

HOST HOTELS & RESORTS

2012 ANNUAL REPORT



■ FINANCIAL HIGHLIGHTS

(unaudited)	2012	2011
OPERATING DATA <i>(IN MILLIONS)</i>		
Revenues	\$ 5,286	\$ 4,924
Operating profit	383	326
Net income (loss)	63	(16)
DILUTED EARNINGS (LOSS) PER COMMON SHARE		
Earnings (loss) from continuing operations	\$.01	\$ (.01)
Diluted earnings (loss)	\$.08	\$ (.02)
Diluted weighted average shares outstanding <i>(in millions)</i>	719.6	693.0
BALANCE SHEET DATA <i>(IN MILLIONS)</i>		
Total assets	\$12,994	\$13,090
Total debt	5,411	5,753
Total equity	6,859	6,713
OTHER DATA		
Adjusted EBITDA ⁽¹⁾ <i>(in millions)</i>	\$ 1,190	\$ 1,018
NAREIT funds from operations per diluted share ⁽¹⁾	1.04	.89
Adjusted funds from operations per diluted share ⁽¹⁾	1.10	.92
Stock price on December 31st	15.67	14.77
COMPARABLE HOTEL DATA ⁽²⁾		
Number of properties	103	103
Number of rooms	54,804	54,804
Average room rate	\$191.15	\$184.52
Occupancy percentage	74.5%	72.5%
RevPAR ⁽³⁾	\$142.48	\$133.87

⁽¹⁾ NAREIT Funds From Operations (FFO) and Adjusted FFO per diluted share and Adjusted Earnings before Interest Expense, Income Taxes, Depreciation, Amortization and other items (Adjusted EBITDA) are not generally accepted accounting principles (GAAP) financial measures within the meaning of the rules of the Securities & Exchange Commission. These measures have been reconciled to comparable GAAP measures. See page 16 of this report.

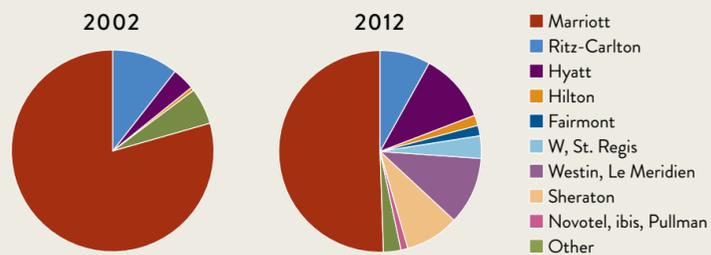
⁽²⁾ We define our comparable hotels as properties that are owned or leased by us and the operations of which are included in our consolidated results, whether as continuing operations or discontinued operations, for the entirety of the reporting periods being compared, and that have not sustained substantial property damage or business interruption or undergone large-scale capital projects during the reporting periods being compared.

⁽³⁾ Room revenue per available room ("RevPAR") represents the combination of average daily room rate charged and the average daily occupancy achieved, and is a commonly used indicator of hotel performance. RevPAR does not include food and beverage or other ancillary revenues generated by the property.

Our Annual Report on Form 10-K filed with the Securities and Exchange Commission is included in our mailing to stockholders and together with this 2012 Annual Report forms our annual report to stockholders within the meaning of SEC rules.

ON THE COVER: OPENED JUST IN TIME FOR THE CENTENNIAL OF NEW YORK'S GRAND CENTRAL TERMINAL, THE ALL-NEW WESTIN NEW YORK GRAND CENTRAL MAKES IT EASY TO EXPERIENCE ALL MANHATTAN HAS TO OFFER FROM TIMES SQUARE TO THE ROCKEFELLER CENTER.

HOTELS BY BRAND (as a percent of revenues)



HOTELS BY MARKET (as a percent of revenues)



ASIA PACIFIC

In the fast growing Asia-Pacific markets, we believe the new found wealth of growing middle classes will result in increased levels of domestic travel and consumer spending. With ownership interests in 11 properties in Australia, India and New Zealand providing a stable platform for continued growth, we remain focused on opportunities in key markets such as Hong Kong, Singapore and Sydney, where we believe opportunities for strong growth exists.



THE AMERICAS

The Americas represents an unmatched portfolio of upper upscale and luxury assets in prime urban and resort locations. Our strategy is to acquire assets in target markets such as New York, Boston and San Diego, while opportunistically reallocating our investment out of slower growth markets. We continue to build on our industry leading position through aggressive asset management and strategic investments designed to enhance asset value and increase profitability.



