
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): February 21, 2007

HOST HOTELS & RESORTS, INC.

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction of
Incorporation)

001-14625
(Commission File Number)

53-0085950
(IRS Employer Identification
No.)

6903 Rockledge Drive, Suite 1500
Bethesda, Maryland
(Address of Principal Executive Offices)

20817
(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 February 21, 2007, Host Hotels & Resorts, Inc. issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2006. 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
December 31, 2006 and 2005 - pg. 7
- Consolidated Statements of Operations
Quarter Ended and Year Ended December 31, 2006 and
2005 - pg. 8-9
- Earnings per Common Share
Quarter Ended and Year Ended December 31, 2006 and
2005 - pg. 10
- Other Financial and Operating Data - pgs. 15-16

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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Host Hotels & Resorts, Inc.'s earnings release for the fourth quarter and full year 2006.

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: February 21, 2007

By: _____ /s/ LARRY K. HARVEY
Name: _____
Title: **Larry K. Harvey**
Senior Vice President,
Chief Accounting Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Host Hotels & Resorts, Inc.'s earnings release for the fourth quarter and full year 2006.



Gregory J. Larson
Senior Vice President
240.744.5120

Kevin J. Jacobs
Vice President
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NEWS RELEASE

HOST HOTELS & RESORTS, INC. REPORTS OUTSTANDING OPERATING RESULTS FOR THE FOURTH QUARTER AND FULL YEAR 2006

BETHESDA, MD; February 21, 2007 – Host Hotels & Resorts, Inc. (NYSE: HST), the nation's largest lodging real estate investment trust, today announced its results of operations for the fourth quarter and for the year ended December 31, 2006.

- Total revenue increased 41%, to \$1,734 million, for the fourth quarter and nearly 30%, to \$4,888 million, for full year 2006, which includes \$366 million and \$762 million of revenues for the fourth quarter and full year 2006, respectively, for the Starwood portfolio acquired in April 2006. Excluding the revenues from the Starwood portfolio, revenues increased 11.2% and 9.6% for the fourth quarter and full year, respectively.
- Net income increased \$122 million to \$196 million for the fourth quarter and \$572 million to \$738 million for full year 2006. Earnings per diluted share increased \$.17 to \$.36 for the fourth quarter and \$1.10 to \$1.48 for full year 2006.

Net income includes a net gain of \$8 million, or \$.01 per diluted share, for the fourth quarter, and \$355 million, or \$.73 per diluted share, for the full year from the following: gains on asset dispositions, costs associated with the refinancing of senior notes and the redemption of preferred stock and non-recurring costs associated with the Starwood acquisition. By comparison, for fourth quarter and full year 2005, net income included a net gain of \$7 million, or \$.02 per diluted share, and \$21 million, or \$.06 per diluted share, respectively, associated with similar transactions in 2005. For further detail, refer to the "Schedule of Significant Transactions Affecting Earnings per Share and Funds From Operations per Diluted Share" attached to this earnings release.

- Funds from Operations (FFO) per diluted share increased nearly 32%, to \$.58, for the fourth quarter and 33%, to \$1.53, for full year 2006. FFO per diluted share was reduced by \$.03 and \$.09 for the fourth quarter and full year 2006, respectively, due to costs associated with refinancing of senior notes, the redemption of preferred stock and non-recurring costs associated with the Starwood acquisition. By comparison, FFO per diluted share was reduced by \$.08 for full year 2005 due to costs associated with similar transactions in 2005.

The Company also announced the following results for Host Hotels & Resorts, L.P. through which it conducts all of its operations and holds 96.5% of the partnership interests:

- Net income increased \$128 million to \$204 million for the fourth quarter and \$596 million to \$769 million for full year 2006. Net income of Host LP was also affected by certain transactions—See “Schedule of Significant Transactions Affecting Earnings per Share and Funds From Operations Per Diluted Share.”
- Adjusted EBITDA, which is Earnings before Interest Expense, Income Taxes, Depreciation, Amortization and other items, increased 50%, to \$471 million, for the fourth quarter and nearly 39%, to \$1,283 million, for full year 2006 primarily due to growth in EBITDA from the Company’s comparable hotel portfolio and EBITDA generated by the Starwood portfolio.

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 fourth quarter of 2006 increased 8.1% and comparable hotel adjusted operating profit margins increased 2.1 percentage points. The fourth quarter increases were driven by a 9.5% increase in average room rate, while occupancy declined 0.9 percentage points. Full year 2006 comparable hotel RevPAR increased 8.5% and comparable hotel adjusted operating profit margins increased 2.1 percentage points. The full year 2006 increases were comprised of a 9.2% increase in average room rate and a slight decrease in occupancy.

Comparable hotel adjusted operating profit margins were positively affected by the Company’s food and beverage operations, which represent approximately 32% of the Company’s revenues. Food and beverage revenue at the Company’s comparable hotels increased 6.0% and 6.6% for the fourth quarter and full year 2006, respectively, with food and beverage margins increasing 2.3 percentage points and 2.1 percentage points for the fourth quarter and full year 2006, respectively.

