SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): July 21, 2010

HOST HOTELS & RESORTS, INC.
(Exact Name of Registrant as Specified in Charter)

Maryland	**001-14625**	**53-0085950**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

6903 Rockledge Drive, Suite 1500 **Bethesda, Maryland**	**20817**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (240) 744-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On July 21, 2010, Host Hotels & Resorts, Inc. issued a press release announcing its financial results for the second quarter ended June 18, 2010. A copy of the press release is furnished as Exhibit 99.1 to this Report.

The information in this Report, including the exhibit, is provided under Item 2.02 of Form 8-K and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section with the exception of the items detailed in the paragraph below. Furthermore, the information in this Report, including the exhibit, shall not be deemed to be incorporated by reference into the filings of the registrant under the Securities Act of 1933 regardless of any general incorporation language in such filings, except as provided in the paragraph below.

The items listed below and contained in Exhibit 99.1 to this Form 8-K are deemed to be of significance to investors and are intended to be “filed” rather than “furnished” for the purposes of Section 18 of the Securities Exchange Act of 1934. Further these, and only these items, shall be deemed as incorporated by reference into the filings of the registrant under the Securities Act of 1933. These items are:

- Consolidated Balance Sheets
  June 18, 2010 and December 31, 2009 - pg. 6
- Consolidated Statements of Operations
  Quarters Ended and Year-to-Date Ended June 18, 2010 and June 19, 2009 - pg. 7
- Earnings per Common Share
  Quarters Ended and Year-to-Date Ended June 18, 2010 and June 19, 2009 - pg. 8
- Other Financial and Operating Data - pgs. 12-13

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

See Item 2.02 above for information in the Exhibit deemed “Furnished” or “Filed” as the case may be.

Exhibit No.	Description
99.1	Host Hotels & Resorts, Inc.’s earnings release for the second quarter of 2010.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	HOST HOTELS & RESORTS, INC.	
Date: July 21, 2010	By:	/s/ Brian G. Macnamara
	Name:	**Brian G. Macnamara**
	Title:	**Senior Vice President, Corporate Controller**

EXHIBIT INDEX

Exhibit No.	Description
99.1	Host Hotels & Resorts, Inc.’s earnings release for the second quarter of 2010.

EXHIBIT 99.1

HOST HOTELS & RESORTS®

Gregory J. Larson
Executive Vice President
240.744.5120

NEWS RELEASE

HOST HOTELS & RESORTS, INC. REPORTS STRONG PERFORMANCE FOR THE SECOND QUARTER OF 2010

BETHESDA, MD; July 21, 2010 – Host Hotels & Resorts, Inc. (NYSE: HST), the nation's largest lodging real estate investment trust (REIT), today announced results of operations for the second quarter ended June 18, 2010.

Second Quarter Highlights

- RevPAR increased 8.1% for the quarter.
- Second quarter diluted earnings per share and funds from operations (FFO) per diluted share were $.02 and $.23, respectively.
- The Company reached agreements to acquire two high-quality properties in New York and Chicago.
- The Company reached an agreement, through its Asian joint venture, for the development of seven properties located in India.

Second Quarter Results

- Total revenue increased $63 million, or 6%, for the second quarter of 2010 and $22 million, or 1%, for year-to-date 2010.
- Net income was $20 million, or $.02 per diluted share, for the second quarter of 2010 compared to a net loss of $(69) million, or $(.12) per diluted share, for the second quarter of 2009. For year-to-date 2010, the net loss was $(64) million, or $(.11) per diluted share, compared to a net loss of $(129) million, or $(.24) per diluted share, for year-to-date 2009.
- FFO was $151 million, or $.23 per diluted share, for the second quarter of 2010 compared to $68 million, or $.12 per diluted share, for the second quarter of 2009. For year-to-date 2010, FFO was $200 million, or $.31 per diluted share, and $126 million, or $.22 per diluted share, for year-to-date 2009.

  Net income and FFO were affected by certain transactions during the periods presented. Net income was reduced by $.01 per diluted share for the second quarter of 2010 and net income and FFO were reduced by $.02 per diluted share, respectively, for year-to-date 2010, as a result of costs associated with the redemption of preferred stock and the repayment of debt, as well as additional accruals for the potential litigation loss related to San Antonio Rivercenter. By comparison, both net income and FFO included a net loss of $(.14) per diluted share for the second quarter 2009 and net losses of $(.19) and $(.22) per diluted share, respectively, for year-to-date 2009, associated with non-cash impairment charges, partially offset by gains associated with hotel dispositions and the extinguishment of debt.

- Adjusted EBITDA, which is Earnings before Interest Expense, Income Taxes, Depreciation, Amortization and other items was $250 million for the second quarter and $376 million for year-to-date 2010, a decrease of $6 million and $54 million, respectively, when compared to the same periods in 2009.

For further detail of the transactions affecting net income, earnings per diluted share and FFO per diluted share, refer to the notes to the "Reconciliation of Net Income to EBITDA, Adjusted EBITDA and FFO per Diluted Share."

Adjusted EBITDA, FFO per diluted share and comparable hotel adjusted operating profit margins (discussed below) are non-GAAP (generally accepted accounting principles) financial measures within the meaning of the rules of the Securities and Exchange Commission (SEC). See the discussion included in this press release for information regarding these non-GAAP financial measures.

OPERATING RESULTS

Comparable hotel RevPAR for the second quarter of 2010 increased 8.1%, driven by an occupancy increase of six percentage points, while the average daily rate fell 0.7%. The increase in RevPAR was significantly affected by an increase in transient demand of 8.1%, combined with an improvement in average room rate of 2.8%, the first such rate growth since the second quarter of 2008. Group demand increased 10%, though this was partially offset by a 4.7% decrease in rate. For year-to-date 2010, comparable RevPAR increased 3.5%.

While the Company's operating performance improved significantly in the second quarter, its comparable hotel adjusted operating profit margins were unchanged as a decrease of $16 million in incremental attrition and cancellation fees reduced margins by 100 basis points compared to 2009. For year-to-date 2010, margins declined 110 basis points and the decrease in attrition and cancellation fees was $28 million, which resulted in a similar 100 basis point decrease in operating margins. For further detail, see "Notes to the Financial Information."

ACQUISITIONS AND INVESTMENTS

On July 14, 2010, the Company participated in a settlement agreement with the owner of the W New York – Union Square and the property's mezzanine lenders under which the hotel owner will be acquired by a venture led by the Company and in which Istithmar World will be a minority member. The hotel is strategically located to take advantage of several of New York's most prominent business and leisure destinations and has over 7,000 square feet of meeting space. Closing is anticipated to occur by September of 2010 and is subject to bankruptcy court approval.

On July 20, 2010, the Company reached an agreement to acquire the 424-room Westin Chicago River North for approximately $165 million. The hotel is located in the heart of Chicago's theater and financial district and has approximately 28,000 square feet of meeting space. The Company expects to complete this acquisition, which is subject to customary closing conditions, in August of 2010.