EUROPE

Europe is one of the largest economic markets in the world and is a key component of our global diversification. We remain focused on identifying and acquiring quality assets, targeting recognizable global centers of commerce and tourism in gateway cities that attract both domestic and international travelers. Since 2006, together with our joint venture partners, we have invested over \$2.4 billion in 19 upper upscale and luxury properties in eight countries.



The brands and logos listed above are the trademarks of our managers or their affiliates. The trademarked names and their logos are the property of their respective owners and are being used with the express permission of their owners. None of the owners of these trademarks has any responsibility or liability for any information contained in this Annual Report.



W. EDWARD WALTER
President and Chief Executive Officer

RICHARD E. MARRIOTT
Chairman of the Board

HOST HOTELS & RESORTS HAD AN OUTSTANDING YEAR IN 2012. OUR FOCUSED AND DISCIPLINED EXECUTION OF LONG-TERM STRATEGIC INITIATIVES HAS FURTHER SOLIDIFIED OUR POSITION AS THE NATION'S LARGEST LODGING REAL ESTATE INVESTMENT TRUST. WE HAVE CONTINUED TO AGGRESSIVELY MANAGE OUR EXISTING PORTFOLIO AND PRACTICE A SYSTEMATIC AND DISCIPLINED APPROACH TO CAPITAL ALLOCATION, WHILE EXPANDING OUR GLOBAL PLATFORM ACROSS TARGET MARKETS IN EUROPE, LATIN AMERICA AND THE ASIA-PACIFIC REGIONS. OUR PORTFOLIO BOASTS A BROAD ARRAY OF PREMIUM BRANDS AND KEY MARKET LOCATIONS, CAREFULLY DIRECTED BY OUR EXPERIENCED MANAGEMENT TEAM TO DRIVE OPERATING PERFORMANCE.

In 2012, we overcame significant headwinds caused by financial and political difficulties in the United States and across the globe to achieve our third year in a row of increased revenues. Our results were driven by strong group and transient demand, as well as rate growth, and solid cost controls, resulting in substantially improved operating performance. Some of the highlights for 2012 include:

- Total revenue increased 7.4%, reflecting a 5.5% increase in revenue at our comparable hotels, as well as incremental revenues from 11 properties acquired in 2012 and 2011. The increase in comparable hotel revenues was driven by a 3.6% increase in average daily rates and growth in occupancy resulting in a 6.4% increase in RevPAR. The key driver of our business this year was a more than 4% increase in group room nights, which allowed operators to aggressively increase room rates especially in our transient segments;
- Adjusted Funds from Operations increased by 20% to \$1.10 per diluted share, while Adjusted EBITDA grew 17% to \$1.190 billion. Net income for the year was \$63 million, while diluted earnings per common share was \$.08 for the year;
- We acquired the Grand Hyatt Washington in July for \$400 million, a great asset with a superb location in a strong market with long-term growth potential. Globally, we continued to invest through our joint ventures, acquiring properties valued at nearly \$700 million in France, Germany, The Netherlands and Australia;
- We completed the sale of four properties in 2012 and early 2013 for proceeds of \$445 million, taking advantage of market conditions to rebalance investments in our portfolio and provide capital to fund acquisitions and for the repayment of debt;
- We invested \$272 million in redevelopment and return-on-investment capital projects that are designed to increase the profitability of our properties. These projects include the recently re-branded, Westin New York Grand Central, whose conversion included the complete renovation of 774 guestrooms, the ballroom and meeting space, fitness center, lobby and public areas, as well as the development of a new bar and restaurant;

- We entered into a lease agreement with Vornado Realty Trust to create superior high-end retail space, as well as a captivating six-story, block front, LED signage at the New York Marriott Marquis that will dramatically improve its presence in Times Square. The new lease is expected to generate substantial economic benefits and has already increased rental income by more than \$6 million annually;
- We entered into a joint venture agreement with Hyatt Residential Group to develop, sell and operate a 131-unit vacation ownership project on vacant land we owned adjacent to our Hyatt Regency Maui Resort & Spa on Kaanapali Beach. In addition to profit from the sale of units, we expect to benefit from synergies created with the resort;
- We achieved an investment grade rating for our senior debt as a result of our unwavering pursuit of a strong balance sheet. We achieved this milestone by lowering our debt-to-EBITDA ratio, reducing our average interest rate and lengthening our average debt maturities;
- We declared nearly \$220 million in dividends, or \$.30 per share in 2012, more than doubling the prior year amount.