For the 27 Starwood hotels, which are not included in our comparable hotel results, RevPAR increased 11.5% and 10.9% for the fourth quarter and full year 2006, respectively.

Christopher J. Nassetta, president and chief executive officer, stated, “We are very pleased with our operating results in 2006 and expect to continue to benefit in 2007 from strong industry fundamentals.”

BALANCE SHEET

The Company’s balance sheet has significantly improved over the past three years from the strong growth in operations, debt repayment and refinancing efforts and the equity issued to acquire the Starwood portfolio. As a result, the Company has the best interest coverage and debt to equity leverage ratios in its history, which leaves it well-positioned for future growth.

During the fourth quarter, the Company redeemed its \$450 million 9¹/₂% Series I senior notes and its \$242 million of 9¹/₄% Series G senior notes through the issuance of \$500 million of 6⁷/₈% Series R senior notes due 2014, a draw of \$250 million from the Company's credit facility and available cash. As of December 31, 2006, the Company had approximately \$364 million of cash and cash equivalents, approximately \$133 million of which was utilized in January to pay the fourth quarter common and preferred dividends.

During February 2007, the Company refinanced the 8.58% mortgage debt on the Harbor Beach Marriott Resort and Spa with a non-amortizing, \$134 million mortgage that bears interest at a rate of 5.55% and matures in 2014.

ASSET DISPOSITIONS

During January 2007, the Company sold four non-core properties (the Sheraton Milwaukee Brookfield Hotel, the Sheraton Providence Airport Hotel, the Capitol Hill Suites and the Marriott Mountain Shadows Resort & Golf Club) for approximately \$119 million. A portion of the proceeds from the asset sales were used to repay \$75 million of the outstanding balance on the Company's credit facility. The Company currently has \$400 million of availability under its credit facility.

2007 OUTLOOK

The Company expects comparable hotel RevPAR to increase approximately 6.5% to 8.5% for the full year 2007 and at the lower end of this range for the first quarter. For full year 2007, the Company also expects its operating profit margins under GAAP to remain relatively unchanged and its comparable hotel adjusted operating profit margins to increase approximately 100 basis points to 125 basis points. Based upon this guidance, the Company estimates that full year 2007 guidance for Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. would be as follows:

Host Hotels & Resorts, Inc.

- earnings per diluted share should be approximately \$.26 to \$.27 for the first quarter and \$1.05 to \$1.13 for the full year;
- net income should be approximately \$138 million to \$145 million for the first quarter and \$573 million to \$619 million for the full year; and
- FFO per diluted share should be approximately \$.27 to \$.28 for the first quarter and \$1.80 to \$1.88 for the full year.

Host Hotels & Resorts, L.P.

- net income should be approximately \$143 million to \$150 million for the first quarter and \$593 million to \$641 million for the full year; and
- Adjusted EBITDA should be approximately \$1,450 million to \$1,490 million.

ABOUT HOST HOTELS & RESORTS

Host Hotels & Resorts, Inc. is the largest lodging real estate investment trust and one of the largest owners of luxury and upper upscale hotels. As of February 21, 2007, the Company owns 124 properties with approximately 66,000 rooms, and also holds a minority interest in a joint venture that owns seven hotels in Europe with approximately 2,700 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," "plan," "predict," "project," "will," "continue" and other similar terms and phrases, including references to assumptions 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 potential for 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 pending acquisitions and dispositions; and our ability to continue to satisfy complex rules in order for us to qualify as a Real Estate Investment Trust 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 February 20, 2007, 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.

* This press release contains registered trademarks that are the exclusive property of their respective owners. None of the owners of these trademarks has any responsibility or liability for any information contained in this press release.

*** Tables to Follow ***

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Host Hotels & Resorts, Inc., herein referred to as “we” or “Host,” is a self-managed and self-administered real estate investment trust (REIT). We own properties and conduct our operations through an umbrella partnership REIT (UPREIT) structure, in which substantially all of our properties and assets are held by Host Hotels & Resorts, L.P., or Host LP, of which we are the sole general partner. For each share of our common stock, Host LP has issued to us one unit of operating partnership interest, or OP Unit. When distinguishing between Host and Host LP, the primary difference is approximately 3.5% of the partnership interests in Host LP held by outside partners as of February 20, 2007, which is reflected as minority interest in our consolidated balance sheets and minority interest expense 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.

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

	December 31,	
	2006	2005
<u>ASSETS</u>		
Property and equipment, net	\$10,584	\$7,434
Assets held for sale	96	73
Due from managers	51	41
Investments in affiliates	160	41
Deferred financing costs, net	60	63
Furniture, fixtures and equipment replacement fund	100	90
Other	199	157
Restricted cash	194	162
Cash and cash equivalents	364	184
Total assets	\$11,808	\$8,245
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Debt		
Senior notes, including \$495 million and \$493 million, respectively, net of discount, of Exchangeable Senior Debentures	\$ 3,526	\$3,050
Mortgage debt	2,014	1,823
Credit Facility	250	20
Convertible Subordinated Debentures	—	387
Other	88	90
Total debt	5,878	5,370
Accounts payable and accrued expenses	243	165
Other	252	148
Total liabilities	6,373	5,683
Interest of minority partners of Host Hotels & Resorts, L.P.	185	119
Interest of minority partners of other consolidated partnerships	28	26
Stockholders' equity		
Cumulative redeemable preferred stock (liquidation preference \$100 million and \$250 million, respectively), 50 million shares authorized; 4.0 million shares and 10.0 million shares issued and outstanding, respectively	97	241
Common stock, par value \$.01, 750 million shares authorized; 521.1 million shares and 361.0 million shares issued and outstanding, respectively	5	4
Additional paid-in capital	5,680	3,080
Accumulated other comprehensive income	25	15
Deficit	(585)	(923)
Total stockholders' equity	5,222	2,417
Total liabilities and stockholders' equity	\$11,808	\$8,245