On July 20, 2010, the Company's joint venture in Asia, Asia Pacific Hospitality Venture Pte., Ltd. (the "Asian joint venture"), in which it is a 25% partner, reached an agreement with Accor and InterGlobe to develop seven properties totaling approximately 1,750 rooms for a total cost of approximately $325 million in three major cities in India; Bangalore, Chennai and Delhi (the "Indian joint venture"). The Asian joint venture will invest approximately $50 million to acquire approximately 36% of the interest in the Indian joint venture. The properties will be managed by Accor under the Pullman, Novotel and Ibis brands. Development of the properties is underway, and the first hotel is expected to open in the second quarter of 2011.

BALANCE SHEET

As of June 18, 2010, the Company had nearly $1.2 billion of cash and cash equivalents and $600 million of available capacity under its credit facility. During the second quarter, the Company used available cash to redeem approximately 4 million shares of the 8 7/8% Class E cumulative redeemable preferred stock, which represents all of the issued and outstanding shares, at a redemption price of $25.00 per share plus accrued dividends. Subsequent to the acquisitions discussed above, the Company will have approximately $925 million in cash and cash equivalents.

CAPITAL EXPENDITURES

Capital expenditures totaled approximately $50 million and $100 million for the quarter and year-to-date 2010, respectively. These expenditures included return on investment and repositioning projects of approximately $10 million and $33 million for the quarter and year-to-date 2010. The Company anticipates that capital expenditures will be between $300 million and $320 million during 2010.

DIVIDEND

The Company paid a $.01 per share common dividend on July 15, 2010 and expects to continue to pay a quarterly $.01 per share common dividend in 2010 without regard to whether it generates taxable income.

2010 OUTLOOK

The Company believes that recent improvements in the economy will continue to positively affect the lodging industry and hotel operating results for the remainder of 2010. The Company now anticipates that for 2010:

- RevPAR will increase 4% to 5.5%;

- Operating profit margins under GAAP would increase approximately 205 basis points to 270 basis points; and
- Comparable hotel adjusted operating profit margins would range from a decrease of approximately 50 basis points to flat.

Based upon these parameters, the Company estimates that its full year 2010 guidance is as follows:

- loss per diluted share should be approximately $(.24) to $(.21);
- net loss should be approximately $(152) million to $(129) million;
- FFO per diluted share should be approximately $.66 to $.70; and
- Adjusted EBITDA should be approximately $795 million to $825 million.

ABOUT HOST HOTELS & RESORTS

Host Hotels & Resorts, Inc. is an S&P 500 and Fortune 500 company and is the largest lodging real estate investment trust and one of the largest owners of luxury and upper upscale hotels. The Company currently owns 109 properties with approximately 60,000 rooms, and also holds a non-controlling interest in a joint venture that owns 11 hotels in Europe with approximately 3,500 rooms. Guided by a disciplined approach to capital allocation and aggressive asset management, the Company partners with premium brands such as Marriott®, Ritz-Carlton®, Westin®, Sheraton®, W®, St. Regis®, The Luxury Collection®, Hyatt®, Fairmont®, Four Seasons®, Hilton® and Swissôtel®* in the operation of properties in over 50 major markets worldwide. For additional information, please visit the Company's website at www.hosthotels.com.

Note: This press release contains forward-looking statements within the meaning of federal securities regulations. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "should," "plan," "predict," "project," "will," "continue" and other similar terms and phrases, including references to assumption and forecasts of future results. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from those anticipated at the time the forward-looking statements are made. These risks include, but are not limited to: national and local economic and business conditions, including the effect on travel of potential terrorist attacks, that will affect occupancy rates at our hotels and the demand for hotel products and services; operating risks associated with the hotel business; risks associated with the level of our indebtedness and our ability to meet covenants in our debt agreements; relationships with property managers; our ability to maintain our properties in a first-class manner, including meeting capital expenditure requirements; our ability to compete effectively in areas such as access, location, quality of accommodations and room rate structures; changes in travel patterns, taxes and government regulations which influence or determine wages, prices, construction procedures and costs; our ability to complete acquisitions and dispositions; and our ability to continue to satisfy complex rules in order for us to remain a REIT for federal income tax purposes and other risks and uncertainties associated with our business described in the Company's filings with the SEC. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. All information in this release is as of July 20, 2010, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

*** Tables to Follow ***

Host Hotels & Resorts, Inc., herein referred to as “we” or “Host,” is a self-managed and self-administered real estate investment trust (REIT) that owns hotel properties. We conduct our operations as an umbrella partnership REIT through an operating partnership, Host Hotels & Resorts, L.P., or Host LP, of which we are the sole general partner. When distinguishing between Host and Host LP, the primary difference is approximately 2% of the partnership interests in Host LP held by outside partners as of June 18, 2010, which is non-controlling interests in Host LP in our consolidated balance sheets and is included in net income/loss attributable to non-controlling interests in our consolidated statements of operations. Readers are encouraged to find further detail regarding our organizational structure in our annual report on Form 10-K.

For information on our reporting periods and non-GAAP financial measures (including Adjusted EBITDA, FFO per diluted share and comparable hotel adjusted operating profit margin) which we believe is useful to investors, see the Notes to the Financial Information included in this release.

HOST HOTELS & RESORTS, INC.
Consolidated Balance Sheets (a)
(in millions, except shares and per share amounts)

	June 18, 2010 (unaudited)	December 31, 2009
ASSETS		
Property and equipment, net	$ 10,054	$ 10,231
Assets held for sale	—	8
Due from managers	54	29
Investments in affiliates	135	153
Deferred financing costs, net	43	49
Furniture, fixtures and equipment replacement fund	146	124
Other	311	266
Restricted cash	43	53
Cash and cash equivalents	1,171	1,642
Total assets	$ 11,957	$ 12,555
LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY		
Debt		
Senior notes, including $1,139 million and $1,123 million, respectively, net of discount, of Exchangeable Senior Debentures (b)	$ 4,207	$ 4,534
Mortgage debt	1,102	1,217
Other	86	86
Total debt	5,395	5,837
Accounts payable and accrued expenses	153	174
Other	190	194
Total liabilities	5,738	6,205
Non-controlling interests—Host Hotels & Resorts, L.P.	169	139
Host Hotels & Resorts, Inc. stockholders' equity:		
Cumulative redeemable preferred stock (liquidation preference $0 and $100 million, respectively) 50 million shares authorized; 0 and 4 million shares issued and outstanding, respectively shares issued and outstanding, respectively	—	97
Common stock, par value $.01, 1,050 million shares authorized; 652.5 million shares and 646.3 million shares issued and outstanding, respectively	7	6
Additional paid-in capital	6,907	6,875
Accumulated other comprehensive income	2	12
Deficit	(887)	(801)
Total equity of Host Hotels & Resorts, Inc. stockholders	6,029	6,189
Non-controlling interests—other consolidated partnerships	21	22
Total equity	6,050	6,211
Total liabilities, non-controlling interests and equity	$ 11,957	$ 12,555

(a) Our consolidated balance sheet as of June 18, 2010 has been prepared without audit. Certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been omitted.
(b) The principal balance of the exchangeable senior debentures is $1,251 million.