Our accomplishments demonstrate a focused and disciplined approach to running our business that has made us a recognized leader in the lodging industry. We have judiciously accessed capital throughout the lodging cycle, taking advantage of market conditions to invest in our portfolio to enhance customer satisfaction and increase profitability, while significantly improving the competitive position of our properties to be prepared for the current upturn in market conditions. Over the past ten years we have greatly increased our brand diversity, while reallocating our investments into gateway cities and key international markets where we believe industry fundamentals are strong and the potential for growth is highest. We anticipate that hotel demand will continue to grow in 2013 as the world economy improves, leading to increasing demand that will continue to exceed available supply in the near term, driving RevPAR increases and bottom line results.

We believe that the long-term outlook and strong underlying industry fundamentals will continue to gain momentum throughout 2013 and 2014, providing an improving marketplace for well-positioned companies like Host to thrive. With ownership interests in over 140 hotels across the U.S., Europe, Latin America and Asia-Pacific that are operated by world-class operators with well recognized brands, we have established a platform for long-term success. We are convinced that our combination of quality assets, financial strength and management expertise creates an attractive opportunity for our company and investors. We appreciate your support and will continue to strive for increased stockholder value.



W. EDWARD WALTER
President and Chief Executive Officer



RICHARD E. MARRIOTT
Chairman of the Board

March 23, 2013

GLOBAL STRATEGIC FOCUS



TOP: One of the city's preeminent hotels located in the heart of Times Square, the **NEW YORK MARRIOTT MARQUIS** is in the midst of a multi-year development to provide high-end retail and all new signage as depicted by this rendering.

BOTTOM: Set in South Wharf, Melbourne's newest business precinct, the stylish **HILTON MELBOURNE SOUTH WHARF HOTEL** is the only hotel with direct access to the Melbourne Convention and Exhibition Center.

As Host aligns its strategy to the growing demands of today's marketplace, we cannot ignore the blistering speed of globalization and its impact on the lodging industry; both in the U.S. and abroad. Since 2009, inbound travel to the U.S. has increased approximately 25%, a trend we expect to continue as the growing prosperity of middle-class populations in markets such as China, India and Brazil fuel a new source for global demand. Our target markets cater to the growing number of international travelers; have strong local demand generators that appeal to multiple customer segments and have high barriers to entry. In the U.S., these markets include New York, Washington, D.C., Boston, Miami, Chicago, Los Angeles, San Francisco, San Diego and Seattle. While attaining our optimal portfolio mix is a long-term goal, during 2012, we continued to strengthen our presence in gateway U.S. markets with the acquisition of the 888-room Grand Hyatt Washington.

With our investment in Europe, we've focused on destinations that attract both domestic and foreign travelers, as we believe international demand helps to retain and increase asset value over time. Our focus is on markets like London, Paris, Munich and Berlin where we believe opportunities exist to acquire quality assets at reasonable premiums to our cost of capital and significant discounts to replacement costs. During 2012, the joint venture acquired a total of six properties, including the 757-room Paris Marriott Rive Gauche Hotel & Conference Center, the 402-room Renaissance Amsterdam and our first property in Germany, the 192-room Le Meridien Grand Hotel in Nuremberg.

We also believe that Latin America has a number of strong economies, such as Brazil and Chile with favorable long-term growth prospects. Our primary target market in the region is Brazil, as we believe that the increased investment in infrastructure coupled with international demand generated by the upcoming 2014 World Cup and 2016 Olympics provide a strong foundation for continued growth. In 2012, we acquired land in Rio de Janeiro and began development of two Accor-managed properties totaling 405 rooms, which are well located to take advantage of these events.

Our joint venture in the Asia-Pacific region invested approximately \$80 million in 2012 to acquire, renovate, and re-brand our first Four Points by Sheraton, in Perth, Australia. The joint venture's partnership in India also celebrated the opening of a Novotel and ibis hotel in Bangalore in early 2012, increasing the number of our consolidated or joint venture properties operated by the French-based Accor in this region to nine. We will continue to explore more opportunities in markets such as Australia and Singapore, concentrating on both acquiring upper upscale hotels and the development or conversion of midscale and upscale hotels.



HOTEL ARTS BARCELONA

A LUXURIOUS HOTEL IN ONE OF EUROPE'S MOST DYNAMIC CITIES, THE HOTEL ARTS BARCELONA, OWNED BY OUR EUROPEAN JOINT VENTURE, OFFERS TRAVELERS ACCESS TO SUN-DRENCHED MEDITERRANEAN BEACHES AND THE RICH ARCHITECTURAL HERITAGE AND ARTISTIC APPEAL OF THIS CLASSIC SPANISH CITY.



