SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[_] Preliminary Proxy Statement

[_] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

[X] Definitive Proxy Statement

[_] Definitive Additional Materials

[_] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Host Marriott Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

[X] No fee required

[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

[_] Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

Notes:

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[LOGO FOR HOST MARRIOTT APPEARS HERE]

10400 Fernwood Road
Bethesda, Maryland 20817-1109

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD THURSDAY, MAY 20, 1999

April 15, 1999

The Annual Meeting of Shareholders of Host Marriott Corporation (the "Company") will be held on Thursday, May 20, 1999, at 11:00 a.m. in Salons 3, 4 and 5 of The Ritz-Carlton, Buckhead, located at 3434 Peachtree Road, Northeast, in Atlanta, Georgia. Doors to the meeting will open at 10:30 a.m.

The meeting will be conducted:

1. To consider and vote upon the following proposals described in the accompanying Proxy Statement, which provide for:

   (i) Proposal One: The election of J.W. Marriott, Jr., John G. Schreiber and Harry L. Vincent, Jr. as Directors for three-year terms expiring at the 2002 Annual Meeting;

   (ii) Proposal Two: The ratification of the appointment of Arthur Andersen LLP as independent auditors;

   (iii) Proposal Three: The ratification of the action of the Board of Directors amending the Company's Employee Stock Purchase Plan;

   (iv) Proposal Four: The ratification of the action of the Board of Directors amending the Company's 1997 Comprehensive Stock Incentive Plan; and

   (v) Proposal Five: The consideration of a shareholder proposal to reinstate the annual election of all Directors.

2. To transact such other business as may properly come before the meeting.

Shareholders of record of the Company's Common Stock at the close of business on March 29, 1999 are entitled to notice of and to vote at this meeting.

[/S/ CHRISTOPHER G. TOWNSEND]

Christopher G. Townsend
Corporate Secretary

REFER TO THE NOTE ON THE OUTSIDE OF THE BACK COVER FOR INFORMATION ON ACCOMMODATIONS AND TRANSPORTATION.

EACH SHAREHOLDER IS REQUESTED TO SIGN AND RETURN PROMPTLY THE ENCLOSED PROXY, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. A PREPAID ENVELOPE IS ENCLOSED FOR THAT PURPOSE.

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PROXY STATEMENT

HOST MARRIOTT CORPORATION
10400 FERNWOOD ROAD
BETHESDA, MARYLAND 20817-1109

ANNUAL MEETING OF SHAREHOLDERS
MAY 20, 1999

INTRODUCTION

This Proxy Statement (the "Proxy Statement") is being furnished to shareholders of Host Marriott Corporation, a Maryland corporation (the "Company"), in connection with the solicitation of proxies by the Board of Directors of the Company (the "Board") from holders of record of the Company's outstanding shares of common stock, par value $.01 per share (the "Company Common Stock"), as of the close of business on March 29, 1999 (the "Annual Meeting Record Date") for use at the Annual Meeting of Shareholders of the Company (the "Annual Meeting") to be held on Thursday, May 20, 1999, at 11:00 a.m. in Salons 3, 4 and 5 of The Ritz-Carlton, Buckhead, located at 3434 Peachtree Road, Northeast, in Atlanta, Georgia, and at any adjournment or postponement thereof. This Proxy Statement is first being mailed to the Company's shareholders on April 15, 1999. The Company's Annual Report and the Company's Securities and Exchange Commission Form 10-K for the 1998 fiscal year ended December 31, 1998 are being mailed with this Proxy Statement to shareholders of record as of the Annual Meeting Record Date.

The Company is the successor to the former Host Marriott Corporation, a Delaware corporation, with which the Company merged on December 29, 1998. The purpose of the merger was to reincorporate the Company in Maryland. The merger was part of a series of transactions pursuant to which the Company and its subsidiaries converted their business operations to qualify as a real estate investment trust or "REIT" for federal income tax purposes. (For more information about these transactions, see the section entitled "The REIT Conversion" on page 21 of this Proxy Statement.) All references in this Proxy Statement to the "Company" shall also include the Company's predecessor Delaware corporation.

VOTING RIGHTS AND PROXY INFORMATION

Only holders of record of shares of Company Common Stock as of the close of business on the Annual Meeting Record Date will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. Such holders of shares of Company Common Stock are entitled to one vote per share on any matter which may properly come before the Annual Meeting. The presence, either in person or by properly executed proxy, of the holders of a majority of the then outstanding shares of Company Common Stock is necessary to constitute a quorum at the Annual Meeting and to permit action to be taken by the shareholders at such meeting. Instructions for voting by proxy are contained on the enclosed proxy card.

The affirmative vote of a plurality of shares of Company Common Stock present in person or represented by proxy and voting at the Annual Meeting is required to elect the Directors nominated pursuant to Proposal One. "Plurality" means that the individuals who receive the largest number of votes cast are elected as Directors up to the max- imum number of Directors to be chosen at the meeting. Consequently, any shares not voted, whether by abstention, "broker non-vote" (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered or chooses not to vote on a particular proposal) or otherwise, will have no impact in the election of Directors, except to the extent that the failure to vote for an individual results in another individual's receiving a larger proportion of votes.

The affirmative vote of the holders of at least a majority of the shares of Company Common Stock present in person or represented by properly executed proxy and voting at the Annual Meeting is required to approve Proposals Two through Four. Under the Company's Articles of Incorporation, the affirmative vote of the holders of at least two-thirds of the total number of outstanding shares of Company Common Stock as of the Annual Meeting Record Date is required to approve Proposal Five. Shares represented at the Annual Meeting (either by properly executed proxy or in person) that reflect abstentions or broker non-votes will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Abstentions and broker non-votes will be treated as unvoted for purposes of determining approval of Proposals Two through Five (and therefore will reduce the absolute number--although not the percentage--of the votes needed for approval) and will not be counted as votes for or against such proposals.

As of March 29, 1999, there were 227,520,088 shares of Company Common Stock outstanding and entitled to vote at the Annual Meeting.

All shares of Company Common Stock that are represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. If no instructions are indicated for Proposals One, Two, Three or Four, such proxies will be voted in accordance with the recommendations of the Board of Directors as set forth herein with respect to such proposals. If no instructions are indicated for Proposal Five, such proxies will be treated as abstentions. If any other matters are properly brought before the Annual Meeting, all shares that are represented by properly executed proxies may be voted in the discretion of the holders of the proxies named on the proxy card.

In the event that a quorum is not present at the time the Annual Meeting is convened, or if for any other reason the Company believes that additional time should be allowed for the solicitation of proxies, the Company may adjourn the Annual Meeting with or without a vote of the shareholders. If the Company proposes to adjourn the Annual Meeting by a vote of the shareholders, the persons named in the enclosed proxy card will vote all shares of Company Common Stock for which they have voting authority in favor of such adjournment.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with First Chicago Trust Company of New York in its capacity as transfer agent for the Company (the "Transfer Agent"), at or before the Annual Meeting, a written notice of revocation bearing a later date than the proxy, (ii) duly executing a later dated proxy relating to the same shares of Company Common Stock and delivering it to the Transfer Agent at or before the Annual Meeting, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy should be sent to First Chicago Trust Company of New York, P.O. Box 8611, Edison, New Jersey 08818-9119.

The Company will bear the cost of the solicitation. In addition to solicitation by mail, the Company will request banks, brokers and other custodian nominees and fiduciaries to supply proxy materials to the beneficial owners of Company Common Stock of whom they have knowledge, and the Company will reimburse them for their expenses in so doing; and certain Directors, officers and other employees of the Company, not specially employed for the purpose, may solicit proxies, without additional compensation therefor, by personal interview, mail, telephone or telegraph.

DIRECTORS

[PHOTO OF RICHARD E. MARRIOTT]

Richard E. Marriott* Chairman of the Board Director since 1979 Age: 60	Mr. Richard E. Marriott is a Director of Marriott International, Inc., Host Marriott Services Corporation and the Polynesian Cultural Center, and he is Chairman of the Board of First Media Corporation. He is a past President of the National Restaurant Association. In addition, Mr. Marriott is the President and a Trustee of the Marriott Foundation for People with Disabilities. Mr. Marriott's term as a Director of the Company expires at the 2001 annual meeting of shareholders. For additional information on Mr. Marriott, see "Executive Officers" below.

[PHOTO OF J. W. MARRIOTT, JR.]

J.W. Marriott, Jr.* Director since 1964 Age: 67	Mr. J.W. Marriott, Jr. is Chairman of the Board and Chief Executive Officer of Marriott International, Inc., and a Director of Host Marriott Services Corporation, General Motors Corporation, the U.S.-Russia Business Council and the Naval Academy Endowment Trust. He also serves on the Board of Directors of Georgetown University and on the Board of Trustees of the National Geographic Society. He serves on the Executive Committee of the World Travel & Tourism Council and is a member of the Business Council. Mr. Marriott's term as a Director of the Company expires at the 1999 annual meeting of shareholders.

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* Richard E. Marriott and J. W. Marriott, Jr. are brothers.

[PHOTO OF R. THEODORE AMMON]

R. Theodore Ammon Director since 1992 Age: 49	Mr. Ammon is a private investor and Chairman of Big Flower Holdings, Inc. He was formerly a General Partner of Kohlberg Kravis Roberts & Company (a New York and San Francisco-based investment firm) from 1990 to 1992, and was an executive of such firm prior to 1990. Mr. Ammon is also the Chairman of the Board of 24/7Media, Inc. and serves on numerous boards of privately held companies. In addition, he is involved in a number of not-for-profit organizations, including as a member of the Board of Directors of The Municipal Art Society of New York, The New York YMCA and Jazz @ Lincoln Center, and of the Board of Trustees of Bucknell University. Mr. Ammon's term as a Director of the Company expires at the 2001 annual meeting of shareholders.

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[PHOTO OF ROBERT M. BAYLIS]

Robert M. Baylis Director since 1996 Age: 60	Mr. Baylis is a Director of The International Forum, an executive education program of the Wharton School of the University of Pennsylvania. He was formerly Vice Chairman of CS First Boston. Mr. Baylis also serves as a Director of New York Life Insurance Company, Covance, Inc. and Gildan Activewear, Inc. In addition, he is an overseer of the University of Pennsylvania Museum of Archeology and Anthropology. Mr. Baylis's term as a Director of the Company expires at the 2000 annual meeting of shareholders.

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[PHOTO TERENCE C. GOLDEN]

Terence C. Golden President and Chief Executive Officer Director since 1995 Age: 54	Mr. Golden is President and Chief Executive Officer of the Company. He also serves as Chairman of Bailey Realty Corporation and Bailey Capital Corporation and various affiliated companies. In addition, Mr. Golden is a Director of Prime Retail, Inc., Cousins Properties, Inc., Potomac Electric Power Company, The Morris and Gwendolyn Cafritz Foundation and the District of Columbia Early Childhood Collaborative. He is also a member of the Executive Committee of the Federal City Council. Mr. Golden's term as a Director of the Company expires at the 2000 annual meeting of shareholders. For additional information on Mr. Golden, see "Executive Officers" below.

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[PHOTO ANN DORE MCLAUGHLIN]

Ann Dore McLaughlin Director since 1993 Age: 57	Ms. McLaughlin is Chairman of the Aspen Institute. She formerly served as President of the Federal City Council from 1990 until 1995. Ms. McLaughlin has served with distinction in several United States Administrations in such positions as Secretary of Labor and Under Secretary of the Department of the Interior. She also serves as a Director of AMR Corporation, Fannie Mae, General Motors Corporation, Kellogg Company, Nordstrom, Inc., Union Camp Corporation, Donna Karan International, Inc., Vulcan Materials Company and Harman International Industries, Inc. Ms. McLaughlin's term as Director of the Company expires at the 2000 annual meeting of shareholders.

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[PHOTO JOHN G. SCHREIBER]

John G. Schreiber Director since 1998 Age: 52	Mr. Schreiber is President of Schreiber Investments, Inc. and a senior advisor and partner of Blackstone Real Estate Advisors L.P., an affiliate of The Blackstone Group L.P. He serves as a Trustee of AMLI Residential Properties Trust and as a Director of Urban Shopping Centers, Inc., JMB Realty Corporation, The Brickman Group, Ltd. and a number of mutual funds advised by T. Rowe Price Associates, Inc. Prior to his retirement as an officer of JMB Realty Corporation in 1990, Mr. Schreiber was Chairman and Chief Executive Officer of JMB/Urban Development Company and an Executive Vice President of JMB Realty Corporation. Mr. Schreiber's term as Director of the Company expires at the 1999 annual meeting of shareholders.

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[PHOTO HARRY L. VINCENT, JR.]

Harry L. Vincent, Jr. Director since 1969 Age: 79	Mr. Vincent is a retired Vice Chairman of Booz-Allen & Hamilton, Inc. He also served as a Director of Signet Banking Corporation from 1973 until 1989. Mr. Vincent's term as Director of the Company expires at the 1999 annual meeting of shareholders.

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PRINCIPAL SHAREHOLDERS

Set forth below is the beneficial ownership as of March 29, 1999 of Company Common Stock and of units of limited partner interest in Host Marriott, L.P. ("OP Units") by each Director of the Company, each nominee, each executive officer named in the Summary Compensation Table (Table I) included elsewhere in this Proxy Statement, and by all Directors and executive officers of the Company as a group, and, to the best of the Company's knowledge, by beneficial owners of 5% or more of Company Common Stock or OP Units. Information with respect to ownership of OP Units is included in the following table because the OP Units are redeemable for shares of Company Common Stock.