(a) Our consolidated balance sheet as of December 31, 2006 has been prepared without audit. Certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been omitted.

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

	Quarter ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Revenues				
Rooms	\$ 1,035	\$ 722	\$ 2,989	\$ 2,257
Food and beverage	553	398	1,479	1,155
Other	104	75	301	243
Total hotel sales	1,692	1,195	4,769	3,655
Rental income (b)	42	35	119	111
Total revenues	1,734	1,230	4,888	3,766
Expenses				
Rooms	243	172	707	543
Food and beverage	385	286	1,067	854
Hotel departmental expenses	417	321	1,202	1,000
Management fees	86	59	228	166
Other property-level expenses (b)	126	86	367	284
Depreciation and amortization	148	112	459	355
Corporate and other expenses	32	22	94	67
Gain on insurance settlement	(13)	(9)	(13)	(9)
Total operating costs and expenses	1,424	1,049	4,111	3,260
Operating profit	310	181	777	506
Interest income	11	4	33	21
Interest expense	(152)	(126)	(450)	(443)
Net gains (losses) on property transactions	(2)	3	1	80
Gain on foreign currency and derivative contracts	—	1	—	2
Minority interest expense	(11)	(4)	(41)	(16)
Equity in earnings (losses) of affiliates	2	—	(6)	(1)
Income before income taxes	158	59	314	149
Benefit (provision) for income taxes	9	(1)	(5)	(24)
Income from continuing operations	167	58	309	125
Income from discontinued operations (c)	29	16	429	41
Net income	196	74	738	166
Less: Dividends on preferred stock	(2)	(6)	(14)	(27)
Issuance costs of redeemed preferred stock (d)	—	—	(6)	(4)
Net income available to common stockholders	\$ 194	\$ 68	\$ 718	\$ 135
Basic earnings per common share:				
Continuing operations	\$.32	\$.15	\$.60	\$.26
Discontinued operations	.05	.04	.89	.12
Basic earnings per common share	\$.37	\$.19	\$ 1.49	\$.38
Diluted earnings per common share:				
Continuing operations	\$.31	\$.15	\$.60	\$.26
Discontinued operations	.05	.04	.88	.12
Diluted earnings per common share	\$.36	\$.19	\$ 1.48	\$.38

(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.

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

(b) Rental income and expense are as follows:

	<u>Quarter ended December 31,</u>		<u>Year ended December 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Rental income				
Full-service	\$ 7	\$ 5	\$ 30	\$ 27
Limited service and office buildings	35	30	89	84
	<u>\$ 42</u>	<u>\$ 35</u>	<u>\$ 119</u>	<u>\$ 111</u>
Rental and other expenses (included in other property level expenses)				
Full-service	\$ 2	\$ 2	\$ 8	\$ 7
Limited service and office buildings	26	25	81	79
	<u>\$ 28</u>	<u>\$ 27</u>	<u>\$ 89</u>	<u>\$ 86</u>

(c) Reflects the results of operations and gain (loss) on sale, net of the related income tax, for seven properties sold in 2006 and four hotels classified as held for sale as of December 31, 2006 and five properties sold in 2005.

(d) Represents the original issuance costs associated with the redemption of the Class C preferred stock in the second quarter of 2006 and the Class B preferred stock in the second quarter of 2005.

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

	Quarter ended December 31, 2006			Quarter ended December 31, 2005		
	Income (loss)	Shares	Per Share Amount	Income (loss)	Shares	Per Share Amount
Net income	\$ 196	520.9	\$.38	\$ 74	353.8	\$.21
Dividends on preferred stock	(2)	—	(.01)	(6)	—	(.02)
Basic earnings available to common stockholders (a)(b)	194	520.9	.37	68	353.8	.19
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	—	—	2.4	—
Assuming conversion of minority OP units issuable	—	—	—	—	2.1	—
Assuming conversion of Exchangeable Senior Debentures	6	29.0	(.01)	—	—	—
Diluted earnings available to common stockholders (a)(b)	<u>\$ 200</u>	<u>551.9</u>	<u>\$.36</u>	<u>\$ 68</u>	<u>358.3</u>	<u>\$.19</u>