HYATT REGENCY MAUI RESORT & SPA

THE HYATT REGENCY MAUI RESORT & SPA OVERLOOKS THE LUSH TROPICAL LANDSCAPE OF KAAPALI BEACH ON THE ISLAND OF MAUI. ADJACENT TO THE PROPERTY, WE ARE DEVELOPING A LUXURY 131-UNIT TIMESHARE PROJECT THROUGH A JOINT VENTURE WITH HYATT.

CAPITAL ALLOCATION & VALUE ENHANCEMENT

Having acquired quality assets in prime locations, we constantly investigate new avenues to drive revenue growth and create long-term stockholder value. During 2012, we invested \$144 million in redevelopment and return-on-investment projects, which are designed to increase cash flow and improve profitability by capitalizing on changing market conditions and the favorable locations of our properties. We believe these projects have potential to drive outstanding performance at our properties. For example in 2012, for three recently completed redevelopment projects, the Atlanta Marriott Perimeter Center, Chicago Marriott O'Hare and the Sheraton Indianapolis Hotel at Keystone Crossing, the hotels have experienced an average RevPAR growth of over 40% when compared to the pre-construction periods.

During 2012, we also invested \$128 million in capital projects at our recently acquired properties. These projects are part of a capital and operational improvement plan that we prepare for all newly acquired properties to drive profitability and enhance the guest experience. These projects include the \$88 million conversion of the Westin New York Grand Central (formerly the New York Helmsley Hotel), the renovation of 270 rooms at the W New York-Union Square and on-going room renovations at the 888-room Grand Hyatt Washington and the 1,628-room Manchester Grand Hyatt San Diego.

We entered into two significant value enhancement projects in 2012 in order to maximize the highest and best use of all aspects of our hotels. During 2012, we leased the retail and signage component of the New York Marriott Marquis to Vornado Realty Trust, where Vornado plans to spend as much as \$140 million to redevelop and expand the existing space. In addition to the significantly higher rental income, this project promises a dramatic improvement of the property's presence on Times Square. Our second project, in a joint venture with Hyatt, is the development of a 131-unit vacation ownership project on a vacant parcel of land adjacent to the Hyatt Regency Maui Resort & Spa. We expect to recognize profits not only from the sale of units, but also through resort fees and other synergies including increased occupancy at our hotel.

As part of our overall portfolio strategy, we continually look to recycle capital out of assets that do not fit our core portfolio. These are generally properties where we believe we can capitalize on attractive pricing and apply the proceeds to other business objectives, the potential for revenue growth is slower, or where the long-term capital needs are higher. The recent opportunistic sale of the Atlanta Marriott Marquis contributed to our goal of rebalancing our strategic mix, as it reduced our overall market presence in Atlanta to approximately 3% of revenues.



TOP: The authentic Southern California experience provided at the **SAN DIEGO MARRIOTT MARQUIS & MARINA** continues to be enhanced through extensive renovations to all aspects of the hotel, including the awe-inspiring entry, shown above.

BOTTOM: After completing extensive multi-year renovations of nearly every feature of this hotel, the **CHICAGO MARRIOTT O'HARE**'s 2012 operating performance exemplifies the return on investment that careful and considered asset management can provide.



GRAND HYATT WASHINGTON

ACQUIRED IN 2012, THE GRAND HYATT WASHINGTON IS CENTRALLY LOCATED IN THE NATION'S CAPITAL AND, WITH OVER 43,000 SQUARE FEET OF MEETING SPACE AND EASY ACCESS TO HISTORIC MONUMENTS, MUSEUMS AND THE CONVENTION CENTER, IS IDEAL FOR BUSINESS AND LEISURE TRAVELERS ALIKE.

SUPERIOR ASSET MANAGEMENT



TOP: The **SHERATON SANTIAGO HOTEL & CONVENTION CENTER** is located in the financial, cultural and political center of Chile, providing travelers with a unique and unforgettable experience of this vibrant Latin American destination.

BOTTOM: Centrally located in the historic Back Bay district of the city, the award-winning 1,100-room **BOSTON MARRIOTT COPLEY PLACE** is just minutes from Trinity Church, Boston Commons and the glamorous Newbury Street.

We are in a unique position as the industry's largest lodging REIT to identify and implement strategic initiatives to drive revenue growth, help control expenses and increase market share. Using our proprietary business intelligence system, we analyze each of our properties to focus our asset management team on developing new opportunities for growth and determining each property's optimal business mix. Additionally, our relationships with operators like Marriott, Hilton, Hyatt, Starwood and Accor give us the ability to identify and implement best practices across our portfolio.