Name	Number of Shares of Company Common Stock	% of Shares of Company Common Stock(1)	Number of OP Units	% of OP Units(2)	% of Company Common Stock and OP Units(3)	% of All Company Common Stock and All OP Units(4)
Directors:						
R. Theodore Ammon(5).	17,455	*	0	*	*	*
Robert M. Baylis(5)..	24,307	*	0	*	*	*
Terence C. Golden(6).	1,333,970	0.59	0	*	0.59	0.46
J.W. Marriott, Jr.(6)(7)(8)........	13,017,492	5.72	17,055	0.03	5.73	4.46
Richard E. Marriott(6)(8)(9)...	13,788,787	6.06	14,402	0.02	6.07	4.73
Ann Dore McLaughlin(5).......	11,263	*	0	*	*	*
John G. Schreiber(5)(10)....	898	*	36,855,538	57.07	13.94	12.62
Harry L. Vincent, Jr.(5).............	30,063	0.01	0	*	0.01	0.01
Non-Director Executive Officers:						
Christopher J. Nassetta(6).........	733,229	0.32	0	*	0.32	0.25
Robert E. Parsons, Jr.(6).............	676,662	0.30	0	*	0.30	0.23
Christopher G. Townsend(6).........	216,999	0.09	0	*	0.09	0.07
All Directors and Executive Officers as a group (12 persons, including the foregoing)(6)(11)...	25,652,245	11.27	36,886,995	57.12	23.65	21.41
Certain Beneficial Owners:						
Blackstone Entities(12)........	0	*	43,778,760	67.79	16.14	14.99
FMR Corp.(13)........	12,587,900	5.53	0	*	5.53	4.31
Harris Associates, L.P.(14)...........	11,452,190	5.03	0	*	5.03	3.92
Southeastern Asset Management, Inc.(15)...........	40,249,200	17.69	0	*	17.69	13.78

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* Reflects ownership of less than 1/100th of 1%.

(1) Any descriptions of ownership or aggregations of ownership of Company Common Stock within this Proxy Statement are based upon the disclosure requirements of the federal securities laws, and are not an indication of ownership of Company Common Stock under the Internal Revenue Code of 1986. as amended, or for purposes of the ownership limitations set forth in the Company's Articles of Incorporation.

(2) Represents the number of OP Units held by the named person or entity as a percentage of the total number of OP Units held by persons or entities other than the Company and its subsidiaries (64,578,687 OP Units). As of March 29, 1999, the Company and its subsidiaries held an aggregate of 227,520,088 OP Units, but such OP Units do not figure into any of the totals or calculations used in this table.

(3) Assumes that all OP Units held by the named person or entity are redeemed for shares of Company Common Stock on a one-for-one basis, but that none of the OP Units held by other persons or entities are redeemed for shares of Company Common Stock.

(4) Assumes that all outstanding OP Units held by persons or entities other than the Company and its subsidiaries are redeemed for shares of Company Common Stock on a one-for-one basis, which would bring the total number of shares of Company Common Stock to 292,098,775 when added to the number of shares of Company Common Stock outstanding as of March 29, 1999.

(5) The number of shares of Company Common Stock includes the deferred shares awarded annually to non-employee Directors under the Company's Non-Employee Directors' Deferred Stock Compensation Plan and, for Mr. Ammon, Mr. Baylis, Ms. McLaughlin and Mr. Vincent, the special one-time award of deferred shares under such plan in 1997.

(6) Includes (i) the shares of restricted stock granted under the Company's 1993 and 1997 Comprehensive Stock Incentive Plans, which are voted by the holder thereof, and (ii) the following number of shares which could be acquired by the named persons through the exercise of stock options within 60 days of March 29, 1999: for J.W. Marriott, Jr., 209,508 shares; for Mr. Parsons, 18,229 shares; for Mr. Townsend, 6,676 shares; and for all Directors and executive

officers as a group, 260,573 shares. For additional information, see Tables I and II under the caption "Executive Officer Compensation." Does not include any other shares reserved, contingently vested or awarded under the above-named plans.

(7) Includes: (i) 2,046,181 shares held in trust for which J.W. Marriott, Jr. is the trustee or a co-trustee; (ii) 68,426 shares held by the wife of J.W. Marriott, Jr.; (iii) 765,847 shares held in trust for which the wife of J.W. Marriott, Jr. is the trustee or a co-trustee; (iv) 2,665,091 shares held by the J. Willard and Alice S. Marriott Foundation of which J.W. Marriott, Jr. is a co-trustee; (v) 2,707,590 shares held by a limited partnership whose general partner is a corporation of which J.W. Marriott, Jr. is the controlling shareholder; and (vi) 80,000 shares held by a limited partnership whose general partner is J.W. Marriott, Jr. Does not include shares held by the adult children of J.W. Marriott, Jr.; J.W. Marriott, Jr. disclaims beneficial ownership of all such shares.

(8) J.W. Marriott, Jr., Richard E. Marriott, their mother Alice S. Marriott and other members of the Marriott family and various trusts established by members of the Marriott family owned beneficially an aggregate of 25,201,621 shares, or 11.08% of the total shares outstanding of Company Common Stock, as of March 29, 1999.

(9) Includes: (i) 1,903,440 shares held in trust for which Richard E. Marriott is the trustee or a co-trustee; (ii) 74,154 shares held by the wife of Richard E. Marriott; (iii) 603,828 shares held in trust for which the wife of Richard E. Marriott is the trustee or a co-trustee; (iv) 2,665,091 shares held by the J. Willard and Alice S. Marriott Foundation of which Richard E. Marriott is a co-trustee; and (v) 2,503,066 shares held by a corporation of which Richard E. Marriott is the controlling shareholder. Does not include shares held by the adult children of Richard E. Marriott; Richard E. Marriott disclaims beneficial ownership of all such shares.

(10) With respect to the calculations regarding OP Units, the listed figures represent the number of OP Units deemed beneficially owned by Mr. Schreiber as the result of his sharing dispositive power over such OP Units which are held by several of the Blackstone Entities (as defined in footnote 12 below). Mr. Schreiber has reported in a Schedule 13D under the Exchange Act, filed with the Commission, shared dispositive power over 34,768,246 OP Units and no voting power over any of the OP Units. Additional OP Units were issued to the Blackstone Entities following the filing of the Schedule 13D by the Blackstone Entities and Mr. Schreiber, and the number of OP Units listed in the table as being beneficially owned by Mr. Schreiber reflects the adjustment made to the OP Units over which he had reported shared dispositive power. The OP Units which are listed in the table as being beneficially owned by Mr. Schreiber are also included in the total and calculations for the Blackstone Entities elsewhere in the table.

(11) Includes the total number of shares held by trusts for which both J.W. Marriott, Jr. and Richard E. Marriott are co-trustees. Beneficial ownership of such shares is attributable to each of J.W. Marriott, Jr. and Richard E. Marriott in the table above under the Director subheading, but such shares are included only once in reporting the total number of shares owned by all Directors and executive officers as a group. All Directors and executive officers as a group (other than members of the Marriott family) owned beneficially an aggregate of 3,154,808 shares, or 1.39% of the total shares outstanding of Company Common Stock as of March 29, 1999. In addition, the Company's Retirement and Savings Plan owned 83,456 shares, or 0.04% of the total shares outstanding of Company Common Stock as of March 29, 1999.

(12) The Blackstone Entities constitute The Blackstone Group L.P. and a series of partnerships, persons and other entities affiliated with Blackstone Real Estate Associates. The Blackstone Entities, as a group, have reported in a Schedule 13D under the Exchange Act, filed with the Commission, beneficial ownership of an aggregate of 40,463,844 OP Units, with varying levels of dispositive power and voting power over such OP Units depending upon the partnership, person or entity involved. Additional OP Units were issued to the Blackstone Entities following the filing of the Schedule 13D by the Blackstone Entities, and the number of OP Units listed in the table as being beneficially owned by the Blackstone Entities includes such additional OP Units. The principal business address of the Blackstone Entities is 345 Park Avenue, 31st Floor, New York, New York 10154.

(13) Represents shares of Company Common Stock held by FMR Corp. ("FMR") and its subsidiary, Fidelity Management & Research Company ("FM&R"), as derived from information that FMR has reported in a Schedule 13G under the Exchange Act, filed with the Commission. Such Schedule 13G indicates that FMR, through its control of FM&R and certain investment funds for which FM&R acts as an investment adviser, has sole power to dispose of 12,587,900 shares of Company Common Stock owned by such investment funds, including the 12,528,400 shares of Company Common Stock (or 5.51% of the total shares outstanding of Company Common Stock as of March 29, 1999) held by the Fidelity Magellan Fund. FMR has no power to vote or direct the voting of the shares of Company Common Stock owned by the investment funds, which power resides with the Board of Trustees of such investment funds. The Schedule 13G filed by FMR also indicates that its investment funds own an aggregate of 893,600 shares of the Company's convertible preferred securities, which would be convertible under certain circumstances into 2,677,045 shares of Company Common Stock. The principal business address for FMR and FM&R is 82 Devonshire Street, Boston, Massachusetts 02109-3614.

(14) Represents shares of Company Common Stock held by Harris Associates L.P. and Harris Associates, Inc., its general partner (collectively, "Harris"). Harris has reported in a Schedule 13G under the Exchange Act, filed with the Commission, sole dispositive power over 7,499,990 shares and shared dispositive power over 3,952,200 shares. Of these shares, Harris has reported no sole voting power over any of the shares and shared voting power over all 11,452,190 shares. The principal business address of Harris is Two North LaSalle Street, Suite 500, Chicago, Illinois 60602-3790.

(15) Represents shares of Company Common Stock held by Southeastern Asset Management, Inc. ("Southeastern"), which acts as an investment adviser for certain investment funds. Southeastern has reported in a Schedule 13G under the Exchange Act, filed with the Commission, sole dispositive power over 23,956,200 shares, shared dispositive power over 16,234,000 shares and no dispositive power over 59,000 shares. Of these shares, Southeastern has reported sole voting power over 19,876,600 shares, shared voting power over 16,234,000 shares and no voting power over 4,138,600 shares. The principal business address of Southeastern is 6410 Poplar Avenue, Suite 900, Memphis, Tennessee 38119.

THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Presently, the Board of Directors is composed of eight members, six of whom are not officers or employees of the Company. The Board met eleven times in 1998. Each Director attended 75% or more of the meetings held during 1998 for the period during which he or she was a Director.

The Board has adopted three standing committees: (i) Audit, (ii) Compensation Policy and (iii) Nominating and Corporate Governance. The Audit Committee is composed of five Directors who are not employees of the Company, namely, R. Theodore Ammon (Chair), Harry L. Vincent, Jr., Ann Dore McLaughlin, Robert M. Baylis and John G. Schreiber. The Audit Committee meets at least three times a year with the independent auditors, management representatives and internal auditors; recommends to the Board of Directors appointment of independent auditors; approves the scope of audits and other services to be performed by the independent and internal auditors; considers whether the performance of any professional service by the auditors other than services provided in connection with the audit function could impair the independence of the outside auditors; and reviews the results of internal and external audits, the accounting principles applied in financial reporting, and financial and operational controls. The independent auditors and internal auditors have unrestricted access to the Audit Committee and vice versa. The Audit Committee met five times in 1998. Each member attended 75% or more of the meetings held in 1998 for the period during which he or she was a Director. No membership changes are contemplated for 1999.

The Compensation Policy Committee is composed of six Directors who are not employees of the Company, namely, Harry L. Vincent, Jr. (Chair), R. Theodore Ammon, Robert M. Baylis, J.W. Marriott, Jr., Ann Dore McLaughlin and John G. Schreiber. The Compensation Policy Committee's functions include recommendations on policies and procedures relating to senior officers' compensation and various employee stock plans, and approval of individual salary adjustments and stock awards in those areas. The Compensation Policy Committee met ten times in 1998, and a subcommittee of the Compensation Policy Committee met two times in 1998. Each member attended 75% or more of the meetings held in 1998 for the period during which he or she was a Director. No membership changes are contemplated for 1999.

The Nominating and Corporate Governance Committee is composed of six Directors who are not employees of the Company, namely, Ann Dore McLaughlin (Chair), Harry L. Vincent, Jr., R. Theodore Ammon, Robert M. Baylis, J.W. Marriott, Jr. and John G. Schreiber. It considers candidates for election as Directors and is responsible for keeping abreast of and making recommendations with respect to corporate governance in general. In addition, the Nominating and Corporate Governance Committee fulfills an advisory function with respect to a range of matters affecting the Board of Directors and its Committees, including the making of recommendations with respect to qualifications of Director candidates, compensation of Directors, the selection of committee chairs, committee assignments and related matters affecting the functioning of the Board. The Nominating and Corporate Governance Committee met eight times in 1998. Each member attended 75% or more of the meetings held in 1998 for the period during which he or she was a Director. No membership changes are contemplated for 1999.

COMPENSATION OF DIRECTORS

Directors who are also officers of the Company receive no additional compensation for their services as Directors. Directors who are not officers receive an annual retainer fee of $30,000 as well as an attendance fee of $1,250 for each shareholders' meeting, meeting of the Board of Directors or meeting of a committee of the Board of Directors, regardless of the number of meetings held on a given day. The chair of each committee of the Board of Directors receives an additional annual retainer fee of $1,000, except for the chair of the Compensation Policy Committee, Mr. Vincent, who receives an annual retainer fee of $6,000. (The higher annual retainer fee paid to the chair of the Compensation Policy Committee relates to his additional duties which include, among other things, the annual performance appraisal of the chief executive officer on behalf of the Board, although the final performance appraisal is determined by the Board.) Any individual Director receiving these fees may elect to defer payment of all or any portion of such fees pursuant to the Company's Executive Deferred Compensation Plan and/or the Company's Non-Employee Directors' Deferred Stock Compensation Plan. Directors are also reimbursed for travel expenses and other out-of-pocket costs incurred in attending meetings or in visiting Marriott or Ritz-Carlton hotels or other properties controlled by the Company or by Marriott International, Inc.