HOST HOTELS & RESORTS, INC.
Consolidated Statements of Operations (a)
(unaudited, in millions, except per share amounts)

	Quarter ended June 18, 2010	Quarter ended June 19, 2009	Year-to-date ended June 18, 2010	Year-to-date ended June 19, 2009
Revenues				
Rooms	$ 672	$ 622	$1,156	$1,122
Food and beverage	343	318	595	584
Other	72	86	129	155
Total hotel sales	1,087	1,026	1,880	1,861
Rental income	27	25	57	54
Total revenues	1,114	1,051	1,937	1,915
Expenses				
Rooms	178	164	319	298
Food and beverage	241	228	428	424
Other departmental and support expenses	279	265	501	496
Management fees	47	41	75	73
Other property-level expenses	96	95	181	176
Depreciation and amortization (b)	139	137	275	292
Corporate and other expenses	24	17	49	32
Total operating costs and expenses	1,004	947	1,828	1,791
Operating profit	110	104	109	124
Interest income	1	2	2	4
Interest expense (c)	(82)	(82)	(179)	(169)
Net gains on property transactions and other	—	1	—	2
Gain (loss) on foreign currency transactions and derivatives	(3)	6	(5)	4
Equity in earnings (losses) of affiliates	—	(32)	(5)	(34)
Income (loss) before income taxes	26	(1)	(78)	(69)
(Provision) benefit for income taxes	(6)	(10)	16	4
Income (loss) from continuing operations	20	(11)	(62)	(65)
Loss from discontinued operations	—	(58)	(2)	(64)
Net income (loss)	20	(69)	(64)	(129)
Less: Net (income) loss attributable to non-controlling interests	(1)	1	(1)	2
Net income (loss) attributable to Host Hotels & Resorts, Inc.	19	(68)	(65)	(127)
Less: Dividends on preferred stock	(2)	(2)	(4)	(4)
Issuance costs of redeemed preferred stock	(4)	—	(4)	—
Net income (loss) available to common stockholders	$ 13	$ (70)	$ (73)	$ (131)
Basic and diluted earnings (loss) per common share:				
Continuing operations	$ .02	$ (.02)	$ (.11)	$ (.12)
Discontinued operations	—	(.10)	—	(.12)
Basic and diluted earnings (loss) per common share	$ .02	$ (.12)	$ (.11)	$ (.24)

(a) Our consolidated statements of operations presented above have been prepared without audit. Certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been omitted.

(b) During 2009, we recorded non-cash impairment charges totaling $91 million for the second quarter and $131 million year-to-date based on the difference between the discounted cash flows and the carrying amount. Of these impairment charges, $20 million was included in 2009 year-to-date depreciation expense and $57 million and $77 million for second quarter and year-to-date 2009, respectively, have been included in discontinued operations. The remaining $34 million of impairment charges in 2009 was for our investment in the European joint venture, which is included in equity in earnings (losses) of affiliates.

(c) Interest expense includes the following items:

	Quarter ended June 18, 2010	Quarter ended June 19, 2009	Year-to-date ended June 18, 2010	Year-to-date ended June 19, 2009
Non-cash interest for exchangeable debentures	$ 7	$ 6	$ 15	$ 13
Loss on repurchase of Series M senior notes	—	—	8	—
Gain on debt extinguishments	—	(7)	—	(10)
Total	$ 7	$ (1)	$ 23	$ 3

HOST HOTELS & RESORTS, INC.
Earnings per Common Share
(unaudited, in millions, except per share amounts)

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Net income (loss)	$ 20	$ (69)	$ (64)	$ (129)
Net (income) loss attributable to non-controlling interests	(1)	1	(1)	2
Dividends on preferred stock	(2)	(2)	(4)	(4)
Issuance costs of redeemed preferred stock (a)	(4)	—	(4)	—
Income (loss) available to common stockholders	13	(70)	(73)	(131)
Assuming deduction of gain recognized for the repurchase of the 2004 Debentures (b)	—	—	—	(2)
Diluted income (loss) available to common stockholders	$ 13	$ (70)	$ (73)	$ (133)
Basic weighted average shares outstanding	652.5	575.0	650.3	550.3
Diluted weighted average shares outstanding (c)	654.1	575.0	650.3	552.2
Basic and diluted earnings (loss) per share (d)(e)	$ .02	$ (.12)	$ (.11)	$ (.24)

(a) Represents the original issuance costs associated with the Class E preferred stock, which were redeemed during the second quarter of 2010.

(b) During the first quarter of 2009, we repurchased $75 million face amount of our 3 1/4% Exchangeable Senior Debentures ("the 2004 Debentures") with a carrying value of $72 million for $69 million. The adjustments to dilutive earnings per common share related to the 2004 Debentures repurchased during the first quarter 2009 include the $3 million gain on repurchase, net of interest expense on the repurchased debentures.

(c) Dilutive securities may include shares granted under comprehensive stock plans, preferred OP Units held by minority partners, exchangeable debt securities and other non-controlling interests that have the option to convert their limited partnership interests to common OP Units. No effect is shown for any securities that are anti-dilutive.

(d) Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding. Diluted earnings per common share is computed by dividing net income available to common stockholders, as adjusted for potentially dilutive securities, by the weighted average number of shares of common stock outstanding plus potentially dilutive securities.

(e) See notes to the "Reconciliation of Net Income to EBITDA, Adjusted EBITDA and FFO per Diluted Share" for information on significant items affecting diluted earnings per common share for which no adjustments were made.

HOST HOTELS & RESORTS, INC.
Comparable Hotel Operating Data
(unaudited)

Comparable Hotels by Region (a)

	As of June 18, 2010		Quarter ended June 18, 2010			Quarter ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Pacific	27	15,941	$162.80	72.8%	$118.45	$176.06	67.2%	$118.23	0.2%
Mid-Atlantic	10	8,328	217.46	85.1	185.01	208.67	77.3	161.33	14.7
North Central	13	5,897	133.26	68.2	90.84	133.51	62.3	83.22	9.2
South Central	9	5,687	150.15	69.8	104.87	148.89	65.0	96.79	8.3
Florida	9	5,677	196.28	74.3	145.78	197.36	66.9	132.11	10.3
DC Metro	12	5,416	204.93	83.6	171.23	199.43	81.3	162.22	5.6
Atlanta	8	4,252	149.39	62.3	93.12	154.70	58.5	90.55	2.8
New England	7	3,924	183.14	74.7	136.85	175.86	63.6	111.83	22.4
Mountain	7	2,889	157.64	69.4	109.41	174.89	62.3	108.88	0.5
International	7	2,473	163.71	65.2	106.66	137.37	60.9	83.69	27.5
All Regions	109	60,484	175.47	73.8	129.44	176.64	67.8	119.76	8.1