In 2012, RevPAR at our comparable hotels increased 6.4% compared to 2011, marking the third straight year of comparable RevPAR growth of approximately 6%. While the overall growth in the economy since the 2008-2009 recession has been slow, specific drivers of lodging demand have proven to be more resilient. In particular, corporate business, which is one of the most important demand drivers of our portfolio, has strengthened as corporate profits and business investment have increased at a much greater rate than the overall economy. At the same time, supply growth continues to be well below historical averages, which, coupled with increased demand, has helped drive improvements in occupancy. We believe the current supply and demand dynamics set the stage for future growth in the lodging industry.

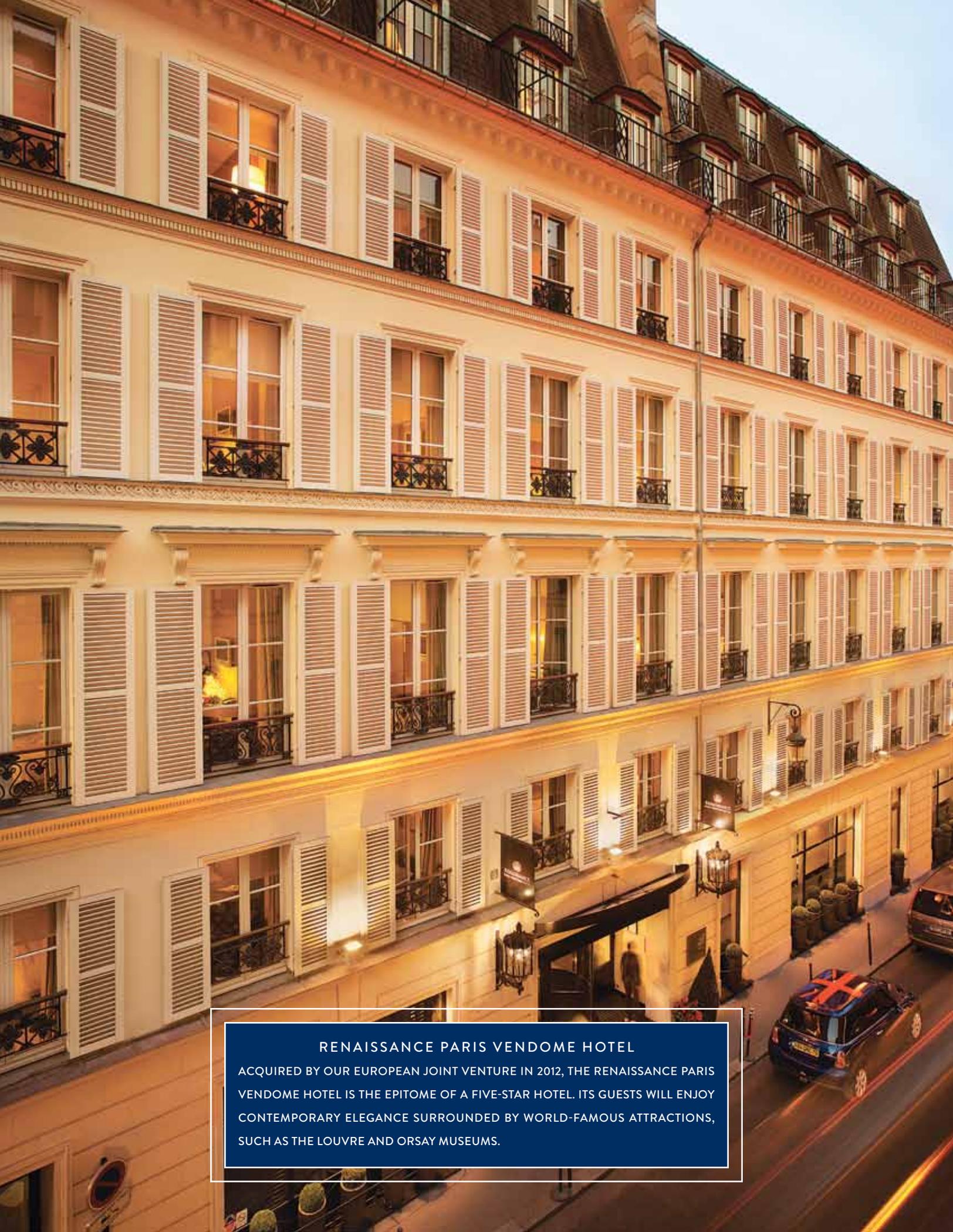
We believe that future increases in revenues and operating profits at our hotels is dependent on the unrelenting efforts and creative application of new approaches by our asset management team. Beginning in 2010, we undertook an in-depth analysis of our food and beverage outlets to identify opportunities to improve profitability across the portfolio, including the development of a new restaurant prototype. The results thus far have been outstanding as revenues increased, on average, 24% in 2012 compared to the pre-renovation periods on the nine restaurants opened in 2011. Based on this early success, we invested in 12 outlet renovations in 2012 and expect to complete 12 additional projects in 2013, which we believe will help drive double-digit increases in food and beverage revenues and increase profitability at our properties.

