction agreements or the issuance of shares of Host common stock in the transactions, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors beginning on page 22.

Financing for the Transactions (see page 78)

Host has received commitments from Goldman Sachs Credit Partners, L.P., Deutsche Bank AG Cayman Islands Branch, Banc of America Bridge LLC and Merrill Lynch Capital Corporation in an aggregate amount of up to $1.67 billion, which is sufficient to fund the cash portion of the purchase price for the transactions. This bridge loan amount would also allow Host to consummate the transactions even if the consents of the holders of certain indebtedness of SHC necessary in order to permit the 2015 SHC Debentures to remain obligations of SHC (instead of being assumed by Starwood) at the time of the closing are not obtained. If the 2015 SHC Debentures are assumed by Starwood, or are no longer outstanding at the closing of the transactions rather than remain obligations of SHC, the cash portion of the purchase price would increase by the corresponding amount. The bridge loan facility has a term, excluding extensions, of one year.

Host expects to permanently finance the $1.213 billion cash portion of the purchase price for the transactions through available cash and proceeds from a combination of (i) asset sales of approximately $670 million (including the Ft. Lauderdale Marina Marriott, the Albany Marriott, the Chicago Marriott Deerfield Suites, the Marriott at Research Triangle Park and the Swissôtel The Drake, New York), (ii) sales of joint venture interests related to the six European assets to be acquired in the transactions and (iii) the issuance or other incurrence of indebtedness (including draws upon the bridge loan facility described below). Host is in discussions with third parties regarding such a joint venture and expects it would retain approximately 25% of the equity interests in the joint venture while obtaining approximately $575 million of financing, including new debt to be issued by the joint venture but excluding Host s portion of the capital contributions to the joint venture. Depending upon the timing of the closing of the contemplated asset sales and permanent financing transactions, proceeds therefrom may be used to repay draws on the bridge loan facility. In January and February 2006, Host completed the dispositions of the Fort Lauderdale Marina

Marriott, the Albany Marriott, the Chicago Marriott Deerfield Suites and the Marriott at Research Triangle Park for aggregate net proceeds of approximately $250 million. Additionally, Host expects that its planned disposition of the Swissôtel The Drake, New York will close in March 2006 for estimated net proceeds of approximately $420 million. To the extent that this sale and the above financings have not occurred prior to the closing of the transactions, Host LP has received financing

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commitments for a bridge loan facility in an aggregate principal amount of up to $1.67 billion from certain lenders. Host also expects to assume approximately $554 million of indebtedness of the entities acquired in the transactions (including $450 million of the 2015 SHC Debentures if the above-referenced bondholder consents are obtained and the 2015 SHC Debentures remain outstanding obligations of SHC).

Comparison of the Rights of Host Stockholders and Starwood Trust Shareholders (see page 173)

Holders of Starwood Trust shares who will be receiving consideration in the form of shares of Host common stock will have rights as Host stockholders, which are governed by Titles 1-3 of the Corporations and Associations Article of the Annotated Code of Maryland and Host s charter and bylaws, that are different than their rights as Starwood Trust shareholders, which are governed by Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland and Starwood Trust s restated declaration of trust and bylaws.

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Recent Events

On February 23, 2006, Host announced its results of operations for the fourth quarter and the year ended December 31, 2005. The following table presents certain selected historical financial data which has been derived from consolidated financial statements for the years ended December 31, 2005 and 2004. Certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles, or GAAP, have been omitted (unaudited, in millions, except per share amounts).

	2005	2004
Income Statement Data:		
Revenues	$ 3,881	$ 3,574
Income (loss) from continuing operations	138	(74)
Income from discontinued operations (1)	28	74
Net income (loss)	166	
Net income (loss) available to common stockholders	135	(41)
Basic and diluted earnings (loss) per common share:		
Income (loss) from continuing operations	.30	(.34)
Income from discontinued operations	.08	.22
Net income (loss)	.38	(.12)
Cash dividends declared per common share	.41	.05
Balance Sheet Data:		
Total assets	$ 8,245	$ 8,421
Debt (2)	5,370	5,523
Preferred stock	241	337
Other Data:		
Funds from Operations (FFO) per diluted share	$ 1.15	$ .77

(1) Discontinued operations reflects the operations of properties classified as held for sale, the results of operations of properties sold and the gain or loss on those dispositions.