	As of June 18, 2010		Year-to-Date ended June 18, 2010			Year-to-Date ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Pacific	27	15,941	$163.06	69.4%	$113.15	$180.89	64.8%	$117.21	(3.5)%
Mid-Atlantic	10	8,328	206.84	78.5	162.41	207.93	70.6	146.69	10.7
North Central	13	5,897	124.90	60.8	76.00	128.34	56.9	73.02	4.1
South Central	9	5,687	149.00	70.5	104.98	152.68	65.1	99.44	5.6
Florida	9	5,677	201.98	75.5	152.54	209.66	68.6	143.90	6.0
DC Metro	12	5,416	197.24	75.1	148.03	205.47	74.7	153.46	(3.5)
Atlanta	8	4,252	151.45	64.1	97.13	157.57	59.6	93.88	3.5
New England	7	3,924	168.24	64.2	108.05	165.36	55.9	92.42	16.9
Mountain	7	2,889	160.65	67.5	108.46	182.85	60.3	110.35	(1.7)
International	7	2,473	155.88	64.4	100.43	138.08	60.9	84.14	19.4
All Regions	109	60,484	171.69	70.0	120.23	179.27	64.8	116.19	3.5

Comparable Hotels by Property Type (a)

	As of June 18, 2010		Quarter ended June 18, 2010			Quarter ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Urban	53	34,482	$186.86	75.9%	$141.88	$184.73	69.9%	$129.12	9.9%
Suburban	29	10,964	140.44	67.3	94.53	143.38	60.3	86.42	9.4
Resort/Conference	13	8,082	219.46	72.8	159.82	231.93	67.6	156.71	2.0
Airport	14	6,956	115.49	74.2	85.67	117.15	69.4	81.31	5.4
All Types	109	60,484	175.47	73.8	129.44	176.64	67.8	119.76	8.1

	As of June 18, 2010		Year-to-Date ended June 18, 2010			Year-to-Date ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Urban	53	34,482	$181.14	71.0%	$128.68	$186.13	65.9%	$122.63	4.9%
Suburban	29	10,964	138.48	65.4	90.53	146.76	59.4	87.13	3.9
Resort/Conference	13	8,082	222.45	71.3	158.54	241.16	66.5	160.42	(1.2)
Airport	14	6,956	116.20	71.0	82.53	121.66	66.2	80.60	2.4
All Types	109	60,484	171.69	70.0	120.23	179.27	64.8	116.19	3.5

(a) See the notes to financial information for a discussion of reporting periods and comparable hotel results.

HOST HOTELS & RESORTS, INC.
Comparable Hotel Operating Data
Schedule of Comparable Hotel Results (a)
(unaudited, in millions, except hotel statistics)

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Number of hotels	109	109	109	109
Number of rooms	60,484	60,484	60,484	60,484
Percent change in comparable hotel RevPAR	8.1%	—	3.5%	—
Operating profit margin under GAAP (b)	9.9%	9.9%	5.6%	6.5%
Comparable hotel adjusted operating profit margin (b)	24.7%	24.7%	22.5%	23.6%
Comparable hotel sales				
Room	$ 681	$ 630	$ 1,175	$ 1,135
Food and beverage	351	323	610	592
Other (c)	74	88	133	159
Comparable hotel sales (d)	1,106	1,041	1,918	1,886
Comparable hotel expenses				
Room	180	165	321	300
Food and beverage	245	232	437	428
Other	41	40	71	72
Management fees, ground rent and other costs	367	347	657	641
Comparable hotel expenses (e)	833	784	1,486	1,441
Comparable hotel adjusted operating profit	273	257	432	445
Non-comparable hotel results, net (f)	—	—	—	3
Office buildings and select service properties, net (g)	—	1	1	—
Depreciation and amortization	(139)	(137)	(275)	(292)
Corporate and other expenses	(24)	(17)	(49)	(32)
Operating profit	$ 110	$ 104	$ 109	$ 124

(a) See the notes to the financial information for discussion of non-GAAP measures, reporting periods and comparable hotel results.

(b) Operating profit margins are calculated by dividing the applicable operating profit (loss) by the related revenue amount. GAAP margins are calculated using amounts presented in the consolidated statement of operations. Comparable margins are calculated using amounts presented in the above table.

(c) Other revenues for 2009 include incremental cancellation and attrition fees of $16 million and $28 million for the second quarter and year-to-date, respectively. The incremental attrition and cancellation fees adversely affected 2010 comparable hotel adjusted operating profit margins by 100 basis points when compared to 2009 for both the quarter and year-to-date periods.

(d) The reconciliation of total revenues per the consolidated statements of operations to the comparable hotel sales is as follows:

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Revenues per the consolidated statements of operations	$1,114	$1,051	$1,937	$1,915
Hotel sales for the property for which we record rental income, net	12	10	25	22
Rental income for office buildings and select service hotels	(20)	(20)	(39)	(39)
Adjustment for hotel sales for comparable hotels to reflect Marriott’s fiscal year for Marriott-managed hotels	—	—	(5)	(12)
Comparable hotel sales	$1,106	$1,041	$1,918	$1,886

(unaudited, in millions, except hotel statistics)

(e) The reconciliation of operating costs per the consolidated statements of operations to the comparable hotel expenses is as follows:

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Operating costs and expenses per the consolidated statements of operations	$1,004	$ 947	$1,828	$1,791
Hotel expenses for the property for which we record rental income	12	10	25	22
Rent expense for office buildings and select service hotels	(20)	(19)	(38)	(39)
Adjustment for hotel expenses for comparable hotels to reflect Marriott’s fiscal year for Marriott-managed hotels	—	—	(5)	(9)
Depreciation and amortization	(139)	(137)	(275)	(292)
Corporate and other expenses	(24)	(17)	(49)	(32)
Comparable hotel expenses	$ 833	$ 784	$1,486	$1,441

(f) Non-comparable hotel results, net, includes the results of operations of our non-comparable hotels whose operations are included in our consolidated statements of operations as continuing operations and the difference between the number of days of operations reflected in the comparable hotel results and the number of days of operations reflected in the consolidated statements of operations.

(g) Represents rental income less rental expense for select service properties and office buildings.

HOST HOTELS & RESORTS, INC.
Other Financial and Operating Data
(unaudited, in millions, except per share amounts)

			June 18, 2010	December 31, 2009
Equity				
Common shares outstanding			652.5	646.3
Common shares outstanding assuming conversion of minority partner OP Units (a)			663.5	658.2
Preferred OP Units outstanding			.02	.02
Class E Preferred shares outstanding (b)			—	4.0
Security pricing				
Common (c)			$ 15.51	$ 11.67
Class E Preferred (b)(c)			$ —	$ 25.23
3 1/4 % Exchangeable Senior Debentures (d)			$ 1,080.4	$ 1,002.8
2 5/8 % Exchangeable Senior Debentures (d)			$ 960.1	$ 942.1
2 1/2 % Exchangeable Senior Debentures (d)			$ 1,240.7	$ 1,062.8
Dividends declared per share for calendar year				
Common (e)(f)			$ .02	$ .25
Class E Preferred (b)			$ .95	$ 2.22
Debt				
Senior notes	**Coupon rate**	**Maturity date**		
Series K	7 1/8%	11/2013	$ 725	$ 725
Series M	7%	8/2012	—	344
Series O	6 3/8%	3/2015	650	650
Series Q	6 3/4%	6/2016	800	800
Series S	6 7/8%	11/2014	498	498
Series T	9%	5/2017	388	387
Exchangeable senior debentures (g)	3 1/4%	4/2024	325	323
Exchangeable senior debentures (h)	2 5/8%	4/2027	492	484
Exchangeable senior debentures (h)	2 1/2%	10/2029	322	316
Senior notes	10%	5/2012	7	7
			4,207	4,534
Mortgage debt and other				
Mortgage debt (non-recourse) (i)	3.9-9.8%	3/2011-12/2023	1,102	1,217
Other	7.0-7.8%	10/2014-12/2017	86	86
Total debt (j)(k)(l)			$ 5,395	$ 5,837
Percentage of fixed rate debt			87%	88%
Weighted average interest rate			6.6%	6.6%
Weighted average debt maturity			4.3 years	4.4 years