In addition to driving revenues at our properties, our asset management team is bottom-line focused. Utilizing our business intelligence system, our asset management team works extensively with our operators to control costs and drive profitability by employing the best practices from the diversity of brands in our portfolio. While we are careful that our efforts to improve operating efficiencies do not infringe on the overall guest experience or quality of our portfolio, our focus has been, and remains, increasing profitability and providing long-term value for our stockholders.



THE RITZ-CARLTON, AMELIA ISLAND

THE RITZ-CARLTON, AMELIA ISLAND PROVIDES AN UNFORGETTABLE RESORT EXPERIENCE FEATURING RECENTLY RENOVATED GUESTROOMS, A PRIVATE CHAMPIONSHIP GOLF COURSE AND IMMACULATE BEACHES FOR THE DISCERNING CUSTOMER.



RENAISSANCE PARIS VENDÔME HOTEL

ACQUIRED BY OUR EUROPEAN JOINT VENTURE IN 2012, THE RENAISSANCE PARIS VENDÔME HOTEL IS THE EPITOME OF A FIVE-STAR HOTEL. ITS GUESTS WILL ENJOY CONTEMPORARY ELEGANCE SURROUNDED BY WORLD-FAMOUS ATTRACTIONS, SUCH AS THE LOUVRE AND ORSAY MUSEUMS.

FINANCIAL MANAGEMENT

Our goal is to maintain a strong balance sheet with a low leverage ratio and balanced debt maturities in order to minimize our cost of capital and to maximize financial flexibility in order to take advantage of opportunities throughout the lodging cycle. During 2012, we issued \$1.5 billion of debt, including \$450 million of senior notes at the lowest interest rate in company history and a \$500 million term loan through our credit facility, which, based on our leverage ratio at December 31, 2012, had an interest rate of just 2.0%. We used the proceeds from these debt issuances, along with available cash, to repay approximately \$1.9 billion of debt, decreasing our weighted average interest rate by 90 basis points to 5.4%, and lengthening our weighted average debt maturity by 0.7 years to 5.1 years.

As operations have improved, we have strategically focused on raising and deploying capital to improve our financial credit statistics, while at the same time making substantial investments in our portfolio through acquisitions and capital projects. Since beginning our “at the market” offering programs in 2009, we have raised over \$1.3 billion of equity, which has been deployed to fund the majority of our acquisitions and other capital spending and helped to lower our leverage ratio by over 100 basis points. As a result of this careful and considered allocation of capital, in 2013 we achieved another strategic goal: an investment grade rating on our senior notes from both Moody’s Investors Service and Standard & Poor’s Ratings Services. The investment grade rating has the potential to lower the cost of borrowing under our credit facility and will enable us to have better access to capital markets throughout the lodging cycle.

We maintain a debt profile structure that has a balanced maturity schedule and benefits from access to multiple types of financing as over 80% of our debt consists of senior unsecured notes, exchangeable debentures and borrowings under our credit facility. We have strategically reduced the number of properties with secured debt and, as of December 31, 2012, only 14 of our consolidated hotels were encumbered by mortgages. The strength of our balance sheet, with sufficient liquidity and access to the capital markets, allows us to take advantage of investment opportunities so we can maintain our focus on providing shareholder value.



A landmark for business and leisure travelers to this world famous city, the **SAN FRANCISCO MARRIOTT MARQUIS** is adjacent to the Moscone Convention Center and steps away from the Yerba Buena Gardens, renowned museums and other cultural attractions.

CORPORATE RESPONSIBILITY



TOP: We completed a comprehensive, award-winning renovation at the **SHERATON NEW YORK TIMES SQUARE HOTEL** that included the installation and networking of new guestroom HVAC units, electronic door locks, and thermostats. The networking of these modern systems enables hotel staff and management to provide guests with added security and comfort while optimizing energy savings.

BOTTOM: **HOST SERVICE EVENTS** Associates from across the organization organized seven service events in 2012, including two events at **So Others Might Eat**.

Commensurate with our commitment to long-term value for our investors and stakeholders, we engage in a targeted, balanced approach to corporate responsibility that is integrated within our disciplined investment and asset management strategy. In 2012, we were focused on delivering results across our portfolio and also establishing a strong strategic foundation for continued success.