	Year ended December 31, 2006			Year ended December 31, 2005		
	Income (loss)	Shares	Per Share Amount	Income (loss)	Shares	Per Share Amount
Net income	\$ 738	481.8	\$ 1.53	\$ 166	353.0	\$.47
Dividends on preferred stock	(14)	—	(.03)	(27)	—	(.08)
Issuance costs of redeemed preferred stock (c)	(6)	—	(.01)	(4)	—	(.01)
Basic earnings available to common stockholders (a)(b)	718	481.8	1.49	135	353.0	.38
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	(.01)	—	2.5	—
Diluted earnings available to common stockholders (a)(b)	<u>\$ 718</u>	<u>483.8</u>	<u>\$ 1.48</u>	<u>\$ 135</u>	<u>355.5</u>	<u>\$.38</u>

- (a) 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. Dilutive securities may include shares granted under comprehensive stock plans, preferred OP Units held by minority partners, convertible debt securities and other minority 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.
- (b) Our results for certain periods presented were significantly affected by certain transactions, which are detailed in the table entitled, "Schedule of Significant Transactions Affecting Earnings per Share and Funds From Operations per Diluted Share."
- (c) Represents the original issuance costs associated with the redemption of the Company's Class C preferred stock in the second quarter of 2006 and the Company's Class B preferred stock in the second quarter of 2005.

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

Comparable Hotels by Region (a)

	<u>As of December 31, 2006</u>		<u>Quarter ended December 31, 2006</u>			<u>Quarter ended December 31, 2005</u>			<u>Percent Change in RevPAR</u>
	<u>No. of Properties</u>	<u>No. of Rooms</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	
Pacific	21	11,485	\$ 203.18	70.5%	\$143.32	\$ 185.13	71.8%	\$132.96	7.8%
Florida	10	6,435	183.67	64.3	118.15	167.47	65.8	110.21	7.2
Mid-Atlantic	8	5,865	258.25	82.4	212.76	236.98	79.4	188.20	13.1
DC Metro	13	5,335	192.45	70.1	134.84	180.64	74.5	134.53	0.2
North Central	12	4,906	167.42	70.3	117.71	147.25	70.7	104.18	13.0
South Central	7	4,125	150.95	70.2	105.98	132.94	73.8	98.06	8.1
Atlanta	7	2,625	192.33	68.9	132.43	182.70	71.8	131.18	1.0
New England	6	3,032	174.32	76.4	133.20	164.58	75.9	124.98	6.6
Mountain	6	2,210	135.00	64.8	87.45	124.64	60.3	75.15	16.4
International	5	1,953	154.70	72.6	112.31	140.10	72.0	100.87	11.3
All Regions	95	47,971	191.84	71.1	136.45	175.27	72.0	126.21	8.1

	<u>As of December 31, 2006</u>		<u>Year ended December 31, 2006</u>			<u>Year ended December 31, 2005</u>			<u>Percent Change in RevPAR</u>
	<u>No. of Properties</u>	<u>No. of Rooms</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	
Pacific	21	11,485	\$ 201.76	74.6%	\$150.44	\$ 184.70	76.3%	\$140.87	6.8%
Florida	10	6,435	192.58	70.9	136.47	177.63	71.8	127.57	7.0
Mid-Atlantic	8	5,865	227.45	79.9	181.76	207.20	78.8	163.22	11.4
DC Metro	13	5,335	185.39	71.8	133.10	173.23	76.4	132.41	0.5
North Central	12	4,906	152.28	72.2	109.89	138.55	69.0	95.58	15.0
South Central	7	4,125	144.72	71.6	103.63	131.25	74.1	97.25	6.6
Atlanta	7	2,625	188.61	70.5	132.97	171.69	69.4	119.13	11.6
New England	6	3,032	170.11	76.9	130.81	155.57	72.9	113.35	15.4
Mountain	6	2,210	132.71	65.5	86.98	119.89	64.3	77.04	12.9
International	5	1,953	151.61	72.0	109.21	134.18	72.2	96.83	12.8
All Regions	95	47,971	184.77	73.3	135.46	169.23	73.7	124.80	8.5

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

Comparable Hotels by Property Type (a)

	<u>As of December 31, 2006</u>		<u>Quarter ended December 31, 2006</u>			<u>Quarter ended December 31, 2005</u>			<u>Percent Change in RevPAR</u>
	<u>No. of Properties</u>	<u>No. of Rooms</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	
Urban	39	22,680	\$ 212.51	75.4%	\$160.22	\$ 193.41	75.4%	\$145.90	9.8%
Suburban	29	11,138	147.76	65.8	97.24	137.69	66.3	91.31	6.5
Airport 16	16	7,328	140.52	71.8	100.92	126.61	75.6	95.72	5.4
Resort/Convention	11	6,825	243.71	65.0	158.29	225.44	66.2	149.25	6.1
All Types	95	47,971	191.84	71.1	136.45	175.27	72.0	126.21	8.1

	<u>As of December 31, 2006</u>		<u>Year ended December 31, 2006</u>			<u>Year ended December 31, 2005</u>			<u>Percent Change in RevPAR</u>
	<u>No. of Properties</u>	<u>No. of Rooms</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	<u>Average Daily Rate</u>	<u>Average Occupancy Percentages</u>	<u>RevPAR</u>	
Urban	39	22,680	\$ 197.20	76.8%	\$151.43	\$ 179.94	76.6%	\$137.90	9.8%
Suburban	29	11,138	145.94	67.3	98.27	134.69	67.7	91.12	7.8
Airport 16	16	7,328	135.31	73.1	98.85	122.41	75.9	92.89	6.4
Resort/Convention	11	6,825	253.31	71.8	181.91	236.64	71.8	170.00	7.0
All Types	95	47,971	184.77	73.3	135.46	169.23	73.7	124.80	8.5