In addition, pursuant to the Company's Non-Employee Directors' Deferred Stock Compensation Plan (the "Non-Employee Directors' Stock Plan"), those Directors who are not employees of the Company or its affiliates (other than J.W. Marriott, Jr.) have received an annual award of 750 deferred shares of Company Common Stock. (Pursuant to the terms of the Non-Employee Directors' Stock Plan, all awards of deferred shares under the plan have been proportionately adjusted to reflect the distribution of the common stock of Crestline Capital Corporation and the special dividend to the Company's shareholders, as further described in this Proxy Statement under the heading "The REIT Conversion.") Upon the proposal of the Company's senior management, the Board has amended the Non-Employee Directors' Stock Plan to replace the fixed annual award of 750 deferred shares of Company Common Stock with an annual award of deferred shares having a value equal to the amount of the annual retainer fee paid to Directors who are not employees of the Company or its affiliates. The Board has also amended the Non-Employee Directors' Stock Plan to permit participants under the plan to be credited with dividend equivalents which are equal in value to the dividends paid with respect to shares of Company Common Stock.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and Directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. Specific due dates for these reports have been established, and the Company is required to report in this Proxy Statement any failure to file by these dates. All of these filing requirements were satisfied by the Company's executive officers and Directors in 1998.

EXECUTIVE OFFICERS

Set forth below is certain information with respect to the persons who are currently serving as executive officers of the Company.

Name and Title	Age	Business Experience Prior to Becoming an Executive Officer of the Company
Richard E. Marriott Chairman of the Board	60	Richard E. Marriott joined the Company in 1965 and has served in various executive capacities. In 1979, Mr. Marriott was elected to the Board of Directors. In 1984, he was elected Executive Vice President, and in 1986, he was elected Vice Chairman of the Board of Directors. In 1993, Mr. Marriott was elected Chairman of the Board.
Terence C. Golden President and Chief Executive Officer	54	Terence C. Golden was named President and Chief Executive Officer of the Company in 1995. Prior to joining the Company, Mr. Golden was Chairman of Bailey Realty Corporation and prior to that had served as Chief Financial Officer of The Oliver Carr Company. Before joining The Oliver Carr Company, he served as Administrator of the General Services Administration and as Assistant Secretary of Treasury, and he was co-founder and national managing partner of Trammel Crow Residential Companies.
Christopher J. Nassetta Executive Vice President and Chief Operating Officer	36	Christopher J. Nassetta joined the Company in October 1995 as Executive Vice President and was elected Chief Operating Officer of the Company in 1997. Prior to joining the Company, Mr. Nassetta served as President of Bailey Realty Corporation from 1991 until 1995. He had previously served as Chief Development Officer and in various other positions with The Oliver Carr Company from 1984 through 1991.
Robert E. Parsons, Jr. Executive Vice President and Chief Financial Officer	43	Robert E. Parsons, Jr. joined the Company's Corporate Financial Planning staff in 1981 and was made Assistant Treasurer in 1988. In 1993, Mr. Parsons was elected Senior Vice President and Treasurer of the Company, and in 1995, he was elected Executive Vice President and Chief Financial Officer of the Company.
Christopher G. Townsend Senior Vice President, General Counsel and Corporate Secretary	51	Christopher G. Townsend joined the Company's Law Department in 1982 as a Senior Attorney. In 1984, Mr. Townsend was made Assistant Secretary of the Company, and in 1986, he was made Assistant General Counsel. In 1993, Mr. Townsend was elected Senior Vice President, Corporate Secretary and Deputy General Counsel. In January 1997, he was elected General Counsel.

Name and Title	Age	Business Experience Prior to Becoming an Executive Officer of the Company
Donald D. Olinger Senior Vice President and Corporate Controller	40	Donald D. Olinger joined the Company in 1993 as Director--Corporate Accounting. Later in 1993, Mr. Olinger was promoted to Senior Director and Assistant Controller. He was promoted to Vice President--Corporate Accounting in 1995. In 1996, he was elected Senior Vice President and Corporate Controller. Prior to joining the Company, Mr. Olinger was with the public accounting firm of Deloitte & Touche.

EXECUTIVE OFFICER COMPENSATION

Summary of Compensation

The table below sets forth a summary of the compensation paid by the Company for the last three fiscal years to the Chief Executive Officer of the Company and the four additional most highly compensated executive officers of the Company for the Company's fiscal year 1998.

TABLE I

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary(1) ($)	Bonus(2) ($)	Other Annual Compensation ($)	Restricted Stock Awards(3)(4) ($)	All Other Compensation(5) ($)
Richard E. Marriott	1998	290,450	116,180	275,607(6)(7)	2,138,750	23,923
Chairman of the Board	1997	271,449	108,580	212,324(6)(7)	0	22,668
	1996	262,951	105,180	223,162(6)(7)	0	21,439
Terence C. Golden	1998	669,782	602,804	67,489(8)	11,800,000	73,051
President and Chief	1997	619,045	557,141	58,783(8)	354,693	66,105
Executive Officer	1996	600,017	480,013	0	10,476,603	560,827(9)
Christopher J. Nassetta	1998	382,563	286,922	0	7,375,000	36,970
Executive Vice President	1997	338,889	254,167	0	0	36,231
and Chief Operating Officer	1996	328,447	263,490	0	3,647,513	119,168(9)
Robert E. Parsons, Jr.	1998	369,583	277,187	0	6,195,000	36,970
Executive Vice President	1997	338,889	254,167	0	0	36,231
and Chief Financial Officer	1996	328,447	263,490	0	3,658,277	26,273
Christopher G. Townsend	1998	215,904	118,747	0	1,696,250	19,683
Senior Vice President	1997	202,962	111,629	0	1,015,800	18,405
and General Counsel	1996	186,232	102,428	0	0	15,891

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(1) Fiscal year 1996 base salary earnings were for 53 weeks. All other fiscal year base salary earnings were for 52 weeks. Salary amounts include base salary earned and paid in cash during the fiscal year and the amount of base salary deferred at the election of the named executive officer under the Company's Executive Deferred Compensation Plan. An increase in base salary for the period November 2, 1997 through the end of the fiscal year was paid in 1998 and reported as 1997 earnings. The 1998 salary includes a competitive pay adjustment, paid in 1999 but effective as of November 2, 1998 and reported as 1998 earnings, resulting from a compensation study conducted by an independent consulting firm retained by the Compensation Policy Committee of the Board of Directors (the "Committee").

(2) Bonus includes the amount of cash bonus earned pursuant to the Company's Performance-Based Annual Incentive Bonus Plan (which was approved by the shareholders in 1996) and to the named individual's performance-based bonus plan during the fiscal year and either paid subsequent to the end of each fiscal year or deferred under the Executive Deferred Compensation Plan.

(3) Restricted Stock. Restricted stock awards are subject to general restrictions, such as continued employment, and performance restrictions. Holders of restricted stock receive dividends and exercise voting rights on their restricted shares. For the 1998 award (effective in 1999) the named executive officers have agreed that any cash dividends on the shares of restricted stock shall, after withholding for or payment of any taxes due on the dividends, be reinvested in shares of Company Common Stock either through a dividend reinvestment program or otherwise. Deferred Bonus Stock. The amount of a deferred bonus stock award generally equals 20 percent of each individual's annual cash bonus award, based on the stock price on the last trading day for the fiscal year. Holders of deferred bonus stock awards do not receive dividends or exercise voting rights on their deferred bonus stock until such stock has been distributed to them. The recipient can designate an award as current, which is distributed in 10 annual installments beginning one year after the award is granted, or deferred, which is distributed in a lump sum or in up to 10 annual installments following termination of employment. Deferred bonus stock awards contingently vest in 10 equal annual installments beginning one year after the award is granted.

(4) In late 1998, the Committee approved the grant of restricted stock to certain key employees of the Company, including the Chief Executive Officer and the four additional most highly compensated executive officers, which became effective in 1999 and vests over a three-year period (the "1998 Award"). Under the terms of the 1998 Award, restricted shares granted in previous years which would have vested for time and performance periods beginning on and after January 1, 1999, and for Mr. Marriott ending before January 1, 2002, were forfeited and replaced by the 1998 Award. The 1998 Award reflects the dollar value of the restricted shares at the date of grant without adjustments for any shares granted in previous years that were forfeited and replaced. Seventy percent of the shares under the 1998 Award have performance restrictions and thirty percent have general restrictions conditioned upon continued employment. The performance criteria are based upon the measurement of the Company's annual stock performance (Shareholder Return Performance) and the relative performance of the Company stock measured against a published peer index (Relative Performance), subject to approval by the Committee. For shares awarded during 1996 and 1997, sixty percent of the shares awarded to each executive officer had annual performance restrictions, and forty percent of the shares awarded had general restrictions conditioned upon continued employment. The total number of restricted or deferred shares held by each named executive officer as of the end of the 1998 fiscal year (exclusive of the 1998 Award itself, but inclusive of the shares forfeited in connection with the 1998 Award), and the aggregate value of these shares is as follows:

Named Executive	Restricted Stock	Deferred Bonus Stock	Aggregate Value at 12/31/98
Mr. Marriott	240,000	0	$3,277,440
Mr. Golden	549,020	0	$7,497,417
Mr. Nassetta	292,475	0	$3,994,039
Mr. Parsons	308,754	3,666	$4,291,522
Mr. Townsend	60,000	3,652	$1,180,503

The following chart shows (i) the total number of restricted shares granted in the 1998 Award, (ii) the total number of restricted shares previously granted which were forfeited as a condition of receiving the 1998 Award, and (iii) the total number of restricted shares granted in the 1998 Award as adjusted to reflect the initial earnings and profits dividend made pursuant to the conversion of the Company into a real estate investment trust (including the spin-off of Crestline Capital Corporation):

Named Executive	1998 Restricted Stock Awards (before adjustment)	Previous Restricted Stock Awards Forfeited	1998 Restricted Stock Awards (as adjusted)
Mr. Marriott	145,000	120,000	150,176
Mr. Golden	800,000	345,128	895,151
Mr. Nassetta	500,000	121,255	578,414
Mr. Parsons	420,000	130,986	479,837
Mr. Townsend	115,000	18,667	134,945

(5) This column represents Company matching contributions made under the Company's Retirement and Savings Plan and Executive Deferred Compensation Plan for fiscal year 1998, as follows:

Named Executive	Retirement and Savings Plan	Executive Deferred Compensation Plan
Mr. Marriott	$9,600	$14,324
Mr. Golden	$9,600	$63,451
Mr. Nassetta	$9,600	$27,370
Mr. Parsons	$9,600	$27,370
Mr. Townsend	$9,600	$10,083

(6) Effective beginning in 1996, Mr. Marriott waived (i) payments due to be made to him under the Executive Deferred Compensation Plan following his retirement and (ii) Company Common Stock due to be distributed to him under the Company's 1993 Comprehensive Stock Incentive Plan (the "1993 Stock Incentive Plan") following his retirement as an officer of the Company. The payments and stock distributions that were waived were disclosed in earlier proxy statements of the Company. In connection with this waiver, the Company entered into an arrangement to purchase life insurance policies for the benefit of a trust established by Mr. Marriott. The cost of the life insurance policies to the Company has been actuarially determined and will not exceed the projected after-tax cost the Com-

pany expected to incur in connection with the payments under the Executive Deferred Compensation Plan and the stock distributions under the 1993 Stock Incentive Plan that were waived by Mr. Marriott.

(7) Amount also includes $97,000, $92,000, and $86,700 in 1998, 1997 and 1996, respectively, for the allocation of Company personnel costs for non-Company business, and $133,626, $101,535 and $108,194 in 1998, 1997 and 1996, respectively, for additional cash compensation to cover taxes payable for all other compensation in this column.

(8) Amount represents reimbursement of travel expenses of Mr. Golden's spouse when she accompanies him on Company business trips, plus additional cash compensation to cover taxes payable for such reimbursement.

(9) As part of their restricted stock agreements with the Company, Mr. Golden and Mr. Nassetta were awarded 44,910 and 8,421 shares of Company Common Stock, respectively, on February 1, 1996. The value of the shares on the date of grant was $516,465 for Mr. Golden and $96,842 for Mr. Nassetta.

OPTIONS/SAR GRANTS IN LAST FISCAL YEAR

The table below sets forth information as of December 31, 1998 concerning the issuance of stock appreciation rights ("SARs") in the last fiscal year. Effective as of December 29, 1998, the Company entered into an issuance agreement with Mr. R.E. Marriott pursuant to which all of his outstanding options for Company Common Stock were canceled and replaced with SARs on equivalent economic terms. The Company did not grant any other options or SARs to the named executive officers listed on the Executive Compensation table above in fiscal year 1998.

TABLE II

SAR GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying SARs Granted(1)	Percentage of Total SARs Granted to Employees in Fiscal Year(%)	Exercise or Base Price ($)	Market Price on Grant Date($)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for SAR Term ($) 0%(2)	5%	10%
R.E. Marriott	29,930	45.7	1.1990	13.6560	10/12/2005	372,838	533,227	744,731
R.E. Marriott	19,395	27.8	2.2075	13.6560	10/03/2006	222,044	340,870	512,347
R.E. Marriott	17,360	26.5	2.7070	13.6560	10/20/2007	190,075	311,565	501,976
Total	66,685	100.0				784,957	1,185,662	1,759,054

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(1) The SARs listed in this table replace options previously granted and reported in the amounts of 25,000, 16,200 and 14,500, respectively, which were canceled pursuant to the issuance agreement described above. The number of SARs has been adjusted to reflect the distribution of all of the outstanding common stock of Crestline Capital Corporation and the remainder of the earnings and profits dividend in connection with the REIT Conversion.