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Hotel Operating Statistics for All Properties (m)				
Average daily rate	$ 175.33	$ 175.24	$ 171.55	$ 177.83
Average occupancy	73.6%	67.0%	69.8%	64.1%
RevPAR	$ 129.01	$ 117.36	$ 119.76	$ 114.01

(a) Each OP Unit is convertible into 1.021494 common shares of Host. At June 18, 2010 and December 31, 2009, there were 10.7 million and 11.7 million common OP Units, respectively, held by minority partners that were convertible into 10.9 and 11.9 million shares, respectively, of Host common stock.
(b) On June 18, 2010, the Company redeemed its 8 7/8% Class E cumulative redeemable preferred stock at a redemption price of $25.00 per share, plus accrued dividends.
(c) Share prices are the closing price as reported by the New York Stock Exchange.
(d) Amount reflects market price of a single $1,000 debenture as quoted by Bloomberg L.P.

(e) On December 18, 2009, Host paid approximately 90% of the 2009 special dividend with Host common stock or 13.4 million common shares, with the remaining 10% paid with cash of approximately $15.6 million.

(f) On June 18, 2010, the Company declared a second quarter common cash dividend of $0.01 per share.

(g) On April 15, 2010, holders of the 2004 Debentures had the option to require Host to repurchase the exchangeable debentures for cash equal to 100% of the aggregate principal amount. None of the holders exercised this option and, therefore, the $325 million principal balance remains outstanding. Subsequent to April 15, 2010, the interest expense for the 2004 Debentures will equal the cash coupon of 3.25%.

(h) The principal balance outstanding of the 2 5/8% Exchangeable Senior Debentures due 2027 (the “2007 Debentures”) and the 2 1/2% Exchangeable Senior Debentures due 2029 (the “2009 Debentures”) is $526 million and $400 million, respectively. The discounts related to these exchangeable debentures are amortized through the first date at which the holders can require Host to repurchase the exchangeable debentures for cash (April 2012 for the 2007 Debentures and October 2015 for the 2009 Debentures).

(i) Mortgage debt is secured by real estate assets with an undepreciated book value of $1.7 billion and $2.1 billion and an average interest rate of 4.9% and 5.1% at June 18, 2010 and December 31, 2009, respectively, maturing through December 2023. The assets securing mortgage debt represents the book value of real estate assets. These amounts do not represent the current market value of the assets.

(j) We have $600 million of available capacity under the revolver portion of the credit facility.

(k) In accordance with GAAP, total debt includes the debt of entities that we consolidate, but do not own 100% of the interests, and excludes the debt of entities that we do not consolidate, but have a non-controlling ownership interest and record our investment therein under the equity method of accounting. As of June 18, 2010, our non-controlling partners’ share of consolidated debt is $68 million and our share of debt in unconsolidated investments is $283 million.

(l) Total debt as of June 18, 2010 and December 31, 2009 includes net discounts of $114 million and $142 million, respectively.

(m) The operating statistics reflect all consolidated properties as of June 18, 2010 and June 19, 2009, respectively. The operating statistics include the results of operations through their date of disposition for two properties disposed of in 2010 and six properties disposed of in 2009.

HOST HOTELS & RESORTS, INC.
Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Funds From Operations per Diluted Share
(unaudited, in millions, except per share amounts)

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Net income (loss)	$ 20	$ (69)	$ (64)	$ (129)
Interest expense	82	82	179	169
Depreciation and amortization	139	137	275	272
Income taxes	6	10	(16)	(4)
Discontinued operations (a)	—	4	(1)	8
EBITDA	247	164	373	316
(Gains) losses on dispositions	1	1	1	(18)
Non-cash impairment charges	—	91	—	131
Amortization of deferred gains	—	(1)	—	(2)
Equity investment adjustments:				
Equity in (earnings) losses of affiliates	—	(2)	5	—
Pro rata EBITDA of equity investments	6	6	6	10
Consolidated partnership adjustments:				
Pro rata EBITDA attributable to non-controlling partners in other consolidated partnerships	(4)	(3)	(9)	(7)
Adjusted EBITDA	$ 250	$ 256	$ 376	$ 430

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Net income (loss)	$ 20	$ (69)	$ (64)	$ (129)
Less: Net (income) loss attributable to non-controlling interests	(1)	1	(1)	2
Dividends on preferred stock	(2)	(2)	(4)	(4)
Issuance costs of redeemed preferred stock	(4)	—	(4)	—
Net income (loss) available to common stockholders	13	(70)	(73)	(131)
Adjustments:				
(Gains) losses on dispositions, net of taxes	1	1	1	(17)
Amortization of deferred gains and other property transactions, net of taxes	—	(1)	—	(2)
Depreciation and amortization (b)	138	140	275	279
Partnership adjustments	2	—	1	—
FFO of non-controlling interests of Host LP	(3)	(2)	(4)	(3)
Funds From Operations	151	68	200	126
Adjustments for dilutive securities (c):				
Assuming deduction of gain recognized for the repurchase of the 2004 Debentures (d)	—	—	—	(2)
Assuming conversion of 2004 Exchangeable Senior Debentures	3	—	—	—
Assuming conversion of 2009 Exchangeable Senior Debentures	5	—	—	—
Diluted FFO (c)(e)	$ 159	$ 68	$ 200	$ 124
Diluted weighted average shares outstanding (c)(e)	703.7	575.8	651.6	552.8
Diluted FFO per share (c)(e)	$ .23	$ .12	$ .31	$ .22

(a) Reflects the interest expense, depreciation and amortization and income taxes included in discontinued operations.

(b) In accordance with the guidance on FFO per diluted share provided by the National Association of Real Estate Investment Trusts, we do not adjust net income for the non-cash impairment charges when determining our FFO per diluted share.

(c) FFO per diluted share in accordance with NAREIT is adjusted for the effects of dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans, preferred OP Units held by non-controlling partners, exchangeable debt securities and other non-controlling interests that have the option to convert their limited partnership interest to common OP Units. No effect is shown for securities if they are anti-dilutive. Diluted weighted average shares outstanding for the second quarter 2010 include 49.6 million related to the shares issuable upon the conversion of our 2004 and 2009 Debentures.