(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 December 31,		Year ended December 31,	
	2006	2005	2006	2005
Number of hotels	95	95	95	95
Number of rooms	47,971	47,971	47,971	47,971
Percent change in Comparable Hotel RevPAR	8.1%		8.5%	
Operating profit margin under GAAP (b)	17.9%	14.7%	15.9%	13.4%
Comparable hotel adjusted operating profit margin (c)	27.6%	25.5%	26.9%	24.8%
Comparable hotel sales				
Room	\$ 748	\$ 692	\$ 2,367	\$ 2,181
Food and beverage	411	388	1,206	1,132
Other	80	75	255	246
Comparable hotel sales (d)	<u>1,239</u>	<u>1,155</u>	<u>3,828</u>	<u>3,559</u>
Comparable hotel expenses				
Room	173	165	555	524
Food and beverage	284	277	864	835
Other	47	48	150	155
Management fees, ground rent and other costs	393	370	1,228	1,163
Comparable hotel expenses (e)	<u>897</u>	<u>860</u>	<u>2,797</u>	<u>2,677</u>
Comparable hotel adjusted operating profit	342	295	1,031	882
Non-comparable hotel results, net (f)	131	6	286	32
Comparable hotels classified as held for sale, net	(2)	—	(5)	—
Office buildings and limited service properties, net (g)	9	5	8	5
Depreciation and amortization	(148)	(112)	(459)	(355)
Corporate and other expenses	(32)	(22)	(94)	(67)
Gain on insurance settlement for non-comparable hotels	10	9	10	9
Operating profit	<u>\$ 310</u>	<u>\$ 181</u>	<u>\$ 777</u>	<u>\$ 506</u>

- (a) See the notes to the financial information for discussion of non-GAAP measures, reporting periods and comparable hotel results.
- (b) Operating profit margin under GAAP is calculated as the operating profit divided by the total revenues per the consolidated statements of operations.
- (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) The reconciliation of total revenues per the consolidated statements of operations to the comparable hotel sales is as follows (in millions):

	Quarter ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Revenues per the consolidated statements of operations	\$ 1,734	\$ 1,230	\$ 4,888	\$ 3,766
Revenues of hotels held for sale	8	—	20	2
Non-comparable hotel sales	(470)	(53)	(1,037)	(167)
Hotel sales for the property for which we record rental income, net	16	15	53	49
Rental income for office buildings and limited service hotels	(35)	(30)	(89)	(84)
Adjustment for hotel sales for comparable hotels to reflect Marriott's fiscal year for Marriott-managed hotels	(14)	(7)	(7)	(7)
Comparable hotel sales	<u>\$ 1,239</u>	<u>\$ 1,155</u>	<u>\$ 3,828</u>	<u>\$ 3,559</u>

HOST HOTELS & RESORTS, INC.
Comparable Hotel Operating Data
Schedule of Comparable Hotel Results (a)
(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 (in millions):

	<u>Quarter ended December 31,</u>		<u>Year ended December 31,</u>	
	2006	2005	2006	2005
Operating costs and expenses per the consolidated statements of operations	\$ 1,424	\$ 1,049	\$ 4,111	\$ 3,260
Operating costs of hotels held for sale	6	—	15	2
Non-comparable hotel expenses	(342)	(48)	(753)	(137)
Hotel expenses for the property for which we record rental income	15	14	53	49
Rent expense for office buildings and limited service hotels	(26)	(25)	(81)	(79)
Adjustment for hotel expenses for comparable hotels to reflect Marriott's fiscal year for Marriott-managed hotels	(10)	(5)	(5)	(5)
Depreciation and amortization	(148)	(112)	(459)	(355)
Corporate and other expenses	(32)	(22)	(94)	(67)
Gain on insurance settlement for non-comparable hotels	10	9	10	9
Comparable hotel expenses	<u>\$ 897</u>	<u>\$ 860</u>	<u>\$ 2,797</u>	<u>\$ 2,677</u>

(f) Non-comparable hotel results, net, includes the following items: (i) the results of operations of our non-comparable hotels whose operations are included in our consolidated statement of operations as continuing operations and (ii) 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 limited service properties and office buildings.