(2) For years prior to this year's conversion of Mr. Marriott's outstanding stock options to SARs, these amounts were reported as Exercisable under the "Value of Unexercised In-the-Money Options" on the Aggregated Stock Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values Table (see Table III).

Aggregated Stock Option Exercises and Year-End Value

The table below sets forth, on an aggregated basis, (1) information regarding the exercise during fiscal year 1998 of options to purchase Company Common Stock (and shares of common stock of other companies which the Company has previously spun off) by each of the named executive officers listed on the Executive Compensation table above, and (2) the value on December 31, 1998 of all unexercised options held by such individuals. Terence C. Golden and Christopher J. Nassetta do not have any options to purchase stock in any of the companies listed in the following table.

TABLE III

AGGREGATED STOCK OPTION EXERCISES IN
LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

				Number of Shares Underlying Unexercised Options at Fiscal Year End(2) (#)		Value of Unexercised In-the-Money Options at Fiscal Year End(3) ($)	
Name	Company(1)	Shares Acquired on Exercise (#)	Value Realized ($)	Exercisable	Unexercisable	Exercisable	Unexercisable
R.E. Marriott	HM	0	0	0	0	0	0
	HMS	0	0	11,140	0	100,223	0
	MI	0	0	122,634	0	3,008,980	0
	TOTAL	0	0	133,525	0	3,109,203	0
R.E. Parsons, Jr.	HM	5,000	75,853	18,229	0	197,022	0
	HMS	1,000	11,667	3,045	0	25,299	0
	MI	1,625	104,877	0	0	0	0
	TOTAL	7,625	192,397	21,274	0	222,321	0
C.G. Townsend	HM	0	0	8,353	0	90,816	0
	HMS	1,395	15,927	0	0	0	0
	MI	0	0	0	0	0	0
	TOTAL	1,395	15,927	8,353	0	90,816	0

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(1) "HM" represents options to purchase Company Common Stock. "HMS" represents options to purchase Host Marriott Services Corporation ("HM Services") common stock. "MI" represents options to purchase Marriott International, Inc. ("Marriott International") common stock.
(2) The number and terms of these options reflect several adjustments made as a result of the spin-off of Marriott International from the Company in October 1993; the spin-off of HM Services from the Company in December 1995; the spin-off of Marriott International from Sodexho Marriott Services Corporation in March 1998; and the conversion of the Company into a real estate investment trust (and the related spin-off of Crestline Capital Corporation) in December 1998, each in accordance with the applicable employee benefit plans covering those options. These adjustments preserved, but did not increase or decrease, the economic value of the options.
(3) Based on a per share price for Company Common Stock of $13.656, a per share price for HM Services common stock of $10.344, and a per share price for Marriott International common stock of $29.5940. These prices reflect the average of the high and low trading prices on the New York Stock Exchange on December 31, 1998.

Employment Arrangements

Certain of the terms and conditions of employment of Messrs. Golden, Nassetta, Parsons and Townsend, are governed by a written "Key Executives/Termination of Employment" policy. The policy provides a basic framework to govern the termination of employment under specific circumstances. This policy is not a binding contract and can be changed by the Company unilaterally at any time. The terms of the policy are subject to the approval of the Board of Directors or the Chief Executive Officer/President, as applicable.

Certain of the terms and conditions of Mr. Golden's employment are also governed by a written employment agreement which provides for an annual salary of $575,000, which was increased to $653,000 for 1998. Under the agreement, in the event of a "termination event" (defined as the significant reduction in Mr. Golden's responsibilities, a requirement to relocate, a change in control, a change in his responsibility to the Company's Chairman or his failure to receive a bonus equal to at least half of the maximum bonus available to be earned for a particular year), Mr. Golden will receive a payment equal to one year's salary and an amount equal to the maximum bonus that could have been earned for the year in which such termination event occurs, and the restrictions will be lifted on all remaining restricted stock held by Mr. Golden. If terminated without cause, Mr. Golden will receive one year's salary and bonus and the restrictions will be lifted on the restricted stock that is not subject to performance goals. In the event of termination for cause or resignation, Mr. Golden will receive no termination payment and restricted stock will be canceled.

1998 Employee Benefits Allocation Agreement

As part of the conversion of the Company into a real estate investment trust, the Company, Host Marriott, L.P. (the "Operating Partnership") and Crestline Capital Corporation ("Crestline") entered into an Employee Benefits and Other Employment Matters Allocation Agreement (the "Allocation Agreement") which governs the allocation of responsibilities with respect to various compensation, benefits and labor matters. Under the Allocation Agreement, Crestline assumed from the Company certain liabilities relating to covered benefits and labor matters with respect to individuals who were employed by the Company or its affiliates before they became employed by Crestline or its affiliates, and the Operating Partnership assumed certain other liabilities relating to employee benefits and labor matters. The Allocation Agreement also governs the treatment of awards under the Host Marriott Corporation 1997 Comprehensive Stock Incentive Plan (the "Comprehensive Stock Incentive Plan"), as part of the Company's conversion into a REIT. The Allocation Agreement required Crestline to establish the Crestline Capital Corporation 1998 Comprehensive Stock Incentive Plan to grant awards of Crestline common stock. Additionally, the Allocation Agreement provided that the Operating Partnership adopt the Comprehensive Stock Incentive Plan.

REPORT ON EXECUTIVE COMPENSATION

To Our Shareholders

The Compensation Policy Committee of the Board of Directors is charged with overseeing and administering the executive pay program for the Company on behalf of the Board and, by extension, the Company's shareholders. This report provides details and background information regarding that program.

The Committee

The Compensation Policy Committee, composed of six independent members of the Board of Directors, approves the executive compensation programs and policies of the Company, sets performance targets and evaluates the performance of the Company and its senior management. The Committee met ten times during the year.

Goals of the Program

The Committee has established three primary objectives for the executive compensation program:

- To provide annual and long-term incentives that emphasize performance-based compensation dependent upon achieving corporate and individual performance goals;

- To foster a strong relationship between shareholder value and executive compensation programs and rewards by having a significant portion of compensation comprised of equity-based incentives; and

- To provide overall levels of compensation that are competitive, and to provide the means to attract, retain and motivate highly qualified executives.

Competitiveness Targets

To establish compensation targets, the Committee uses data from independent consultants that reflect the median compensation practices at a large group of general industry, lodging and real estate companies.

These surveys contain a broader group of companies than the comparison group used in the performance graph because the Committee believes that targeting compensation at a diverse group of companies more appropriately reflects the labor market for Company executives. With respect to base salary and annual incentive levels, the Committee reviews the data provided by these surveys with a focus on the median level of compensation. The Committee then makes decisions on compensation actions for individual executives based on competitive levels of compensation and the need to retain an experienced and effective management team. Consistent with the philosophy of aligning shareholder value with executive compensation, long-term incentive awards represent a substantial portion of the total pay package for executive officers and are targeted at levels higher than the median for achievement of outstanding business performance as determined by the Committee.

Base Salary

The Committee regularly reviews each senior executive's base salary and approves the assignment of each senior executive to a salary grade. Actual base salaries fall in a range around the midpoint, based on tenure, experience and individual performance. Increases to base salary are primarily driven by individual performance and the salary increase guidelines established by the Company. There are no specific weightings that are applied to the factors considered by the Committee in arriving at base salary actions.

Stock Incentives

The Company provides long-term incentives through its Comprehensive Stock Incentive

Plan, under which restricted stock, stock options, deferred stock awards and other stock-based awards are permitted. The Committee believes that management's interest should be aligned with that of the shareholders, and that stock ownership is an efficient and effective way to accomplish this goal.

Compensation of the Chief Executive Officer and other Executive Officers

Base Salary

Mr. Golden received a salary adjustment in late November 1998 as a result of a compensation study that was conducted by an independent compensation consulting firm for the Committee. His salary was adjusted from $653,000 to $750,000. This salary is at the median for the survey group. The salaries for Mr. Marriott, Mr. Nassetta, Mr. Parsons and Mr. Townsend were also adjusted based upon results of the same compensation study.

Annual Incentive Awards

Mr. Golden received a bonus award for 1998 of $602,804, or 90% of fiscal year base salary earnings under the Performance-Based Annual Incentive Bonus Plan and pursuant to the performance criteria which the Committee set for Mr. Golden to achieve for 1998. The other named executive officers received bonus payments for 1998 ranging from 40% to 75% of salary. The Committee considered the Company's financial performance and other objective individual criteria in making the awards from the bonus pool.

Impact of Internal Revenue Code Section 162(m)

In 1993, provisions were added to the Internal Revenue Code that limit the tax deduction for compensation expense in excess of $1,000,000 a year for each of the five highest paid executive officers. However, performance-based compensation can be excluded from the determination of compensation expense so long as it meets certain requirements. The Committee's policy is to qualify as much of executive compensation programs for the performance-based exclusion as is possible.

The Committee, the Board of Directors and the Company's shareholders approved the 1997 Comprehensive Stock Incentive Plan, which includes provisions that put the Plan into compliance with Section 162(m) of the Internal Revenue Code. Stock grants made pursuant to the 1997 Comprehensive Stock Incentive Plan may qualify, if so determined by the Committee, as exempt compensation under Section 162(m), which would permit the maximum tax benefit to the Company. The performance-based restricted stock awards have annual measures and goals which allow them to qualify as performance-based compensation under Section 162(m). The annual cash incentive awards made under the Performance-Based Annual Incentive Bonus Plan also qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code. (The Committee has approved an amendment to the 1997 Comprehensive Stock Incentive Plan, subject to shareholder ratification, which would consolidate the performance-based cash incentive awards under the 1997 Comprehensive Stock Incentive Plan, at which point the Plan would be renamed the 1997 Comprehensive Stock and Cash Incentive Plan and the separate Performance-Based Annual Incentive Bonus Plan would be discontinued. See "Proposal Four: Ratification of Amendments to the 1997 Comprehensive Stock Incentive Plan" elsewhere in this Proxy Statement.)

The Committee believes that it is appropriate to consider the tax implications of the

Company's compensation plans, but the Committee does not believe it is necessarily in the best interest of the Company and its shareholders that all plans meet the requirements of Section 162(m) for deductibility. Accordingly, the Committee anticipates that the Company may lose or defer deductions in future years with respect to vesting of the time-based restricted stock grants or other awards.

Restricted Stock

Restricted stock is the primary long-term incentive vehicle for senior executives. Its purpose is to provide an incentive to senior executives to manage the Company in a manner that creates significant long-term value for shareholders. The 1997 Comprehensive Stock Incentive Plan permits the Committee to make awards with either restrictions relating to continued employment ("time-based" awards) or awards with performance restrictions established by the Committee ("performance-based" awards). The Committee emphasizes performance-based awards.

The performance criteria applicable to the performance-based awards are determined at the beginning of each year by the Committee. The performance measures adopted for 1998 were based on the financial performance of the Company in the areas of total acquisition volume, capital productivity, liquidity and shareholder return. The performance measures were weighted equally in 1998.

In 1998, the Committee retained the services of an independent outside compensation consulting firm to conduct an executive compensation study (i) to determine the competitiveness of the Company's total compensation program, (ii) to further link incentive plans with shareholder interest and (iii) to align compensation plans with the Company's new REIT structure. As part of this study, new awards of restricted stock were granted in November 1998 (see Table I on pages 12 and 13 of this Proxy Statement). These awards were conditioned upon forfeiture of unvested shares awarded in prior years. In compliance with Securities and Exchange Commission regulations, the Company is reporting this multi-year (three-year) stock grant and its total (three-year) value at the date of grant in Table I under the "Restricted Stock Awards" column. This three-year grant is subject to 70% performance-based criteria and 30% general restrictions conditioned upon continued employment. The performance criteria are based on the measurement of the Company's stock performance and the relative performance of the Company stock measured against a published peer index. The Committee believes tying the payout of performance shares directly to stock performance aligns the interests of Company executives with those of shareholders. The amounts listed in the "Restricted Stock Awards" column in Table I do not mean that the executives received the shares of restricted stock in 1998.

Summary

The Committee believes that the caliber and motivation of the employees, and especially their leadership, are critical to the Company's success in a competitive marketplace. Effective and motivational compensation programs are essential ingredients to success. The Committee believes that the compensation programs of the Company are effective in serving the Company and its shareholders, both in the short and long term.

MEMBERS OF THE COMPENSATION POLICY COMMITTEE

Harry L. Vincent, Jr., Chairman
R. Theodore Ammon
Robert M. Baylis
J. W. Marriott, Jr.
Ann Dore McLaughlin
John G. Schreiber

PERFORMANCE GRAPH

The following line graph compares the yearly percentage change in the cumulative total shareholder return on the Company's Common Stock against the cumulative total return of the Standard & Poor's Corporation Composite 500 Index (the "S&P 500") and a peer group index of companies (the "Peer Group") over the period of December 31, 1993 through December 31, 1998. The graph assumes an investment of $100 at the start of this period in the Company's Common Stock and in each of the indexes, with the reinvestment of all dividends, including (i) the Company's distribution of Host Marriott Services Corporation common stock on December 29, 1995 to shareholders, and (ii) the Company's distribution of Crestline Capital Corporation common stock on December 29, 1998 to shareholders, each of which is treated as a reinvested special dividend.