HOST HOTELS & RESORTS, INC.
Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Funds From Operations per Diluted Share
(unaudited, in millions, except per share amounts)

(d) During the first quarter of 2009, we repurchased $75 million of the 2004 Debentures with a carrying value of $72 million for $69 million. The adjustments to dilutive FFO related to the 2004 Debentures repurchased during the year include the $3 million gain on repurchase, net of interest expense on the repurchased exchangeable debentures.

(e) FFO per diluted share, earnings per diluted share and Adjusted EBITDA were significantly affected by certain transactions, the effects of which are shown in the table below (in millions, except per share amounts):

	Quarter ended June 18, 2010			Quarter ended June 19, 2009	
	Net Income (Loss)	FFO	Adjusted EBITDA	Net Income (Loss)	FFO
Gain (loss) on dispositions, net of taxes	$ (1)	$ —	$ —	$ (1)	$ —
Non-cash impairment charges (1)	—	—	—	(91)	(91)
Dilutive effect of 2004 debentures	—	—	—	—	(5)
Preferred stock redemption (4)	(4)	(4)	—	—	—
Gain on CMBS (5)	—	—	—	7	7
Loss attributable to non-controlling interests (6)	—	—	—	2	2
Total	$ (5)	$ (4)	$ —	$ (83)	$ (87)
Diluted shares	654.1	703.7		575.0	596.4
Per diluted share	$ (.01)	$ —		$ (.14)	$ (.14)

	Year-to-date ended June 18, 2010			Year-to-date ended June 19, 2009	
	Net Income (Loss)	FFO	Adjusted EBITDA	Net Income (Loss)	FFO
Gain (loss) on dispositions, net of taxes	$ (1)	$ —	$ —	$ 17	$ —
Non-cash impairment charges (1)	—	—	—	(131)	(131)
Debt repayment costs (2)	(8)	(8)	—	—	—
Potential loss on litigation (3)	(4)	(4)	(4)	—	—
Preferred stock redemption (4)	(4)	(4)	—	—	—
Gain on CMBS (5)	—	—	—	7	7
Loss attributable to non-controlling interests (6)	1	1	—	3	3
Total	$ (16)	$ (15)	$ (4)	$ (104)	$ (121)
Diluted shares	650.3	651.6		552.2	552.8
Per diluted share	$ (.02)	$ (.02)		$ (.19)	$ (.22)

(1) During the second quarter and year-to-date of 2009, we recorded non-cash impairment charges totaling $91 million and $131 million, respectively in accordance with GAAP based on the difference between the fair value and the carrying amount of certain properties.

(2) Includes the costs associated with the redemption of the Series M Senior Notes.

(3) Includes the accrual of a potential litigation loss in the first quarter of 2010.

(4) Represents the original issuance costs of the Class E preferred stock, which were redeemed on June 18, 2010.

(5) As prescribed by the sharing agreement with the successor borrower in connection with the 2007 defeasance of a $514 million collateralized mortgage-backed security, we received $7 million and recorded the gain as a reduction of interest expense in the second quarter 2009. The loan had an initial maturity date of September 15, 2009 and was prepayable beginning on May 1, 2009. We had been legally released from all obligations under the loan upon defeasance in 2007.

(6) Represents the portion of the significant items attributable to non-controlling partners in Host LP.

HOST HOTELS & RESORTS, INC.
Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Funds From Operations per Diluted Share for Full Year 2010 Forecasts (a)
(unaudited, in millions, except per share amounts)

	Full Year 2010	
	Low-end of range	High-end of range
Net loss	$ (152)	$ (129)
Interest expense	375	375
Depreciation and amortization	598	598
Income taxes	(39)	(32)
EBITDA	782	812
Equity investment adjustments:		
Equity in losses of affiliates	5	5
Pro rata Adjusted EBITDA of equity investments	22	22
Consolidated partnership adjustments:		
Pro rata Adjusted EBITDA attributable to non-controlling partners in other consolidated partnerships	(14)	(14)
Adjusted EBITDA	$ 795	$ 825

	Full Year 2010 Forecast	
	Low end of Range	High end of Range
Net loss	$ (152)	$ (129)
Less: Net loss attributable to non-controlling interests	3	2
Dividends on preferred stock	(4)	(4)
Issuance costs of redeemed preferred stock	(4)	(4)
Net loss available to common stockholders	(157)	(135)
Adjustments:		
Depreciation and amortization	597	597
Gains on dispositions, net of taxes	1	1
Partnership adjustments	2	4
FFO of non-controlling interests of Host LP	(7)	(8)
FFO	436	459
Adjustment for dilutive securities:		
Assuming conversion of exchangeable senior debentures	13	13
Diluted FFO	$ 449	$ 472
Weighted average diluted shares (EPS)	653.1	653.1
Weighted average diluted shares (FFO)	675.5	675.5
Loss per diluted share	$ (.24)	$ (.21)
FFO per diluted share	$ .66	$ .70

(a) The full year 2010 forecasts were based on the below assumptions:

- Comparable hotel RevPAR will increase 4.0% to 5.5% for the low and high ends of the forecasted range, respectively.
- Comparable hotel adjusted operating profit margins will range from a decrease of 50 basis points to flat for the low and high ends of the forecasted range, respectively.
- We expect to spend approximately $300 million to $320 million on capital expenditures in 2010.
- Costs associated with debt extinguishments and an additional accrual for the potential litigation loss related to the San Antonio Marriott Rivercenter will decrease earnings and FFO per share by $.02 to $.03.
- Interest expense includes approximately $48 million related to non-cash interest expense for exchangeable senior debentures, amortization of original issue discounts and deferred financing fees.
- The above results reflect acquisitions totaling approximately $450 million, as well as the related acquisition pursuit costs of approximately $3 million we expect to incur in 2010. Previously, acquisition pursuit costs for successful acquisitions were capitalized; however, under new accounting requirements, these costs are expensed and deducted from net income, FFO and EBITDA.

For a discussion of additional items that may affect forecasted results see Notes to the Financial Information.

HOST HOTELS & RESORTS, INC.
Schedule of Comparable Hotel Adjusted Operating Profit Margin
for Full Year 2010 Forecasts (a)
(unaudited, in millions, except hotel statistics)

	Full Year 2010	
	Low-end of range	High-end of range
Operating profit margin under GAAP (b)	4.4%	5.0%
Comparable hotel adjusted operating profit margin (c) (d)	20.8%	21.3%
Comparable hotel sales		
Room	$ 2,622	$ 2,660
Other	1,575	1,599
Comparable hotel sales (e)	4,197	4,259
Comparable hotel expenses		
Rooms and other departmental costs	1,850	1,871
Management fees, ground rent and other costs	1,472	1,479
Comparable hotel expenses (f)	3,322	3,350
Comparable hotel adjusted operating profit	875	909
Non-comparable hotel results, net	11	11
Leased select service hotels and office buildings, net	(2)	(2)
Depreciation and amortization	(598)	(598)
Corporate and other expenses	(96)	(98)
Operating profit	$ 190	$ 222

(a) Forecasted comparable hotel results include 109 hotels that we have assumed will be classified as comparable as of December 31, 2010. No assurances can be made as to the hotels that will be in the comparable hotel set for 2010. Also, see the notes to the "Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Funds From Operations per Diluted Share For Full Year 2010 Forecasts" for other forecast assumptions.