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

	December 31,	
	2006	2005
Equity		
Common shares outstanding	521.1	361.0
Common shares and minority held common OP Units outstanding	539.9	380.8
Preferred OP Units outstanding	.02	.02
Class C Preferred shares outstanding (a)	—	6.0
Class E Preferred shares outstanding	4.0	4.0
Security pricing (per share price)		
Common (b)	\$ 24.55	\$ 18.95
Class C Preferred (a) (b)	\$ —	\$ 25.25
Class E Preferred (b)	\$ 26.59	\$ 26.75
Convertible Preferred Securities (c)	\$ —	\$ 61.02
Exchangeable Senior Debentures (d)	\$ 1,473.30	\$ 1,163.70
Dividends declared per share for calendar year		
Common (e)	\$.76	\$.41
Class B Preferred (f)	\$ —	\$.87
Class C Preferred (a)	\$.86	\$ 2.50
Class E Preferred (e)	\$ 2.22	\$ 2.22
Debt		
Series B senior notes, with a rate of 7 ⁷ / ₈ % due August 2008 (g)	\$ —	\$ 136
Series G senior notes, with a rate of 9 ¹ / ₄ % due October 2007 (h)	—	236
Series I senior notes, with a rate of 9 ¹ / ₂ % due January 2007 (i)	—	451
Series K senior notes, with a rate of 7 ¹ / ₈ % due November 2013	725	725
Series M senior notes, with a rate of 7% due August 2012	347	346
Series O senior notes, with a rate of 6 ³ / ₈ % due March 2015	650	650
Series Q senior notes, with a rate of 6 ³ / ₄ % due June 2016	800	—
Series R senior notes with a rate of 6 ⁷ / ₈ % due November 2014 (j)	496	—
Exchangeable Senior Debentures, with a rate of 3.25% due April 2024	495	493
Senior notes, with an average rate of 9.7%, maturing through May 2012	13	13
Total senior notes	3,526	3,050
Mortgage debt (non-recourse) secured by \$3.3 billion of real estate assets, with an average interest rate of 7.5% and 7.8% at December 31, 2006 and 2005, respectively, maturing through December 2023	2,014	1,823
Credit Facility (k)	250	20
Convertible Subordinated Debentures, with a rate of 6 ³ / ₄ % due December 2026 (c)	—	387
Other	88	90
Total debt	\$ 5,878	\$ 5,370
Percentage of fixed rate debt	94%	85%
Weighted average interest rate	6.8%	7.2%
Weighted average debt maturity	5.9 years	6.4 years

	Quarter ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Hotel Operating Statistics for All Full Service Properties (l)				
Average daily rate	\$ 190.33	\$ 174.90	\$ 182.56	\$ 167.64
Average occupancy	70.9%	70.1%	73.1%	72.6%
RevPAR	\$ 134.97	\$ 122.61	\$ 133.48	\$ 121.66

(a) On May 19, 2006, the Company redeemed, at par, all of the shares of its 10% Class C Cumulative Redeemable Preferred stock for approximately \$151 million, including accrued dividends.

(b) Share prices are the closing price as reported by the New York Stock Exchange.

HOST HOTELS & RESORTS, INC.
Other Financial and Operating Data

(unaudited, in millions, except per share amounts and hotel statistics)

- (c) During the period of December 2005 through February 10, 2006, the Company issued 30.8 million shares of its common stock to converting holders of its Convertible Preferred Securities. The remaining \$2 million of securities were redeemed for cash on April 5, 2006. Market price for December 31, 2005 is as quoted by Bloomberg L.P. and reflects the price of a single \$50 security.
- (d) Market price as quoted by Deutsche Bank Securities, Inc. and Bloomberg L.P. as of December 31, 2006 and December 31, 2005, respectively. Amount reflects the price of a single \$1,000 debenture, which is exchangeable for common stock upon the occurrence of certain events.
- (e) On December 12, 2006, the Company declared a fourth quarter common dividend of \$.25 per share and a fourth quarter preferred dividend of \$.5546875 per share for its Class E preferred stock.
- (f) On May 20, 2005, the Company redeemed, at par, all four million shares of its 10% Class B Cumulative Redeemable Preferred stock for approximately \$101 million, including accrued dividends.
- (g) The Company redeemed the outstanding 7⁷/₈% Series B senior notes on May 15, 2006.
- (h) The Company redeemed the outstanding 9¹/₄% Series G senior notes and the related interest rate swap agreements in December 2006. The fair value of the interest rate swap agreements was \$(6) million as of December 31, 2005.
- (i) The Company redeemed the outstanding 9¹/₂% Series I senior notes and the related interest rate swap agreement in December 2006. The fair value of the interest rate swap agreement was \$1 million as of December 31, 2005.
- (j) The Series R senior notes were exchanged for Series S senior notes in February 2007. The terms were substantially identical except the new series are registered under the Securities Act of 1933 and are, therefore, freely transferable by the holders.
- (k) On January 17, 2007, the company repaid \$75 million of the \$250 million balance on the Company's credit facility that was outstanding at December 31, 2006. Currently, the Company has \$400 million of available capacity under its credit facility.
- (l) The operating statistics reflect all consolidated properties as of December 31, 2006 and 2005, respectively. The operating statistics include the results of operations for seven properties sold in 2006 and five properties sold in 2005 prior to their disposition.