The Peer Group index consists of the following companies: Catellus Development Corp., Hilton Hotels Corp., Hospitality Franchise System, Inc., La Quinta Inns, Inc., Marriott International, Inc., Red Lion Inns LP, The Rouse Company, and Del Webb Corp.

Comparisons of Five-Year Cumulative Total
Shareholder Returns

[LINE GRAPH APPEARS HERE]

	1993	1994	1995	1996	1997	1998
Host Marriott Corp.	$100.00	$105.48	$143.84	$193.53	$237.37	$197.77
S&P 500 Index	$100.00	$101.36	$139.32	$171.23	$228.27	$293.38
Peer Group	$100.00	$100.03	$126.12	$172.47	$224.25	$146.10

THE REIT CONVERSION

As previously noted in the Introduction to this Proxy Statement, the Company is the successor to the former Host Marriott Corporation, a Delaware corporation, with which the Company merged on December 29, 1998. The purpose of the merger was to reincorporate the Company in Maryland. The merger was part of a series of transactions pursuant to which the Company and its subsidiaries converted their business operations to qualify as a real estate investment trust or "REIT" for federal income tax purposes (the "REIT Conversion").

As a result of the REIT Conversion, the Company conducts its business primarily through Host Marriott, L.P., a Delaware limited partnership (the "Operating Partnership"). The Company serves as the sole general partner of the Operating Partnership and also holds the majority of the units of limited partner interest in the Operating Partnership ("OP Units"). As part of the REIT Conversion, the Company and its subsidiaries contributed substantially all of their assets to the Operating Partnership and its subsidiaries in exchange for their ownership interests in the Operating Partnership and the assumption by the Operating Partnership and its subsidiaries of substantially all the liabilities of the Company and its subsidiaries. In addition, all employees who were employed by the Company at the time of the REIT Conversion became employees of the Operating Partnership.

The Company did not contribute to the Operating Partnership (and the Operating Partnership therefore does not own) certain other assets formerly held by the Company and its subsidiaries (principally consisting of 31 retirement communities and controlling interests in the hotel lessees (as described below)). Most of these assets are owned by Crestline Capital Corporation ("Crestline"), formerly a wholly owned subsidiary of the Company. Crestline became a separate publicly traded company on December 29, 1998, when the Company made certain taxable distributions to its shareholders, including substantially all of the shares of common stock of Crestline. In addition, the Company distributed to its shareholders a special dividend in which they received, for each share of Company Common Stock they held, either $1.00 in cash or an additional 0.087 share of Company Common Stock, at the election of the shareholder. The aggregate value of the Crestline common stock, Company Common Stock and cash distributed to the Company's shareholders was approximately $510 million.

Under current federal income tax law, a REIT cannot derive income from the operation of hotels but can derive rental income by leasing hotels. Therefore, the Operating Partnership and its subsidiaries have leased virtually all of their hotel properties to certain subsidiaries of Crestline. Generally, there is a separate Crestline hotel lessee for each hotel property; however, there is a separate lessee for each group of hotel properties that has a separate mortgage financing or has owners in addition to the Operating Partnership and its subsidiaries. Each of the lessees is a limited liability company or limited partnership, whose purpose is limited to acting as lessee under an applicable lease.

The hotel management agreements to which the Company or its subsidiaries were parties were assigned to the Crestline hotel lessees for the term of the applicable leases. Although the lessees have primary liability under the management agreements while the leases are in effect, the Operating Partnership retains primary liability for certain obligations and contingent liability under the management agreements for all other obligations that the lessees do not perform.

In connection with the REIT Conversion, the Operating Partnership acquired from The Blackstone Group L.P. and a series of partnerships, persons and other entities affiliated with Blackstone Real Estate Associates (together, the "Blackstone Entities"), ownership of or a controlling interest in 12 upscale and luxury full-service hotels, a mortgage loan secured by a thirteenth hotel, and certain other assets (the "Blackstone Acquisition"). As part of the Blackstone Acquisition, the Operating Partnership also acquired a 25% interest in Swissotel Management (USA) L.L.C., which in turn was transferred to Crestline in connection with the distribution of Crestline stock to the Company's shareholders. In exchange for these assets, the Operating Partnership issued to the Blackstone Entities approximately 43.8 million OP Units (which are redeemable for cash or, at the Company's option, shares of Company Common Stock), assumed debt and made cash payments totaling approximately $920 million, and distributed approximately 1.4 million shares of Crestline common stock and other consideration to the Blackstone Entities.

Prior to the REIT Conversion, the Company and several of its subsidiaries were the sole general partners of eight publicly traded limited partnerships (together, the "Public Partnerships") which, in the aggregate, owned or held a controlling interest in 24 full-service hotels operating under the Marriott brand. The Operating Partnership acquired these Public Partnerships through mergers involving its subsidiaries (the "Public Partnership Mergers"). In connection with each such Public Partnership Merger, each limited partner of a Public Partnership received a number of OP Units equal in value to the greatest of the appraised value, continuation value or liquidation value of such limited partner's interest in such Public Partnership. Certain limited partners of such Public Partnerships elected to exchange OP Units for unsecured notes issued by the Operating Partnership or for shares of Company Common Stock.

The Operating Partnership also acquired from unaffiliated partners, in exchange for OP Units, partnership interests in four private partnerships holding lodging assets in which the Company or a subsidiary held an interest. As a result, the Operating Partnership owns substantially all of the interests in those partnerships. The Company obtained the consent of unaffiliated partners in certain other partnerships holding lodging assets in which the Company or a subsidiary held an interest, where the partners retained their interests, to lease the hotels owned by such partnerships to a Crestline lessee. The Operating Partnership remained a partner in such partnerships. In certain other cases, the Operating Partnership transferred its partnership interests to a non-controlled subsidiary.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Relationship between the Company and Crestline Capital Corporation

As described above, on December 29, 1998, the Company made certain taxable distributions to its shareholders, including substantially all of the shares of common stock of Crestline, which was formerly a wholly owned subsidiary of the Company (the "Crestline Distribution"). At that time, Crestline became a separate publicly traded company.

Christopher J. Nassetta, an Executive Vice President and the Chief Operating Officer of the Company, is a Director of Crestline. Richard E. Marriott, the Company's Chairman of the Board, and J.W. Marriott, Jr., a Director of the Company, beneficially own approximately 5.9% and 5.6%, respectively, of the outstanding shares of common stock of Crestline.

In connection with the Crestline Distribution, the Company and Crestline entered into a Distribution Agreement (the "Crestline Distribution Agreement"), which provided for, among other things, (i) the distribution of shares of Crestline to the Company's shareholders in connection with the Crestline Distribution; (ii) the division between Crestline and the Company of certain assets and liabilities; (iii) the transfer to Crestline of the 25% interest in Swissotel Management (USA) L.L.C. which the Company acquired from the Blackstone Entities; (iv) certain other agreements governing the relationship between Crestline and the Company following the Crestline Distribution. Crestline also granted the Company contingent right to purchase Crestline's interest in Swissotel Management (USA) L.L.C. at fair market value in the event the tax laws are changed so that the Company could own such interest without jeopardizing its status as a REIT.

Subject to certain exceptions, the Crestline Distribution Agreement also provided for, among other things, assumptions of liabilities and cross-indemnities designed to allocate to Crestline, effective as of the date of the Crestline Distribution, financial responsibilities for liabilities arising out of, or in connection with, the business of the senior living communities.

For the purpose of governing the ongoing relationships between the Company and Crestline, the Company and Crestline have entered into other agreements. The Company believes that the agreements are fair to both parties and contain terms which are generally comparable to those which would have been reached in arm's-length negotiations with unaffiliated parties. Among such other agreements between the Company and Crestline are:

(i) Hotel Leases. Through the Operating Partnership and its subsidiaries, the Company entered into leases with subsidiaries of Crestline (the "Hotel Leases") for 120 full-service hotels. Each Hotel Lease has a fixed term generally ranging from seven to ten years. Crestline is required to pay (i) a minimum rent specified in each Hotel Lease, plus (ii) to the extent it exceeds the minimum rent, a percentage rent based upon a specified percentage of aggregate sales from the hotels in excess of specified thresholds. The amount of minimum rent and percentage rent thresholds will be increased each year based upon any increases in CPI and the Employment Cost Index during the previous twelve months. The Hotel Leases will generally provide for a rent adjustment in the event of damage, destruction, partial taking or certain capital expenditures.

Crestline is responsible under the Hotel Leases for paying all of the expenses of operating the hotels, including all personnel costs, utility costs, and general repair and maintenance of the hotels. In addition, Crestline is responsible for all fees payable to the hotel manager, including base and incentive management fees, chain services payments and franchise or system fees. The Company, however, remains responsible for real estate and personal property taxes, property casualty insurance, ground lease rent and capital expenditures and for maintaining a reserve fund for furnishings, fixtures and equipment ("FF&E") replacements.

In the event that the Company disposes of a hotel free and clear of the Hotel Lease, the Company would have to pay a termination fee equal to the fair market value of Crestline's leasehold interest in the remaining term of the Hotel Lease using a discount rate of 12%. Alternatively, the Company would be entitled (i) to substitute a comparable hotel for any hotel that is sold, with the terms agreed to by Crestline, or (ii) to sell the hotel subject to the Hotel Lease, subject to Crestline's approval under certain circumstances, without having to pay a termination fee. In addition, the Company has the right to terminate up to twelve Hotel Leases, in connection with a sale of a hotel, without having to pay a termination fee. Conversely, Crestline may terminate up to twelve full-service leases without penalty upon 180-days' notice to the Company.

Also, in the event that changes in the federal income tax laws allow the Company or its subsidiaries directly to operate the hotels without jeopardizing the Company's REIT status, the Company may terminate all of the Hotel Leases upon payment of the termination fee. The payment of the termination fee will be payable in cash or, subject to certain conditions, shares of Company Common Stock at the election of the Company.

As part of the Crestline Distribution, Crestline and the Company, through the Operating Partnership, entered into guaranty and pooling agreements by which Crestline and certain of its subsidiaries guarantee the Hotel Lease obligations. The Hotel Leases were placed into four different pools with all of the Hotel Leases having similar terms placed into the same pool. The parent subsidiary of each pool has a full guarantee obligation of the Hotel Leases in its respective pool. For each pool, however, the cumulative limit of Crestline's guaranty obligation will be the greater of 10% of the aggregate rent payable for the immediately preceding fiscal year under all Hotel Leases in the pool or 10% of the aggregate rent payable under all Hotel Leases in the pool for 1999. In the event that Crestline's obligation under a guaranty agreement for a pool is reduced to zero, Crestline can terminate its guaranty and pooling agreement for that pool and the Company can terminate the Hotel Leases in the pool without penalty.

Upon the commencement of the Hotel Leases, Crestline purchased the working capital of the hotels from the Company for approximately $95 million, with the purchase price evidenced by notes that bear interest at 5.12%. Interest on each note is due simultaneously with the rent payment of each Hotel Lease. The principal amount of each note is due upon the termination of each Hotel Lease. Upon termination of the Hotel Lease, Crestline will sell to the Company the existing working capital at its current value. To the extent the working capital delivered to the Company is less than the value of the note, Crestline will pay the Company the difference in cash.

(ii) FF&E Leases. In connection with the Crestline Distribution, if the average tax basis of a hotel's FF&E and other personal property exceeded 15% of the aggregate average tax basis of the hotel's real and personal property (the "Excess FF&E"), subsidiaries of Crestline and non-controlled subsidiaries of the Company entered into lease agreements (the "FF&E Leases") for the Excess FF&E. The terms of the FF&E Leases generally range from two to three years and rent under the FF&E Leases is a fixed amount. Crestline will have the option at the expiration of the lease term to either (i) renew the FF&E Leases for consecutive one year renewal terms at a fair market rental rate, or (ii) purchase the Excess FF&E for a price equal to its fair market value. If Crestline does not exercise its purchase or renewal option, Crestline is required to pay a termination fee equal to approximately one month's rent.

(iii) Limited-Service Hotel Subleases. The Company leases from Hospitality Properties Trust, Inc. ("HPT") 71 limited-service hotels under the Residence Inn and Courtyard brands (the "HPT" Leases"). The HPT Leases have initial terms expiring through 2012 for the Courtyard properties and 2010 for the Residence Inn properties, and are renewable at the Company's option. In connection with the Crestline Distribution, subsidiaries of Crestline entered into sublease agreements with the Company for these limited-service hotels ("Subleases"). The terms of the Subleases will expire simultaneously with the expiration of the initial term of the HPT Leases. If the Company elects to renew the HPT Leases, Crestline can elect to also renew the Subleases for the corresponding renewal term.

Each Sublease provides that generally all of the terms in the HPT Leases will apply to the Subleases. Under the Subleases, subsidiaries of Crestline are required to pay rent to the Company equal to the minimum rent due under the HPT Leases and an additional rent based on a percentage of revenues. To the extent the reserves for FF&E replacements are insufficient to meet the hotel's capital expenditure requirements, HPT is required to fund the shortfall. The rent payable under the Subleases is guaranteed by Crestline up to a maximum of $30 million. The Crestline subsidiaries that are parties to the Subleases were capitalized with $30 million in notes from Crestline payable on demand.

In the event that changes in the federal income tax laws allow the Company or its subsidiaries directly to operate the hotels without jeopardizing the Company's REIT status, the Company may terminate all of the Subleases upon payment of the termination fee equal to the fair market value of Crestline's leasehold interests in the remaining term of the Subleases using a discount rate of five percent.