(2) Debt includes $387 million and $492 million of Convertible Subordinated Debentures as of December 31, 2004 and 2005, respectively. From December 2005 through February 2006, the Company redeemed or converted into approximately 30.8 million common shares substantially all of the Convertible Subordinated Debentures (and the underlying Convertible Preferred Securities).

Non-GAAP Financial Measures

Host uses certain non-GAAP financial measures, which are measures of Host s historical financial performance that are not calculated and presented in accordance with GAAP, within the meaning of applicable SEC rules. In the above table Host presents FFO per diluted share as a non-GAAP measure of Host s performance in addition to its earnings per share (calculated in accordance with GAAP). Host calculates FFO per diluted share for a given operating period as its FFO (defined as set forth below) for such period divided by the number of fully diluted shares outstanding during such period. The National Association of Real Estate Investment Trusts (NAREIT) defines FFO as net income (calculated in accordance with GAAP) excluding gains (or losses) from sales of real estate, the cumulative effect of changes in accounting principles, real estate-related depreciation and amortization and adjustments for unconsolidated partnerships and joint ventures. FFO is presented on a per share basis after making adjustments for the effects of dilutive securities, including the payment of preferred stock dividends, in accordance with NAREIT guidelines.

Host believes that FFO per diluted share is a useful supplemental measure of its operating performance and that presentation of FFO per diluted share, when combined with the primary GAAP presentation of earnings per share, provides beneficial information to investors. By excluding the effect of real estate depreciation,

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amortization and gains and losses from sales of real estate, all of which are based on historical cost accounting and which may be of lesser significance in evaluating current performance, Host believes that such measure can facilitate comparisons of operating performance between periods and between other REITs, even though FFO per diluted share does not represent an amount that accrues directly to holders of Host s common stock. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. As noted by NAREIT in its April 2002 White Paper on Funds From Operations, since real estate values have historically risen or fallen with market conditions, many industry investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. For these reasons, NAREIT adopted the definition of FFO in order to promote an industry-wide measure of REIT operating performance.

Host calculates FFO per diluted share, in accordance with standards established by NAREIT, which may not be comparable to measures calculated by other companies who do not use the NAREIT definition of FFO or calculate FFO per diluted share in accordance with NAREIT guidance. In addition, although FFO per diluted share is a useful measure when comparing Host s results to other REITs, it may not be helpful to investors when comparing Host to non-REITs. This information should not be considered as an alternative to net income, operating profit, cash from operations, or any other operating performance measure prescribed by GAAP. Cash expenditures for various long-term assets (such as renewal and replacement capital expenditures) and other items have been and will be incurred and are not reflected in the FFO per diluted share presentations. Management compensates for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of Host s operating performance. Host s consolidated statements of operations and cash flows include depreciation, capital expenditures and other excluded items, all of which should be considered when evaluating Host s performance, as well as the usefulness of Host s non-GAAP financial measures. Additionally, FFO per diluted share should not be considered as a measure of Host s liquidity or indicative of funds available to fund Host s cash needs, including Host s ability to make cash distributions. In addition, FFO per diluted share does not measure, and should not be used as a measure of, amounts that accrue directly to Host s stockholders benefit.