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

	Quarter ended December 31, 2006			Quarter ended December 31, 2005		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
Net income available to common stockholders	\$ 194	520.9	\$.37	\$ 68	353.8	\$.19
Adjustments:						
Gains on dispositions, net of taxes	(26)	—	(.05)	(7)	—	(.02)
Amortization of deferred gains and other property transactions, net of taxes	2	—	.01	(2)	—	—
Depreciation and amortization	148	—	.28	117	—	.33
Partnership adjustments	10	—	.02	2	—	—
FFO of minority partners of Host LP	(12)	—	(.02)	(10)	—	(.02)
Adjustments for dilutive securities:						
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	(.01)	—	2.4	(.01)
Assuming conversion of Exchangeable Senior Debentures	6	29.0	(.02)	6	28.1	(.02)
Assuming conversion of Convertible Subordinated Debentures	—	—	—	10	30.7	(.01)
FFO per diluted share (a) (b)	<u>\$ 322</u>	<u>551.9</u>	<u>\$.58</u>	<u>\$ 184</u>	<u>415.0</u>	<u>\$.44</u>

	Year ended December 31, 2006			Year ended December 31, 2005		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
Net income available to common stockholders	\$ 718	481.8	\$ 1.49	\$ 135	353.0	\$.38
Adjustments:						
Gains on dispositions, net of taxes	(416)	—	(.87)	(60)	—	(.17)
Amortization of deferred gains and other property transactions, net of taxes	(1)	—	—	(8)	—	(.02)
Depreciation and amortization	462	—	.96	371	—	1.05
Partnership adjustments	34	—	.07	10	—	.03
FFO of minority partners of Host LP	(30)	—	(.06)	(24)	—	(.07)
Adjustments for dilutive securities:						
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	(.01)	—	2.5	(.01)
Assuming conversion of Exchangeable Senior Debentures	19	29.0	(.05)	19	28.1	(.04)
Assuming conversion of Convertible Subordinated Debentures	2	1.9	—	32	30.9	—
FFO per diluted share (a) (b)	<u>\$ 788</u>	<u>514.7</u>	<u>\$ 1.53</u>	<u>\$ 475</u>	<u>414.5</u>	<u>\$ 1.15</u>

- (a) 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 minority partners, convertible debt securities and other minority 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.
- (b) FFO per diluted share for certain periods presented was significantly affected by certain transactions, which are detailed in the table entitled, "Schedule of Significant Transactions Affecting Earnings per Share and Funds from Operations per Diluted Share."

HOST HOTELS & RESORTS, INC.
Schedule of Significant Transactions Affecting Earnings per Share and
Funds From Operations per Diluted Share
(unaudited, in millions, except per share amounts)

	Quarter ended December 31, 2006		Quarter ended December 31, 2005	
	Net Income (Loss)	FFO	Net Income (Loss)	FFO
Senior notes redemptions and debt prepayments (a)	\$ (18)	\$ (18)	\$ —	\$ —
Gain on hotel dispositions, net of taxes	26	—	7	—
Minority interest income (expense) (b)	—	1	—	—
Total (c)	<u>\$ 8</u>	<u>\$ (17)</u>	<u>\$ 7</u>	<u>\$ —</u>
Per diluted share	<u>\$.01</u>	<u>\$ (.03)</u>	<u>\$.02</u>	<u>\$ —</u>
	Year ended December 31, 2006		Year ended December 31, 2005	
	Net Income (Loss)	FFO	Net Income (Loss)	FFO
Non-recurring Starwood acquisition costs (d)	\$ (17)	\$ (17)	\$ —	\$ —
Senior notes redemptions and debt prepayments (a)	(22)	(22)	(34)	(34)
Preferred stock redemptions (e)	(8)	(8)	(4)	(4)
Gain on CBM Joint Venture LLC sale (f)	—	—	41	—
Gain on hotel dispositions, net of taxes	416	—	19	—
Minority interest income (expense) (b)	(14)	2	(1)	2
Total (c)	<u>\$ 355</u>	<u>\$ (45)</u>	<u>\$ 21</u>	<u>\$ (36)</u>
Per diluted share	<u>\$.73</u>	<u>\$ (.09)</u>	<u>\$.06</u>	<u>\$ (.08)</u>

- (a) Represents call premiums, the acceleration of original issue discounts and deferred financing costs, the termination costs of interest rate swaps, as well as incremental interest during the call or prepayment notice period included in interest expense in the consolidated statements of operations. We recognized these costs in conjunction with the prepayment or refinancing of senior notes and mortgages.
- (b) Represents the portion of the significant transactions attributable to minority partners in Host LP.
- (c) Net income of Host LP was also affected by the transactions discussed above, with the exception of the minority interest expense item discussed in footnote (b). Accordingly, the total adjustments on the net income of Host LP were approximately \$8 million and \$7 million for the fourth quarter 2006 and 2005, respectively, and \$369 million and \$22 million for full year 2006 and 2005, respectively.
- (d) Represents non-recurring costs incurred in conjunction with the acquisition of the Starwood portfolio that are required to be expensed under GAAP, including start-up costs, bridge loan fees and expenses and the Company's portion of a foreign currency hedge loss by the European joint venture as the venture hedged a portion of its initial investment for the acquisition of six of its European hotels.
- (e) Represents the original issuance costs and the incremental dividends during the redemption notice period associated with the redemption of the Class C preferred stock in the second quarter of 2006 and the Class B preferred stock in the second quarter of 2005.
- (f) Represents the gain, net of tax, on the sale of 85% of our interest in CBM Joint Venture LLC.