(b) Operating profit margin under GAAP is calculated as the operating profit divided by the forecast total revenues per the consolidated statements of operations. See (e) below for forecasted revenues.

(c) Comparable hotel adjusted operating profit margin is calculated as the comparable hotel adjusted operating profit divided by the comparable hotel sales per the table above.

(d) Other revenues for 2009 include incremental cancellation and attrition fees of $38 million over the anticipated 2010 levels. Therefore, we anticipate that the incremental attrition and cancellation fees will adversely affect 2010 comparable hotel adjusted operating profit margins by 65 basis points when compared to 2009.

(e) The reconciliation of forecast total revenues to the forecast comparable hotel sales is as follows (in millions):

	Full Year 2010	
	Low-end of range	High-end of range
Revenues	$ 4,357	$ 4,419
Non-comparable hotel sales	(30)	(30)
Revenues from leased select service hotels and office buildings	(179)	(179)
Hotel sales for the property for which we record rental income, net	49	49
Comparable hotel sales	$ 4,197	$ 4,259

(f) The reconciliation of forecast operating costs and expenses to the comparable hotel expenses is as follows (in millions):

	Full Year 2010	
	Low-end of range	High-end of range
Operating costs and expenses	$ 4,167	$ 4,197
Non-comparable hotel and other expenses	(19)	(19)
Expenses for leased select service hotels and office buildings	(181)	(181)
Hotel expenses for the property for which we record rental income	49	49
Depreciation and amortization	(598)	(598)
Corporate and other expenses	(96)	(98)
Comparable hotel expenses	$ 3,322	$ 3,350

FORECASTS

Our forecast of earnings per diluted share, FFO per diluted share, EBITDA, Adjusted EBITDA and comparable hotel adjusted operating profit margins are forward-looking statements and are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause actual results and performance to differ materially from those expressed or implied by these forecasts. Although we believe the expectations reflected in the forecasts are based upon reasonable assumptions, we can give no assurance that the expectations will be attained or that the results will not be materially different. Risks that may affect these assumptions and forecasts include the following: the level of RevPAR and margin growth may change significantly and the continued economic uncertainty and volatility in the credit markets have created limited visibility for advance bookings for both transient and group business and, accordingly, our ability to predict operating results; the amount and timing of acquisitions and dispositions of hotel properties is an estimate that can substantially affect financial results, including such items as net income, depreciation and gains on dispositions; the level of capital expenditures may change significantly, which will directly affect the level of depreciation expense and net income; the amount and timing of debt payments may change significantly based on market conditions, which will directly affect the level of interest expense and net income; the number of shares of our common stock may change based on market conditions; and other risks and uncertainties associated with our business described herein and in our filings with the SEC.

REPORTING PERIODS FOR STATEMENT OF OPERATIONS

The results we report in our consolidated statements of operations are based on results of our hotels reported to us by our hotel managers. Our hotel managers use different reporting periods. Marriott International, Inc., or Marriott, the manager of the majority of our properties, uses a fiscal year ending on the Friday closest to December 31 and reports twelve weeks of operations for the first three quarters and sixteen or seventeen weeks for the fourth quarter of the year for its Marriott-managed hotels. In contrast, other managers of our hotels, such as Starwood and Hyatt, report results on a monthly basis. Additionally, Host, as a REIT, is required by tax laws to report results on a calendar year. As a result, we elected to adopt the reporting periods used by Marriott except that our fiscal year always ends on December 31 to comply with REIT rules. Our first three quarters of operations end on the same day as Marriott but our fourth quarter ends on December 31 and our full year results, as reported in our consolidated statement of operations, always includes the same number of days as the calendar year.

Two consequences of the reporting cycle we have adopted are: (1) quarterly start dates will usually differ between years, except for the first quarter which always commences on January 1, and (2) our first and fourth quarters of operations and year-to-date operations may not include the same number of days as reflected in prior years. For example, the second quarter of 2010 ended on June 18, and the second quarter of 2009 ended on June 19, though both quarters reflect twelve weeks of operations. In contrast, the June 18, 2010 year-to-date operations included 169 days of operations, while the June 19, 2009 year-to-date operations included 170 days of operations.

While the reporting calendar we adopted is more closely aligned with the reporting calendar used by the manager of a majority of our properties, one final consequence of our calendar is we are unable to report the month of operations that ends after our fiscal quarter-end until the following quarter because our hotel managers using a monthly reporting period do not make mid-month results available to us. Hence, the month of operation that ends after our fiscal quarter-end is included in our quarterly results of operations in the following quarter for those hotel managers (covering approximately 40% of our hotels). As a result, our quarterly results of operations include results from hotel managers reporting results on a monthly basis as follows: first quarter (January, February), second quarter (March to May), third quarter (June to August) and fourth quarter (September to December). While this does not affect full-year results, it does affect the reporting of quarterly results.

Reporting Periods for Hotel Operating Statistics and Comparable Hotel Results

In contrast to the reporting periods for our consolidated statement of operations, our hotel operating statistics (i.e., RevPAR, average daily rate and average occupancy) and our comparable hotel results are always reported based on the reporting cycle used by Marriott for our Marriott-managed hotels. This facilitates year-to-year comparisons, as each reporting period will be comprised of the same number of days of operations as in the prior year (except in the case of fourth quarters comprised of seventeen weeks (such as fiscal year 2008) versus sixteen weeks). This means, however, that the reporting periods we use for hotel operating statistics and our comparable hotels results will typically differ slightly from the reporting periods used for our statements of operations for the first and fourth quarters and the full year. Results from hotel managers reporting on a monthly basis are included in our operating statistics and comparable hotels results consistent with their reporting in our consolidated statement of operations herein:

- Hotel results for the second quarter of 2010 reflect 12 weeks of operations for the period from March 27, 2010 to June 18, 2010 for our Marriott-managed hotels and results from March 1, 2010 to May 31, 2010 for operations of all other hotels which report results on a monthly basis.
- Hotel results for the second quarter of 2009 reflect 12 weeks of operations for the period from March 28, 2009 to June 19, 2009 for our Marriott-managed hotels and results from March 1, 2009 to May 31, 2009 for operations of all other hotels which report results on a monthly basis.
- Hotel results for year-to-date 2010 reflect 24 weeks for the period from January 2, 2010 to June 18, 2010 for our Marriott-managed hotels and results from January 1, 2010 to May 31, 2010 for operations of all other hotels which report results on a monthly basis.
- Hotel results for year-to-date 2009 reflect 24 weeks for the period from January 3, 2009 to June 19, 2009 for our Marriott-managed hotels and results from January 1, 2009 to May 31, 2009 for operations of all other hotels which report results on a monthly basis.