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The following tables provide a reconciliation of net income (loss) available to Host s common shareholders per share to FFO per diluted share (unaudited, in millions, except per share amounts):

Reconciliation of Net Income (Loss) Available to

Common Shareholders to Funds From Operations per Diluted Share

	Year ended December 31,					
	2005			2004		
	Income (Loss)	Shares	Per Share Amount	Income (Loss)	Shares	Per Share Amount
Net income (loss) available to common shareholders	$ 135	353.0	$ .38	$ (41)	337.2	$ (.12)
Adjustments:						
Gain on dispositions, net	(60)		(.17)	(52)		(.16)
Amortization of deferred gains	(8)		(.02)	(11)		(.03)
Depreciation and amortization	371		1.05	364		1.08
Partnership adjustments	10		.03	21		.06
FFO of minority partners of Host LP (a)	(24)		(.07)	(18)		(.05)
Adjustments for dilutive securities:						
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price		2.5	(.01)		3.0	(.01)
Assuming conversion of Exchangeable Senior Debentures	19	28.1	(.04)	15	21.7	
Assuming conversion of Convertible Subordinated Debentures	32	30.9				
FFO per diluted share (b)	$ 475	414.5	$ 1.15	$ 278	361.9	$ .77

(a) Represents FFO attributable to the minority interests in Host LP.

(b) FFO per diluted share in accordance with NAREIT is adjusted for the effects of dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans, those preferred operating partnership units of Host LP held by minority partners, convertible debt securities and other minority interests that have the option to convert their limited partnership interest to common operating partnership units of Host LP. No effect is shown for securities if they are anti-dilutive.

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Summary Selected Historical Financial Data

Host is providing the following information to aid you in your analysis of the financial aspects of the transactions.

Host Marriott Corporation

The following table presents certain selected historical financial data which has been derived from Host s audited consolidated financial statements for the five years ended December 31, 2004. The data presented for the year-to-date periods ended September 9, 2005 and September 10, 2004 are derived from Host s unaudited condensed consolidated financial statements and include, in the opinion of management, all adjustments necessary to present fairly the data for such periods. The results for year-to-date 2005 are not necessarily indicative of the results to be expected for the full year because of the effect of seasonal and short-term variations. The information is only a summary and should be read in conjunction with (i) the unaudited pro forma financial statements and accompanying notes included in this proxy statement/prospectus as described under Host Marriott Corporation Unaudited Pro Forma Financial Statements beginning on page 154, and (ii) the consolidated financial statements, accompanying notes and management s discussion and analysis of results of operations and financial condition of Host as of and for the periods presented, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. See Additional Information Where You Can Find More Information beginning on page 193.

	Year-to-date		**Fiscal year**				
	September 9, 2005	**September 10, 2004**	**2004**	**2003**	**2002**	**2001**	**2000**
	(in millions, except per share amounts)						
Income Statement Data:							
Revenues	$ 2,647	$ 2,452	$ 3,629	$ 3,278	$ 3,333	$ 3,362	$ 1,305
Income (loss) from continuing operations	79	(89)	(65)	(238)	(71)	7	103
Income from discontinued operations (1)	13	28	65	252	55	44	53
Net income (loss)	92	(61)		14	(16)	51	156
Net income (loss) available to common stockholders	67	(93)	(41)	(21)	(51)	19	141
Basic earnings (loss) per common share:							
Income (loss) from continuing operations	.15	(.36)	(.31)	(.97)	(.40)	(.10)	.40
Income from discontinued operations	.04	.08	.19	.90	.21	.18	.24
Net income (loss)	.19	(.28)	(.12)	(.07)	(.19)	.08	.64
Diluted earnings (loss) per common share:							
Income (loss) from continuing operations	.15	(.36)	(.31)	(.97)	(.40)	(.10)	.39
Income from discontinued operations	.04	.08	.19	.90	.21	.18	.24
Net income (loss)	.19	(.28)	(.12)	(.07)	(.19)	.08	.63
Cash dividends declared per common share	.29		.05			.78	.91
Balance Sheet Data:							
Total assets	$ 8,248	$ 8,384	$ 8,421	$ 8,592	$ 8,316	$ 8,338	$ 8,396
Debt (2)	5,501	5,564	5,523	5,486	5,638	5,602	5,322
Convertible Preferred Securities (2)							