(iv) Asset Management Agreements. The Company and certain of its subsidiaries entered into asset management agreements (the "Asset Management Agreements") with Crestline pursuant to which Crestline agreed to provide advice on the operation of the hotels and review financial results, projections, loan documents and hotel management agreements. Crestline also agreed to consult on market conditions and competition, as well as monitor and negotiate with governmental agencies, insurance companies and contractors. Crestline will be paid a fee not to exceed $4.5 million for each calendar year for its consulting services under the Asset Management Agreements. The Asset Management Agreements each have terms of two years with an automatic one-year renewal, unless earlier terminated by either party in accordance with the terms of such agreements.

(v) Tax Sharing Agreement. The Company and Crestline entered into a tax sharing agreement which defines each party's rights and obligations with respect to deficiencies and refunds of federal, state and other income or franchise taxes relating to Crestline's business for taxable years prior to the Crestline Distribution date and with respect to certain tax attributes of Crestline after the Crestline Distribution date. Generally, the Company will be responsible for filing consolidated returns and paying taxes for periods through the date of the Crestline Distribution, and Crestline will be responsible for filing returns and paying taxes for subsequent periods.

(vi) Corporate Transitional Services Agreement. The Company and Crestline entered into a transitional services agreement, pursuant to which the Company and Crestline will provide certain limited services to each other for a fee. Among other things, the Company will provide centralized administrative and computer systems services to Crestline for a period of time. Such services will be provided, as needed, at cost (including a reasonable overhead allocation) on a time and materials basis. The charges associated with such services are not expected to be material.

(vii) Non-Competition Agreement. Crestline and the Company entered into a non-competition agreement that limits the respective parties' future business opportunities. Pursuant to this non-competition agreement, Crestline agreed, among other things, that until the earlier of December 31, 2008, or the date on which it is no longer a lessee of more than 25% of the number of hotels owned by the Company at the time of the Crestline Distribution, it will not own, operate or control any full-service hotel, manage any limited-service or full-service hotel owned by the Company, or own or operate a full-service hotel franchise system operating under a common name brand, subject to certain exceptions. In addition, the Company agreed (i) for the time period set forth above, not to lease limited-service or full-service hotels from any real estate investment trust, or to invest in or advise any other entity that leases hotels under the same type of arrangement, subject to certain exceptions, and (ii) until December 31, 2003, not to participate in the business of owning, financing or operating senior living communities, subject to certain exceptions.

(viii) Employee Benefits and Other Employment Matters Allocation Agreement. As part of the REIT Conversion, the Company, the Operating Partnership and Crestline entered into an Employee Benefits Allocation Agreement relating to various compensation, benefits and labor matters. Under the agreement, the Operating Partnership and Crestline each assumed certain liabilities related to covered benefits and labor matters arising prior to the effective date of the Crestline Distribution and relating to employees of each organization, respectively, after the Crestline Distribution. The agreement also governs the treatment of awards under the Company's Comprehensive Stock Incentive Plan by the Operating Partnership and requires Crestline to establish a similar plan.

Relationship between the Company and the Blackstone Entities

As described above under "The REIT Conversion," in December 1998 the Operating Partnership acquired 12 upscale and luxury full-service hotels, a mortgage loan secured by a thirteenth hotel, and certain other assets from the Blackstone Entities. As part of the Blackstone Acquisition, the Company, the Operating Partnership and the Blackstone Entities entered into a contribution agreement (the "Blackstone Contribution Agreement") which provides, among other things, that for so long as the Blackstone Entities own at least 5% of all of the outstanding OP Units (including those OP Units held by the Company and its subsidiaries), an affiliate of the Blackstone Entities will have the right to designate one person to be included in the slate of Directors nominated for election to the Board of Directors of the Company. John G. Schreiber, a Director of the Company and a nominee for re-election at the Annual Meeting, has been so designated. Mr. Schreiber is a senior advisor and partner of Blackstone Real Estate Advisors L.P., an affiliate of the Blackstone Entities.

In addition, the Blackstone Contribution Agreement provides that the OP Units beneficially owned by the Blackstone Entities (and their permitted transferees) (the "Blackstone OP Units") are redeemable for cash or, at the election of the Company, Company Common Stock as follows: (i) up to 50% of the Blackstone OP Units may be redeemed beginning July 1, 1999, (ii) an additional 25% of the Blackstone OP Units may be redeemed beginning October 1, 1999 and (iii) the remaining 25% of the Blackstone OP Units may be redeemed beginning January 1, 2000. The Company has granted to the Blackstone Entities (and their permitted transferees) certain registration rights with respect to shares of Company Common Stock obtained upon conversion of the Blackstone OP Units.

The Blackstone Contribution Agreement also grants the Blackstone Entities an exemption from the ownership limitations contained in the Operating Partnership's partnership agreement and contains standstill provisions which prohibit certain activities of the Blackstone Entities with respect to the Operating Partnership and the Company. Such provisions provide generally that the Blackstone Entities may not take any actions in opposition to the Company's Board of Directors and place certain restrictions on the Blackstone Entities' acquisition and disposition of the Company's voting securities.

Relationship between the Company and Marriott International, Inc.

Prior to October 8, 1993, the Company and Marriott International were operated as a single consolidated company. On October 8, 1993, in connection with the issuance of a special dividend (the "Marriott International Distribution"), the consolidated company's businesses were split between the Company and Marriott International. Thereafter, the Company retained the capital intensive lodging real estate business and the airport/tollroad concessions business, while Marriott International took over the management of the lodging and service management businesses. (On December 29, 1995, the Company distributed the airport/tollroad concessions business to its shareholders in the spin-off of Host Marriott Services Corporation; see "Relationship between the Company and Host Marriott Services Corporation" below.)

Richard E. Marriott, the Company's Chairman of the Board, and J.W. Marriott, Jr., a Director of the Company, beneficially own approximately 10.6% and 10.9%, respectively, of the outstanding shares of common stock of Marriott International. J.W. Marriott, Jr. and Richard E. Marriott serve as Chairman and a Director, respectively, of Marriott International.

In connection with the Marriott International Distribution, the Company and Marriott International entered into a Distribution Agreement (the "Marriott International Distribution Agreement") which provided for, among other things, assumptions of liabilities and cross-indemnities designed to allocate to the appropriate company financial responsibility for the liabilities arising out of or in connection with their respective businesses. Under the Marriott International Distribution Agreement, which has been amended from time to time, Marriott International also obtained a right, until June 2017, to purchase up to 20% of each class of the Company's voting stock (determined after assuming full exercise of the right) at its then fair market value (based on an average of trading prices during a specified period), upon the occurrence of certain specified events generally involving a change in control of the Company. The Company has granted Marriott International an exception to the ownership limitations in the Company's charter to permit the full exercise of the purchase right, but the purchase right remains subject to certain ownership limitations applicable to REITs generally.

For the purpose of governing the ongoing relationships between the Company and Marriott International, as well as in the ordinary course of business, the Company and Marriott International have entered into other agreements. The Company believes that the agreements are fair to both parties and contain terms which are generally comparable to those which would have been reached in arm's-length negotiations with unaffiliated parties. Among such other agreements between the Company and Marriott International are:

(i) Lodging Management and Franchise Agreements. Marriott International and certain of its subsidiaries entered into management agreements with the Company and certain of its subsidiaries to manage for fees the Marriott Hotels, Resorts and Suites, Ritz-Carlton hotels, Courtyard hotels and Residence Inns owned or leased by the Company and its subsidiaries. Marriott International also entered into franchise agreements with the Company and certain of its subsidiaries to allow the Company to use the Marriott brand, associated trademarks, reservation systems and other related items in connection with the Company's operation of 13 Marriott hotels not managed by Marriott International.

Each of those management and franchise agreements reflects market terms and conditions and is substantially similar to the terms of management and franchise agreements with other third-party owners regarding lodging facilities of a similar type. In 1998, the Company paid to Marriott International fees of $205 million from the managed and franchised lodging properties owned or leased by the Company. As a result of the REIT Conversion, however, the Company has assigned the management and franchise agreements to Crestline and, consequently, it will be the primary obligation of Crestline to pay to Marriott International the management and franchise fees owed under such agreements for so long as Crestline remains the lessee for hotels governed by such agreements.

In addition, the Company or one of its subsidiaries was a partner in several unconsolidated partnerships that during 1998 owned 238 lodging properties operated by Marriott International or certain of its subsidiaries under long-term agreements. In such cases, the Company or its subsidiary typically served as the general partner. In 1998, the Company's unconsolidated partnerships paid to Marriott International fees of $121 million pursuant to such agreements. The partnerships also paid $21 million in rent to Marriott International in 1998 for land leased from Marriott International upon which certain of the partnerships' hotels are located. In connection with the REIT Conversion, however, 13 lodging properties owned by partnerships were rolled up into the Operating Partnership. The management agreements with Marriott International with respect to such properties (but not the land leases) have been assigned to Crestline and, consequently, it will be the primary obligation of Crestline to pay to Marriott International any fees owed under such agreements for so long as Crestline remains the lessee for hotels governed by such agreements.

(ii) Senior Living Services Agreements. Marriott International and certain of its subsidiaries entered into management agreements with the Company to manage for fees the 31 senior living communities formerly owned by the Company. During 1998, the Company paid to Marriott International management fees of $13 million with respect to such properties. All of the senior living properties are now owned by Crestline as a result of the REIT Conversion.

(iii) Acquisition Financing. Marriott International has provided, and the Company expects that Marriott International in the future will provide, financing to the Company for a portion of the cost of acquiring properties to be operated or franchised by Marriott International. In 1998, Marriott International did not provide any new acquisition financing, although the Company remained indebted to Marriott International for acquisition financing from prior years.

In 1996, Marriott International and the Company formed a joint venture, and Marriott International provided the Company with $29 million in debt financing at an average interest rate of 12.7% and with $28 million in preferred equity, for the acquisition of two full-service hotels in Mexico City. Following the REIT Conversion, a non-controlled subsidiary of the Company is now the obligor under such debt.

In addition, in 1997 Marriott International provided $92 million of financing at an average interest rate of 9% relating to the Company's discontinued senior living operations. In 1997, the Company also acquired all but 1% of the remaining 50% interest in the joint venture which owned the 418-unit Leisure Park senior living community from Marriott International for approximately $27 million, including approximately $19 million of mortgage debt assumed by the Company. As part of the REIT Conversion, that debt is now the obligation of Crestline, although the Operating Partnership remains as a guarantor.

(iv) Tax Sharing Agreement. The Company and Marriott International entered into a tax sharing agreement that defines the parties' rights and obligations with respect to deficiencies and refunds of federal, state and other income or franchise taxes relating to the Company's businesses for tax years prior to the Marriott International Distribution and with respect to certain tax attributes of the Company after the Marriott International Distribution. The Company and Marriott International have agreed to cooperate with each other and to share information in preparing tax returns and in dealing with other tax matters.

(v) Non-Competition Agreement. The Company and Marriott International entered into a non-competition agreement that defines the parties' rights and obligations with respect to certain businesses operated by Marriott International and the Company. In general, under the non-competition agreement, the Company and its subsidiaries are prohibited from entering into or acquiring any business that competes with the hotel management business as conducted by Marriott International.

(vi) Administrative Services Agreements. Marriott International and the Company have entered into a number of agreements pursuant to which Marriott International has agreed to provide certain continuing administrative services to the Company and its subsidiaries. Such services are provided on market terms and conditions, and in 1998 the Company paid Marriott International $3 million for such services. In general, the administrative services agreements can be kept in place at least through the end of 1999.

(vii) Guarantees. In connection with the Marriott International Distribution, the Company and Marriott International entered into agreements pursuant to which Marriott International agreed to guarantee the Company's performance in connection with certain partnership, real estate and project loans and other Company obligations. Such guarantees are limited in an aggregate principal amount of up to $70 million at December 31, 1998. Marriott International has not been required to make any payments pursuant to the guarantees.

Relationship between the Company and Host Marriott Services Corporation

Prior to December 29, 1995, the Company and Host Marriott Services Corporation ("HM Services") were operated as a single consolidated company. On December 29, 1995, the Company issued a special dividend (the "HMSC Distribution") which split the consolidated company's businesses between the Company and HM Services. Thereafter, the Company retained the capital intensive lodging real estate business, while HM Services took over the airport/tollroad concessions business.

Richard E. Marriott, the Company's Chairman of the Board, and J.W. Marriott, Jr., a Director of the Company, beneficially own approximately 7.4% and 7.6%, respectively, of the outstanding shares of common stock of HM Services. Richard E. Marriott and J.W. Marriott, Jr. serve as Directors of HM Services.

In connection with the HMSC Distribution, the Company and HM Services entered into a Distribution Agreement (the "HMSC Distribution Agreement"), which provided for, among other things, assumptions of liabilities and cross-indemnities designed to allocate to the appropriate company financial responsibility for the liabilities arising out of or in connection with their respective businesses. The HMSC Distribution Agreement also provided that HM Services would assume its proportionate share of the Company's current obligation for certain employee benefit awards denominated in Company Common Stock currently held by employees of Marriott International.

For the purpose of governing the ongoing relationships between the Company and HM Services, the Company and HM Services have entered into other agreements. The Company believes that the agreements are fair to both parties and contain terms which are generally comparable to those which would have been reached in arm's-length negotiations with unaffiliated parties. Among such other agreements between the Company and HM Services are:

(i) Tax Sharing Agreement. The Company and HM Services entered into a tax sharing agreement that defines the parties' rights and obligations with respect to deficiencies and refunds of federal, state and other income or franchise taxes relating to the Company's businesses for tax years prior to the HMSC Distribution and with respect to certain tax attributes of the Company after the HMSC Distribution. The Company and HM Services have agreed to cooperate with each other and to share information in preparing tax returns and in dealing with other tax matters.