Central to our enhanced framework for corporate responsibility is a sharpened focus on three key themes that build upon our strengths:

- **Responsible Investment:** We look for opportunities to integrate sustainability through the acquisition and management of our properties to create and drive value.
- **Environmental Stewardship:** To make existing assets more efficient and profitable, we partner with our hotel managers to deploy environmentally efficient projects, perform strategic equipment upgrades, and incorporate sustainable design within our renovation projects.
- **Corporate Citizenship:** Through financial support, partnerships, volunteer service and close coordination with our brands and management companies, we strive to enhance our role as corporate citizens and advance and improve the lives of our associates and communities.

Our refreshed strategic framework adds renewed structure and rigor to our efforts, and is the product of a year-long development process that included engagement with key stakeholder groups including investors, industry peers and advocacy groups. We also further defined the governance structure for each of our three corporate responsibility themes to engage our organization with specific responsibilities. The program is managed by our Corporate Responsibility team with oversight by our Board's Nominating and Corporate Governance Committee.

2012 CORPORATE RESPONSIBILITY HIGHLIGHTS

- Supported over 140 charities and philanthropic organizations, such as Stop Hunger Now, National Kidney Foundation, Alzheimer's Association, Children's Hospital of Philadelphia, National Center for Children and Families and Most Valuable Kids, through sponsorships, contributions and community service programs; and received the 2012 Corporate Volunteer Service Award from the Corporate Volunteer Council of Montgomery County.
- Initiated approximately 50 projects to increase the eco-efficiency of hotels within our portfolio, and set a portfolio-wide target to reduce energy consumption by 12% per square foot by 2017 using 2008 as a baseline.
- Completed our second response to the Carbon Disclosure Project and achieved disclosure score of 86/100.



W SEATTLE

A GREEN SEAL GOLD CERTIFIED AND FIVE OF FIVE GREEN KEY ECO-RATED PROPERTY, THE W SEATTLE UTILIZES INNOVATIVE TECHNOLOGIES AND BEST-IN-CLASS SUSTAINABILITY PRACTICES INCLUDING ELECTRIC VEHICLE CHARGING STATIONS, LAUNDRY WATER RECOVERY, AND 100% USE OF LOW-VOC PAINTS AND CLEANING SUPPLIES. ITS COMPREHENSIVE RECYCLING PROGRAM RESULTED IN A WASTE-TO-LANDFILL DIVERSION RATE OF 93% IN 2012.

RECONCILIATION OF NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS TO NAREIT AND ADJUSTED FUNDS FROM OPERATIONS PER DILUTED SHARE ^(a)

(UNAUDITED, IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	YEAR ENDED DECEMBER 31,	
	2012	2011
NET INCOME (LOSS)	\$ 63	\$ (16)
Less: Net (income) loss attributable to non-controlling interests	(2)	1
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	61	(15)
Adjustments:		
Gain on dispositions, net of taxes	(48)	—
Gain on property insurance settlement	(2)	—
Amortization of deferred gains and other property transactions, net of taxes	(4)	(7)
Depreciation and amortization	691	645
Non-cash impairment charges	60	8
Partnership adjustments	12	4
FFO of non-controlling interests of Host LP	(11)	(9)
NAREIT funds from operations	759	626
Adjustments to NAREIT FFO:		
Losses on the extinguishment of debt	35	10
Acquisition costs	10	8
Litigation losses	—	5
Loss attributable to non-controlling interests	(1)	—
Adjusted FFO	\$ 803	\$ 649
Adjustments for dilutive securities ^(b) :		
Assuming conversion of Exchangeable Senior Debentures	31	30
Assuming deduction of interest – redeemed/exchanged 2004 Exchangeable Senior Debentures	—	2
Diluted NAREIT FFO ^(a)	\$ 790	\$ 658
Diluted Adjusted FFO ^(a)	\$ 834	\$ 681
Diluted weighted average shares outstanding – EPS	719.6	693.0
Diluted weighted average shares outstanding – NAREIT FFO and Adjusted FFO	760.0	739.5
NAREIT FFO PER DILUTED SHARE ^(a)	\$ 1.04	\$.89
ADJUSTED FFO PER DILUTED SHARE ^(a)	\$ 1.10	\$.92

RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA ^(a)