Comparable Hotel Operating Statistics

We present certain operating statistics (i.e., RevPAR, average daily rate and average occupancy) and operating results (revenues, expenses, adjusted operating profit and adjusted operating profit margin) for the periods included in this report on a comparable hotel basis. We define our comparable hotels as properties (i) that are owned or leased by us and the operations of which are included in our consolidated results, whether as continuing operations or discontinued operations, for the entirety of the reporting periods being compared, and (ii) that have not sustained substantial property damage or business interruption or undergone large-scale capital projects during the reporting periods being compared. All of our hotels that we owned as of June 18, 2010, have been classified as comparable hotels.

The operating results of two hotels we disposed of as of June 18, 2010 and the six hotels we disposed of in 2009 are also not included in comparable hotel results for the periods presented herein. Moreover, because these statistics and operating results are for our hotel properties, they exclude results for our non-hotel properties and other real estate investments.

Non-GAAP Financial Measures

Included in this press release are certain "non-GAAP financial measures," which are measures of our historical or future financial performance that are not calculated and presented in accordance with GAAP, within the meaning of applicable SEC rules. They are as follows: (i) FFO and FFO per diluted share, (ii) EBITDA, (iii) Adjusted EBITDA and (iv) Comparable Hotel Operating Results. The following discussion defines these terms and presents why we believe they are useful supplemental measures of our performance.

FFO and FFO per Diluted Share

We present FFO and FFO per diluted share as non-GAAP measures of our performance in addition to our earnings per share (calculated in accordance with GAAP). We calculate FFO per diluted share for a given operating period as our FFO (defined as set forth below) for such period divided by the number of fully diluted shares outstanding during such period. The National Association of Real Estate Investment Trusts (NAREIT) defines FFO as net income (calculated in accordance with GAAP) excluding gains (losses) from sales of real estate, the cumulative effect of changes in accounting principles, real estate-related depreciation and amortization and adjustments for unconsolidated partnerships and joint ventures. We present FFO on a per share basis after making adjustments for the effects of dilutive securities and the payment of preferred stock dividends, in accordance with NAREIT guidelines.

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

EBITDA

Earnings before Interest Expense, Income Taxes, Depreciation and Amortization (EBITDA) is a commonly used measure of performance in many industries. Management believes EBITDA provides useful information to investors regarding our results of operations because it helps us and our investors evaluate the ongoing operating performance of our properties and facilitates comparisons between us and other lodging REITs, hotel owners who are not REITs and other capital-intensive companies. Management uses EBITDA to evaluate property-level results and as one measure in determining the value of acquisitions and dispositions and, like FFO per diluted share, it is widely used by management in the annual budget process.

Adjusted EBITDA

Historically, management has adjusted EBITDA when evaluating our performance because we believe that the exclusion of certain additional recurring and non-recurring items described below provides useful supplemental information to investors regarding our ongoing operating performance and that the presentation of Adjusted EBITDA, when combined with the primary GAAP presentation of net income, is beneficial to an investor’s complete understanding of our operating performance and is a relevant measure in calculating certain credit ratios. We adjust EBITDA for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA:

- Real Estate Transactions – We exclude the effect of gains and losses, including the amortization of deferred gains, recorded on the disposition of assets and property insurance gains in our consolidated statement of operations because we believe that including them in Adjusted EBITDA is not consistent with reflecting the ongoing performance of our remaining assets. In addition, material gains or losses from the depreciated value of the disposed assets could be less important to investors given that the depreciated asset often does not reflect the market value of real estate assets (as noted above for FFO).
- Equity Investment Adjustments – We exclude the equity in earnings (losses) of unconsolidated investments in partnerships and joint ventures as presented in our consolidated statement of

operations because it includes our pro rata portion of depreciation, amortization and interest expense. We include our pro rata share of the Adjusted EBITDA of our equity investments as we believe this more accurately reflects the performance of our investment. The pro rata Adjusted EBITDA of equity investments is defined as the EBITDA of our equity investments adjusted for any gains or losses on property transactions multiplied by our percentage ownership in the partnership or joint venture.

- Consolidated Partnership Adjustments – We deduct the non-controlling partners' pro rata share of the Adjusted EBITDA of our consolidated partnerships as this reflects the non-controlling owners' interest in the EBITDA of our consolidated partnerships. The pro rata Adjusted EBITDA of non-controlling partners is defined as the EBITDA of our consolidated partnerships adjusted for any gains or losses on property transactions multiplied by the non-controlling partners' positions in the partnership or joint venture.
- Cumulative Effect of a Change in Accounting Principle – Infrequently, the Financial Accounting Standards Board (FASB) promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments because they do not reflect our actual performance for that period.
- Impairment Losses – We exclude the effect of impairment losses recorded because we believe that including them in Adjusted EBITDA is not consistent with reflecting the ongoing performance of our remaining assets. In addition, we believe that impairment charges are similar to gains (losses) on dispositions and depreciation expense, both of which are also excluded from EBITDA.

Limitations on the Use of FFO per Diluted Share, EBITDA and Adjusted EBITDA

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

Comparable Hotel Operating Results

We present certain operating results for our hotels, such as hotel revenues, expenses, adjusted operating profit (and the related margin) and food and beverage adjusted profit (and the related margin), on a comparable hotel, or "same store," basis as supplemental information for investors. Our comparable hotel results present operating results for hotels owned during the entirety of the periods being compared without giving effect to any acquisitions or dispositions, significant property damage or large scale capital improvements incurred during these periods. We present these comparable hotel operating results by eliminating corporate-level costs and expenses related to our capital structure, as well as depreciation and amortization. We eliminate corporate-level costs and expenses to arrive at property-level results because we believe property-level results provide investors with supplemental information into the ongoing operating performance of our hotels. We eliminate depreciation and amortization because, even though depreciation and amortization are property-level expenses, these non-cash expenses, which are based on historical cost accounting for real estate assets, implicitly assume that the value of real estate assets diminishes predictably over time. As noted earlier, because real estate values have historically risen or fallen with market conditions, many industry investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves.

As a result of the elimination of corporate-level costs and expenses and depreciation and amortization, the comparable hotel operating results we present do not represent our total revenues, expenses, operating profit or operating profit margin and should not be used to evaluate our performance as a whole. Management compensates for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of our operating performance. Our consolidated statements of operations include such amounts, all of which should be considered by investors when evaluating our performance.

We present these hotel operating results on a comparable hotel basis because we believe that doing so provides investors and management with useful information for evaluating the period-to-period performance of our hotels and facilitates comparisons with other hotel REITs and hotel owners. In particular, these measures assist management and investors in distinguishing whether increases or decreases in revenues and/or expenses are due to growth or decline of operations at comparable hotels (which represent the vast majority of our portfolio) or from other factors, such as the effect of acquisitions or dispositions. While management believes that presentation of comparable hotel results is a "same store" supplemental measure that provides useful information in evaluating our ongoing performance, this measure is not used to allocate resources or to assess the operating performance of each of these hotels, as these decisions are based on data for individual hotels and are not based on comparable hotel results. For these reasons, we believe that comparable hotel operating results, when combined with the presentation of GAAP operating profit, revenues and expenses, provide useful information to investors and management.