(ii) Guarantees of Concession Agreements. The Company and HM Services entered into agreements pursuant to which the Company agreed to guarantee HM Services' performance in connection with certain tollroad concessions operated by HM Services. The Company has not been required to make any payment pursuant to the guarantees and does not anticipate making any such payment in 1999.

PROPOSAL ONE: ELECTION OF DIRECTORS

The Board of Directors of the Company is composed of eight Directors. The Articles of Incorporation classify the eight-member Board of Directors into three classes. Each such Director serves for three years.

The terms of office of J.W. Marriott, Jr., John G. Schreiber and Harry L. Vincent, Jr. expire at the 1999 Annual Meeting of Shareholders. The Board of Directors, acting upon the recommendation of its Nominating and Corporate Governance Committee, has nominated and recommends the re-election of Mr. Marriott, Mr. Schreiber and Mr. Vincent, each for a three-year term as Director expiring at the 2002 Annual Meeting of Shareholders.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for Mr. Marriott, for Mr. Schreiber and for Mr. Vincent.

If elected, Mr. Marriott, Mr. Schreiber and Mr. Vincent have consented to serve as Directors for terms of three years and until their respective successors are elected and qualified. Further information with respect to the nominees is set forth in this Proxy Statement under the section entitled "Directors." Although it is not contemplated that any nominee will be unable to serve as Director, in such event, the proxies will be voted by the proxy holders for such other person or persons as may be designated by the present Board of Directors.

Vote Required

Approval of the election of the nominees is subject to the affirmative vote of a plurality of shares of Company Common Stock present in person or represented by proxy and voting at the Annual Meeting at which a quorum is present.

The Board of Directors of the Company unanimously recommends a vote FOR the foregoing nominees as Directors of the Company.

PROPOSAL TWO: APPOINTMENT OF AUDITORS

Subject to shareholder approval, the Board of Directors, acting on the recommendation of its Audit Committee, has appointed Arthur Andersen LLP, a firm of independent public accountants, as auditors, to examine and report to shareholders on the consolidated financial statements of the Company and its subsidiaries for fiscal year 1999. Representatives of Arthur Andersen LLP will be present at the Annual Meeting and will be given the opportunity to make a statement and will be available to respond to appropriate questions.

Vote Required

The action of the Board of Directors in appointing Arthur Andersen LLP as the Company's auditors for fiscal year 1999 is subject to ratification by an affirmative vote of the holders of a majority of shares of Company Common Stock present in person or represented by proxy and voting at the Annual Meeting at which a quorum is present.

The Board of Directors of the Company unanimously recommends a vote FOR such appointment.

PROPOSAL THREE: RATIFICATION OF AMENDMENT TO THE EMPLOYEE STOCK PURCHASE PLAN

Following the REIT Conversion, all employees who had been employed by the Company became employees of the Operating Partnership, through which the Company primarily operates its business. At the Special Meeting of Shareholders on December 15, 1998 with respect to the REIT Conversion (the "Special Meeting"), the Company's shareholders approved the transfer of the rights and obligations of the Company under the Employee Stock Purchase Plan to the Operating Partnership, with any stock acquired by participants under the Employee Stock Purchase Plan being shares of Company Common Stock.

As a result of the REIT Conversion, the Board has approved certain amendments to the Company's Employee Stock Purchase Plan and renamed it the "Host Marriott Corporation and Host Marriott, L.P. Employee Stock Purchase Plan." Most of those were technical amendments within the authority granted to the Board under Section 12 of the Employee Stock Purchase Plan and were designed to conform the Employee Stock Purchase Plan to the REIT structure of the Company and the Operating Partnership. Such changes have already been implemented into the Employee Stock Purchase Plan and the Board is not seeking shareholder approval of such amendments. It should also be noted that shareholder approval is not being requested to authorize additional shares to be available under the Employee Stock Purchase Plan.

The Board does, however, request the ratification by the shareholders of one amendment to the Employee Stock Purchase Plan. Federal tax provisions do not permit the Operating Partnership to offer participants under the Company's Employee Stock Purchase Plan the tax advantages of Section 423 of the Internal Revenue Code that such participants had received before the REIT Conversion. Consequently, the Board has amended the Employee Stock Purchase Plan to provide a new method for offering participants the opportunity to purchase shares of Company Common Stock which takes into account the different tax treatment of such purchases.

Under the terms of the amended Employee Stock Purchase Plan, an individual who is (i) an active eligible employee of the Company, the Operating Partnership or a participating affiliate on the first day of January of the relevant plan year, (ii) working more than 20 hours per week and (iii) customarily employed more than five months in a calendar year, may, at the end of the plan year, purchase shares of Company Common Stock through contributions or payroll deductions at the lower of (a) 90% of the fair market value of such shares on the first day of such plan year or (b) 90% of the fair market value of such shares on the last day of such plan year. A participant may elect to contribute up to 10% of his or her compensation per year, with a limit of $25,000 in any plan year.

During prior plan years when participants did receive the tax advantages under Section 423 of the Internal Revenue Code, participants were not taxed on the difference between the opening price and the closing price if the stock was held for at least two years. If the stock was sold prior to the end of that two-year holding period, participants were taxed on the difference at ordinary income tax rates.

Now, under the amended Employee Stock Purchase Plan, participants will be taxed on the difference between (i) the fair market value of shares of Company Common Stock on the closing date of the relevant plan year and (ii) the actual purchase price (after the 10% discount set forth above) paid by the participant. Income and employment taxes on this amount will be withheld through the payroll system.

Accordingly, the Board seeks the ratification by the Company's shareholders to amending and restating in its entirety Section 1 of the Employee Stock Purchase Plan as follows:

> "1. Stock Offered and Price. Subject to Section 15(a), an option to purchase Shares through payroll savings will be granted to eligible employees in the manner stated below. The "Purchase Price" of each Share will be the lesser of (i) 90% of its Fair Market Value on the date the option is granted, or (ii) 90% of the Fair Market Value on the date the option is exercised. The maximum number of Shares that may be purchased under this Plan shall not exceed the maximum number of Shares authorized under the Plan. Such Shares may include authorized but unissued Shares. In the event that the Corporation should declare a stock dividend or a stock split or reclassify its stock, the Purchase Price and the number of Shares reserved for the Plan will be adjusted proportionately. The determination of the adjustment, if any, shall be made by the Compensation Policy Com-

mittee of the Board of Directors of the Corporation, and such determination shall be final, binding and conclusive."

All amendments to the Employee Stock Purchase Plan, including the amended and restated Section 1 above, are effective as of January 1, 1999, the beginning of the current plan year.

Vote Required

The action of the Board of Directors in approving the amendment to the Employee Stock Purchase Plan as set forth above is subject to the affirmative vote of the holders of a majority of the shares of Company Common Stock present in person or represented by proxy and voting at the Annual Meeting at which a quorum is present.

The Board of Directors unanimously recommends a vote FOR ratification of the amendment to the Employee Stock Purchase Plan.

PROPOSAL FOUR: RATIFICATION OF AMENDMENTS TO THE 1997 COMPREHENSIVE STOCK INCENTIVE PLAN

As a result of the REIT Conversion, the Board has approved certain amendments to the Company's 1997 Comprehensive Stock Incentive Plan (the "Comprehensive Stock Incentive Plan"). Most of those were technical amendments within the authority granted to the Board's Compensation Policy Committee (the "Committee") under Article 3 and Article 12 of the Comprehensive Stock Incentive Plan and were designed to provide greater internal consistency to the Comprehensive Stock Incentive Plan and to facilitate the administration of the Comprehensive Stock Incentive Plan. The Committee made certain other changes to conform the Comprehensive Stock Incentive Plan to the REIT structure of the Company and the Operating Partnership, as approved by the Company's shareholders at the Special Meeting. Such changes have already been implemented into the Comprehensive Stock Incentive Plan and the Board is not seeking shareholder approval of such amendments.

The Board does, however, request the ratification by the shareholders of two changes to the Comprehensive Stock Incentive Plan. Shareholder approval is not being requested to authorize additional shares to be available for the grant of awards under the Comprehensive Stock Incentive Plan. Indeed, neither of these proposed amendments affects in any way the number of shares of Company Common Stock which may be issued under the Comprehensive Stock Incentive Plan.

The first such amendment is a technical one and a result of the REIT Conversion. As noted above under Proposal Three, following the REIT Conversion, all employees who had been employed by the Company became employees of the Operating Partnership, through which the Company primarily operates its business. At the Special Meeting, the shareholders approved the transfer of the rights and obligations of the Company under the Comprehensive Stock Incentive Plan to the Operating Partnership, with any stock awards issued to participants in the Comprehensive Stock Incentive Plan being made in shares of Company Common Stock. What was not included in that approval was the possibility that employees of subsidiaries of either the Operating Partnership or the Company be covered as participants under the Comprehensive Stock Incentive Plan. Although neither the Operating Partnership nor the Company currently has any subsidiaries with any employees or has any present intention to add such employees, the Company wishes to maintain the flexibility necessary to deal with future situations where it may be in the Company's best interests to add employees either at one of its subsidiaries or at a subsidiary of the Operating Partnership. Predecessors to the current Comprehensive Stock Incentive Plan have automatically included employees of subsidiaries as participants under such plans.

The possibility that employees of subsidiaries of either the Operating Partnership or the Company be covered as participants under the Comprehensive Stock Incentive Plan could be deemed as an expansion of the eligibility requirements for participation in the Comprehensive Stock Incentive Plan. Consequently, pursuant to Article 12 of the Comprehensive Stock Incentive Plan, the Board seeks the ratification by the Company's shareholders of the addition of the following language to the preamble of the Comprehensive Stock Incentive Plan:

> "Set forth herein are all of the terms of the three plans comprising the Plan, one for the benefit of the employees of Host Marriott Corporation (the "Host REIT Plan"), one for the benefit of the employees of Host Marriott, L.P. (the "Operating Partnership Plan"), and one for the benefit of the employees of any Subsidiary of Host Marriott Corporation or Host Marriott, L.P. (the "Subsidiary Companies Plan"). The Committee shall administer all three plans."

The second amendment to the Comprehensive Stock Incentive Plan for which shareholder ratification is sought concerns the granting of certain performance-based cash awards under the Comprehensive Stock Incentive Plan. In 1995 and 1996, the shareholders voted to approve the Company's Performance-Based Annual Incentive Bonus Plan (the "Incentive Bonus Plan"). Under the Incentive Bonus Plan, cash bonus awards for senior executive officers of the Company were linked to a performance goal with respect to the Company's annual earnings before interest expense, taxes, depreciation, amortization and other non-cash items ("EBITDA"). In 1997, the shareholders approved the Comprehensive Stock Incentive Plan, which had been amended and restated from a predecessor plan for the principal purpose of putting the Comprehensive Stock Incentive Plan into compliance with Section 162(m) of the Internal Revenue Code. Prior to 1997, provisions had been added to the Internal Revenue Code that limit the tax deduction available to the Company for compensation expense with respect to certain executive officers of the Company. Because the shareholders approved the Comprehensive Stock Incentive Plan in 1997, stock awards made pursuant to the Comprehensive Stock Incentive Plan may qualify, if so determined by the Committee, as exempt compensation under Section 162(m), which permits the maximum tax benefit to the Company.

Although performance-based cash awards granted under the Incentive Bonus Plan may qualify for the same tax benefits to the Company under Section 162(m), the Board now seeks to consolidate all performance-based awards under a single plan, namely, the Comprehensive Stock Incentive Plan. Not only does such consolidation facilitate the administration of both stock and cash awards, but also the performance measures for determining performance-based awards would be selected from the same list of criteria. This is particularly helpful to the Company following the REIT Conversion, since the Company's financial performance is now reported--like that of other REITs--in terms of "funds from operations" rather than in terms of EBITDA. Article 11 of the Comprehensive Stock Incentive Plan currently sets forth a series of performance measures from which the Committee may select in determining performance-based awards under the Comprehensive Stock Incentive Plan.

Under the proposed amendment, performance-based cash awards under the Comprehensive Stock Incentive Plan, which are called Other Cash Performance-Based Awards, would be determined by the Committee based on the same performance measures under Article 11. Accordingly, the Board seeks the ratification by the Company's shareholders of the addition of the following new Section 10.4 to the Comprehensive Stock Incentive Plan:

> "10.4 Other Cash Performance-Based Awards. The Committee may grant Other Cash Performance-Based Awards based on performance measures set forth in Article 11 not based on Shares upon such terms and at any time and from time to time as shall be determined by the Committee. Each such Other Cash Performance-Based Award shall be evidenced by an award agreement that shall specify such terms and conditions as the Committee shall determine. An Other Cash Performance-Based Award not based upon Shares shall not decrease the number of Shares under Article 4 which may be issued pursuant to other Awards. No individual shall be eligible to receive a payment with respect to cash performance-based awards in excess of $4,000,000 in any calendar year. Other Cash Performance-Based Awards may relate to annual bonus or long-term performance awards."

Upon shareholder ratification of the foregoing amendments, the name of the Comprehensive Stock Incentive Plan will be changed to "Host Marriott Corporation and Host Marriott, L.P. 1997 Comprehensive Stock and Cash Incentive Plan." All amendments to the Comprehensive Stock Incentive Plan, including the foregoing, are effective as of December 29, 1998, the date of the REIT Conversion.

Vote Required

The action of the Board of Directors in approving the amendments to the Company's 1997 Comprehensive Stock Incentive Plan as set forth above is subject to the affirmative vote of the holders of a majority of the shares of Company Common Stock present in person or represented by proxy and voting at the Annual Meeting at which a quorum is present.