(UNAUDITED, IN MILLIONS)	YEAR ENDED DECEMBER 31,	
	2012	2011
NET INCOME (LOSS)	\$ 63	\$ (16)
Interest expense	373	371
Depreciation and amortization	691	638
Income taxes	31	(1)
Discontinued operations	3	9
EBITDA	1,161	1,001
Gain on dispositions	(48)	—
Acquisition costs	7	5
Gain on property insurance settlement	(2)	—
Non-cash impairment charges	60	8
Amortization of deferred gains	(4)	(7)
Equity investment adjustments:		
Equity in earnings of affiliates	(2)	(4)
Pro rata Adjusted EBITDA of equity investments	34	29
Consolidated partnership adjustments:		
Pro rata Adjusted EBITDA attributable to non-controlling partners in consolidated partnerships	(16)	(14)
ADJUSTED EBITDA ^(a)	\$1,190	\$1,018

^(a) For further discussion of why we believe NAREIT FFO and Adjusted FFO per diluted share and Adjusted EBITDA are useful supplemental measures of our performance and the limitations on their use, see our Annual Report on Form 10-K included in our mailing to stockholders.

^(b) NAREIT FFO and Adjusted FFO per diluted share are adjusted for the effects of dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans, preferred OP Units held by non-controlling partners, exchangeable debt securities and other non-controlling interests that have the option to convert their limited partnership interest to common OP Units. No effect is shown for securities if they are anti-dilutive.

DIRECTORS

Richard E. Marriott
Chairman of the Board

W. Edward Walter
President, Chief Executive Officer

Sheila C. Bair
Advisor, Pew Charitable Trusts

Robert M. Baylis^{2,3}

Terence C. Golden
Chairman,
Bailey Capital Corporation

Ann McLaughlin Korologos^{2,3}

John B. Morse, Jr.^{1,3}

Walter C. Rakowich^{1,2}

Gordon H. Smith^{1,3}
President, Chief Executive Officer
National Association of Broadcasters

¹ Audit Committee

² Compensation Policy Committee

³ Nominating and Corporate
Governance Committee

MANAGEMENT TEAM

W. Edward Walter
President, Chief Executive Officer

Elizabeth A. Abdo
Executive Vice President,
General Counsel and Secretary

Minaz Abji
Executive Vice President,
Asset Management

Joanne G. Hamilton
Executive Vice President,
Human Resources

Larry K. Harvey
Executive Vice President,
Chief Financial Officer

Gregory J. Larson
Executive Vice President,
Corporate Strategy

James F. Risoleo
Executive Vice President &
Managing Director, Europe

Struan B. Robertson
Executive Vice President,
Chief Investment Officer

Gerard E. Haberman
Managing Director,
Global Development Design
and Construction

Timothy A. Marvin
Managing Director, Americas

Peter T. Meyer
Managing Director, Asia

Jeffrey S. Clark
Senior Vice President, Global
Tax and Foreign JV Accounting

Elisa C. Gois
Senior Vice President,
Global Business Strategy & Analytics

Brian G. Macnamara
Senior Vice President,
Corporate Controller

Sukhvinder Singh
Senior Vice President,
Information Technology

Nathan S. Tyrrell
Senior Vice President, Treasurer

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

Host Hotels & Resorts, Inc.
6903 Rockledge Drive, Suite 1500
Bethesda, MD 20817
240/744-1000

WEBSITE

Visit the company's website at:
www.hosthotels.com

STOCK EXCHANGE LISTING

New York Stock Exchange
Ticker Symbol: HST

STOCKHOLDERS OF RECORD

26,255 at February 21, 2013

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

KPMG LLP, McLean, VA

ANNUAL MEETING

The 2013 annual meeting of stockholders will be held at 10 a.m.,
May 16, 2013, at The Ritz-Carlton, Tysons Corner, 1700 Tysons
Boulevard, McLean, Virginia, 22102.

REGISTRAR AND TRANSFER AGENT

If you have any questions concerning transfer procedures or other
stock account matters, please contact the transfer agent at the
following address:

Computershare Trust Company, N.A.
Shareholder Relations
P.O. Box 43078
Providence, RI 02940
866/367-6351

COMMON STOCK

	STOCK PRICE		DIVIDENDS DECLARED PER SHARE
	HIGH	LOW	
2011			
1st Quarter	\$19.88	\$16.62	\$0.02
2nd Quarter	18.30	15.60	0.03
3rd Quarter	17.81	10.19	0.04
4th Quarter	14.90	9.78	0.05
2012			
1st Quarter	\$17.25	\$14.71	\$0.06
2nd Quarter	17.06	14.11	0.07
3rd Quarter	16.30	14.06	0.08
4th Quarter	17.25	13.78	0.09





6903 ROCKLEDGE DRIVE, SUITE 1500
BETHESDA, MARYLAND 20817