The Board of Directors unanimously recommends a vote FOR ratification of the amendments to the Company's 1997 Comprehensive Stock Incentive Plan.

PROPOSAL FIVE: SHAREHOLDER PROPOSAL REGARDING ELECTION OF DIRECTORS ANNUALLY

Shareholder's Proposal

Mrs. Evelyn Y. Davis of Watergate Office Building, 2600 Virginia Avenue, N.W., Suite 215, Washington, D.C. 20037, who owns 200 shares of Company Common Stock, has notified the Company of her intention to propose the following resolution at the Annual Meeting of Shareholders:

> "RESOLVED: That the shareholders of Host Marriott Corporation recommend that the Board of Directors take the necessary steps to reinstate the election of directors ANNUALLY, instead of the stagger system which was adopted."

Shareholder's Supporting Statement

In support of the resolution, Mrs. Davis has submitted the following statement:

> "The great majority of New York Stock Exchange listed corporations elect all their directors each year.
>
> "This insures that ALL directors will be more accountable to ALL shareholders each year and to a certain extent prevents the self-perpetuation of the Board.

"Last year the owners of 68,372,067 shares, representing approximately 39.1% of shares voting, voted FOR this proposal.

"If you AGREE, please mark your proxy FOR this proposal."

The Company's Statement in Opposition

This proposal has been submitted at the last thirteen Annual Meetings of Shareholders and was defeated on each occasion. The Board of Directors has again considered the proposal (as has the Nominating and Corporate Governance Committee) and again recommends that shareholders vote AGAINST it for the following reasons: At the 1984 Annual Meeting of Shareholders, holders of more than 86% of the shares of Company Common Stock approved an amendment to the Company's then Certificate of Incorporation (as a Delaware corporation) to classify the Board of Directors into three classes, with one class being elected each year. Moreover, at the recent Special Meeting with respect to the REIT Conversion, holders of more than 99% of the shares of Company Common Stock voted to approve the transactions comprising the REIT Conversion, including the adoption of the Company's Articles of Incorporation for the Company's reincorporation in Maryland. Those Articles of Incorporation, which were described in detail and included in full in the proxy statement relating to the Special Meeting, similarly classify the Board of Directors into three classes, with one class being elected each year.

As a result of the Company's having a classified Board of Directors, at least two shareholder meetings will be required to effect a change of control of the Board of Directors, thus making it more difficult to change the membership of the Board of Directors. The Board of Directors believes that the longer time required to elect a majority of a classified Board of Directors also helps to assure continuity and stability of the Company's management and policies since a majority of the Directors will always have prior experience as Directors of the Company. Another benefit of the existing arrangement is to enhance management's ability to negotiate with the proponent of a proposal to take over or restructure the Company. The Board of Directors therefore believes that the proposed resolution would, if implemented, be detrimental to the best interests of the Company and its shareholders.

Vote Required

Under the Company's Articles of Incorporation, approval of the proposed resolution is subject to the affirmative vote of the holders of at least two-thirds (66 2/3%) of the total number of outstanding shares of Company Common Stock as of the Annual Meeting Record Date.

The Board of Directors of the Company unanimously recommends a vote AGAINST such proposal.

SHAREHOLDER PROPOSALS FOR 2000 ANNUAL MEETING

The annual meeting of shareholders for 2000 is tentatively scheduled to be held on Wednesday, May 17, 2000. Any shareholder who meets the requirements of the proxy rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act") may submit to the Board of Directors proposals to be considered for submission to the shareholders at the 2000 annual meeting. For any such proposal to be eligible for inclusion in the proxy materials for that meeting, it must be submitted in writing by notice delivered to the Corporate Secretary, Host Marriott Corporation, 10400 Fernwood Road, Department 862, Bethesda, Maryland 20817-1109 no later than December 16, 1999. Furthermore, such notice must set forth: (a) the name and address of the shareholder and the text of the proposal to be introduced; (b) the number of shares of Company Common Stock held of record, owned beneficially and represented by proxy by such shareholder as of the date of such notice; and (c) a representation that the shareholder intends to appear in person or by proxy at the meeting to introduce the proposal specified in the notice.

In addition, any shareholder who meets the requirements of the proxy rules under the Exchange Act may nominate a candidate for Director of the Company or may bring other business before the annual meeting of shareholders for 2000 (although in order for such other business to be included in the proxy materials for that meeting, it must meet the additional requirements set forth in the paragraph above). Any such nomination or other business must be submitted in writing by notice delivered to the Corporate Secretary, Host Marriott Corporation, 10400 Fernwood Road, Dept. 862, Bethesda, Maryland 20817-1109 not later than February 15, 2000 nor earlier than January 16, 2000. If the shareholder proposes to nominate a person for election as a Director, such shareholder's notice must set forth all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, under the Exchange Act (including such person's written consent to serving as a Director if elected). If the shareholder proposes to bring other business before the meeting, such shareholder's notice must set forth a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and of the beneficial owner, if any, on whose behalf the proposal is made. In either case, the shareholder's notice must also set forth, both as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such shareholder and of such beneficial owner, as they appear on the Company's books, and (ii) the number of each class of shares of the Company which are owned beneficially and of record by such shareholder and such beneficial owner.

SOLICITATION OF PROXIES

Proxies will be solicited by mail, telephone, or other means of communication. Solicitation also may be made by Directors, officers and regular employees of the Company. The Company has retained MacKenzie Partners to assist in the solicitation of proxies from shareholders. MacKenzie Partners will receive a fee of $6,500 plus reimbursement of certain out-of-pocket expenses. The Company will reimburse brokerage firms, custodians, nominees and fiduciaries in accordance with the rules of the New York Stock Exchange, for reasonable expenses incurred by them in forwarding materials to the beneficial owners of shares. The entire cost of solicitation will be borne by the Company.

ANNUAL REPORT AND FORM 10-K

All shareholders of record on the Annual Meeting Record Date will receive with this Proxy Statement a copy of both the Company's 1998 Annual Report and the Form 10-K filed with the Securities and Exchange Commission. Any shareholder who desires additional copies of the Company's 1998 Annual Report or the Form 10-K may obtain a copy (excluding exhibits) without charge by addressing a request to the Corporate Secretary, Host Marriott Corporation, 10400 Fernwood Road, Dept. 862, Bethesda, Maryland 20817-1109. A charge equal to the reproduction cost will be made if the exhibits are requested.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Christopher G. Townsend

Christopher G. Townsend
Corporate Secretary

ANNUAL MEETING OF SHAREHOLDERS
OF HOST MARRIOTT CORPORATION

The 1999 Annual Meeting of Shareholders of Host Marriott Corporation will be held on Thursday, May 20, 1999 at The Ritz-Carlton, Buckhead, located at 3434 Peachtree Road, Northeast, in Atlanta, Georgia. The meeting will begin at 11:00 a.m. in Salons 3, 4 and 5, with a continental breakfast beginning at 10:00 a.m. being provided to shareholders attending the meeting. Doors to the meeting will open at 10:30 a.m.

A special "Shareholder Annual Meeting" rate is offered at the hotel for Wednesday, May 19, 1999, the night before the meeting. A limited number of rooms is available for this special rate of $205.00, single or double occupancy. To receive this special rate, please call the hotel directly prior to April 28, 1999 and ask for the Host Marriott Corporation "Shareholder Annual Meeting" rate for May 19. Applicable taxes and gratuities will be additional and reservations are required in advance. This discount may not be used in conjunction with any other discount, coupon or group rate.

The Ritz-Carlton, Buckhead
3434 Peachtree Road, Northeast
Atlanta, Georgia 30326
Telephone: (404) 237-2700

Directions to the hotel:

North on I-85 from Hartsfield Airport: Take I-85 North through downtown Atlanta. I-75 and I-85 will merge and then split. Please stay on I-85. Continue to the off-ramp for GA 400 (Exit 29). Take GA 400 to Lenox Road/Buckhead (Exit 2). At the bottom of the ramp, turn right and follow the signs for Peachtree Road. You will see Parisian department store ahead on the left. The Ritz-Carlton, Buckhead is on the right.

South on I-85: Take the exit for Lenox Road (Exit 30) and at the bottom of the exit ramp, turn right onto Lenox Road. Go 1.9 miles and then follow the signs to Monarch Drive/Ritz Drive. Turn left into the hotel.

South on I-75: Take a left exit onto I-85 North. Exit to GA 400 (Exit 29). Then exit on Lenox Road/Buckhead (Exit 2). At the bottom of the ramp, turn right and follow the signs for Peachtree Road. You will see Parisian department store ahead on the left. The Ritz-Carlton, Buckhead is on the right.

East or West on I-20: Take I-20 into downtown Atlanta. Follow the signs to I-85 North through downtown to GA 400 (Exit 29). Take GA 400 North to Exit 2, Lenox/Buckhead. At the bottom of the ramp, turn right and follow the signs for Peachtree Road. You will see Parisian department store ahead on the left. The Ritz-Carlton, Buckhead is on the right.

PROXY

HOST MARRIOTT CORPORATION
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD THURSDAY, MAY 20, 1999, 11:00 A.M.

The undersigned appoints Richard E. Marriott and Terence C. Golden as Proxies. Each shall have power to appoint his substitute. They are authorized to represent and vote, as designated on the reverse side, all shares of Host Marriott Corporation common stock held of record by the undersigned on March 29, 1999 at the Annual Meeting of Shareholders to be held on May 20, 1999, or any adjournment thereof. The Board of Directors recommends votes FOR proposals 1, 2, 3 and 4 and AGAINST proposal 5.

Nominees for election as directors for three-year terms expiring at the 2002 Annual Meeting:

J.W. Marriott, Jr.
John G. Schreiber
Harry L. Vincent, Jr.

COMMENTS OR CHANGE OF ADDRESS

(If you have written in the above space, please mark the corresponding box on the reverse side of the card)

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

SEE REVERSE SIDE

- --

Detach Proxy Card Here

[LOGO OF HOST MARRIOTT APPEARS HERE]

HOST MARRIOTT
CORPORATION
10400 Fernwood Road
Bethcada, Maryland 20817-1109

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD THURSDAY, MAY 20, 1999

The Annual Meeting of Shareholders of Host Marriott Corporation (the "Company") will be held on Thursday, May 20, 1999, at 11:00 a.m. in Salons 3, 4 and 5 of The Ritz-Carlton, Buckhead, located at 3434 Peachtree Road, Northeast, in Atlanta, Georgia. Doors to the meeting will open at 10:30 a.m.

The Meeting will be conducted:

1. To consider and vote upon the following proposals described in the accompanying Proxy Statement, which provide for:

    (i) Proposal One: The election of J.W. Marriott, Jr., John G. Schreiber and Harry L. Vincent, Jr. as Directors for three-year terms expiring at the 2002 Annual Meeting;
    (ii) Proposal Two: The ratification of the appointment of Arthur Andersen LLP as independent auditors;
    (iii) Proposal Three: The ratification of the action of the Board of Directors amending the Company's Employee Stock Purchase Plan;
    (iv) Proposal Four: The ratification of the action of the Board of Directors amending the Company's 1997 Comprehensive Stock Incentive Plan; and
    (v) Proposal Five: The consideration of a shareholder proposal to reinstate the annual election of all Directors.

2. To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on March 29, 1999 will be entitled to notice of and to vote at this meeting.

Christopher G. Townsend
Corporate Secretary

[X] Please mark your votes
as in this example.

This proxy when properly executed will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR election of directors, FOR proposals 2, 3 and 4, and AGAINST proposal 5.

The Board of Directors Recommends a vote FOR proposals 1, 2, 3 and 4.

	FOR	WITHHELD
1. Election of Directors (see reverse)	[_]	[_]

For, except vote withheld from the following nominee(s):

____

	FOR	AGAINST	ABSTAIN
2. Ratification of appointment of Arthur Andersen LLP as independent auditors	[_]	[_]	[_]
3. Ratification of amendment to the Employee Stock Purchase Plan	[_]	[_]	[_]
4. Ratification of amendments to the 1997 Comprehensive Stock Incentive Plan	[_]	[_]	[_]

The Board of Directors Recommends a vote AGAINST proposal 5.

	FOR	AGAINST	ABSTAIN
5. Shareholders proposal to reinstate the annual election of directors	[_]	[_]	[_]

I WILL ATTEND THE ANNUAL MEETING [_]

Change of address/Comments on Reverse Side. [_]

SIGNATURE(S) ____________________________ DATE ______________

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Please carefully detach here and return this proxy in the enclosed reply envelope.

Admission Ticket
Host Marriott Corporation
Annual Meeting of Shareholders
Thursday, May 20, 1999, 11:00 a.m. EDT

The Ritz-Carlton, Buckhead
Salons 3, 4 and 5
3434 Peachtree Road, Northeast
Atlanta, Georgia 30326

AGENDA

1. ELECTION OF THREE DIRECTORS

2. RATIFICATION OF ARTHUR ANDERSEN LLP AS INDEPENDENT AUDITORS

3. RATIFICATION OF AMENDMENTS TO THE EMPLOYEE STOCK PURCHASE PLAN

4. RATIFICATION OF AMENDMENTS TO THE 1997 COMPREHENSIVE STOCK INCENTIVE PLAN

5. SHAREHOLDER PROPOSAL TO REINSTATE ANNUAL ELECTION OF ALL DIRECTORS

TRANSACTION OF OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.

It is important that your shares be represented at this meeting, whether or not you attend the meeting in person. To make sure your shares are represented, we urge you to complete and mail the proxy card above.

If you and your guest plan on attending the Annual Meeting, please mark the appropriate box on the proxy card above. Present this Admission Ticket to the Host Marriott Corporation representative at the entrance.