HOST HOTELS & RESORTS, L.P.
Consolidated Statements of Operations (a)
(unaudited, in millions, except per unit amounts)

	Quarter ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Revenues				
Rooms	\$ 1,035	\$ 722	\$ 2,989	\$ 2,257
Food and beverage	553	398	1,479	1,155
Other	104	75	301	243
Total hotel sales	1,692	1,195	4,769	3,655
Rental income	42	35	119	111
Total revenues	1,734	1,230	4,888	3,766
Expenses				
Rooms	243	172	707	543
Food and beverage	385	286	1,067	854
Hotel departmental expenses	417	321	1,202	1,000
Management fees	86	59	228	166
Other property-level expenses	126	86	367	284
Depreciation and amortization	148	112	459	355
Corporate and other expenses	32	22	94	67
Gain on insurance settlement	(13)	(9)	(13)	(9)
Total operating costs and expenses	1,424	1,049	4,111	3,260
Operating profit	310	181	777	506
Interest income	11	4	33	21
Interest expense	(152)	(126)	(450)	(444)
Net gains (losses) on property transactions	(2)	3	1	80
Gain on foreign currency and derivative contracts	—	1	—	2
Minority interest expense	(3)	(1)	(10)	(7)
Equity in earnings (losses) of affiliates	2	—	(6)	(1)
Income before income taxes	166	62	345	157
Benefit (provision) for income taxes	9	(2)	(5)	(25)
Income from continuing operations	175	60	340	132
Income from discontinued operations (b)	29	16	429	41
Net income	204	76	769	173
Less: Distributions on preferred units	(2)	(6)	(14)	(27)
Issuance costs of redeemed preferred units (c)	—	—	(6)	(4)
Net income available to common unitholders	\$ 202	\$ 70	\$ 749	\$ 142
Basic earnings per common unit:				
Continuing operations	\$.32	\$.15	\$.64	\$.27
Discontinued operations	.05	.04	.86	.11
Basic earnings per common unit	\$.37	\$.19	\$ 1.50	\$.38
Diluted earnings per common unit:				
Continuing operations	\$.31	\$.15	\$.64	\$.27
Discontinued operations	.05	.04	.85	.11
Diluted earnings per common unit	\$.36	\$.19	\$ 1.49	\$.38

- (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. When distinguishing between Host and Host LP, the primary difference is the partnership interests in Host LP held by outside partners, which is reflected as minority interest in Host's consolidated balance sheets and minority interest expense in Host's consolidated statements of operations.
- (b) Reflects the results of operations and gain (loss) on sale, net of the related income tax, for seven properties sold in 2006, four hotels classified as held-for-sale as of December 31, 2006 and five properties sold in 2005.
- (c) Represents the original issuance costs associated with the redemption of the Class C preferred units in the second quarter of 2006 and the Class B preferred units in the second quarter of 2005.

HOST HOTELS & RESORTS, L.P.
Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(unaudited, in millions)

	Quarter ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Net income	\$ 204	\$ 76	\$ 769	\$ 173
Interest expense	152	126	450	444
Depreciation and amortization	148	112	459	355
Income taxes	(9)	2	5	25
Discontinued operations (a)	1	6	7	19
EBITDA	496	322	1,690	1,016
Gains on dispositions	(26)	(6)	(418)	(89)
Amortization of deferred gains	2	(2)	(1)	(9)
Consolidated partnership adjustments:				
Minority interest expense	3	1	10	7
Distributions to minority partners	(3)	(1)	(7)	(4)
Equity investment adjustments:				
Equity in (earnings) losses of affiliates	(2)	—	6	1
Distributions received from equity investments	1	—	3	2
Adjusted EBITDA of Host LP	\$ 471	\$ 314	\$ 1,283	\$ 924

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

HOST HOTELS & RESORTS, INC.
Reconciliation of Net Income Available to Common Stockholders to
Funds From Operations per Diluted Share for First Quarter 2007 Forecasts (a)
(unaudited, in millions, except per share amounts)

	Low-end of Range First Quarter 2007 Forecast		
	Income	Shares	Per Share Amount
Forecast net income available to common stockholders (b)	\$ 136	521.8	\$.26
Adjustments:			
Depreciation and amortization	132	—	.25
Gain on dispositions, net of taxes	(127)	—	(.24)
Partnership adjustments	8	—	.02
FFO of minority partners of Host LP	(5)	—	(.01)
Adjustment for dilutive securities:			
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	—
Assuming conversion of Exchangeable Senior Debentures	4	29.0	(.01)
FFO per diluted share	<u>\$ 148</u>	<u>552.8</u>	<u>\$.27</u>
	High-end of Range First Quarter 2007 Forecast		
	Income	Shares	Per Share Amount
Forecast net income available to common stockholders (b)	\$ 143	521.8	\$.27
Adjustments:			
Depreciation and amortization	132	—	.25
Gain on dispositions, net of taxes	(127)	—	(.24)
Partnership adjustments	8	—	.02
FFO of minority partners of Host LP	(5)	—	(.01)
Adjustment for dilutive securities:			
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	—
Assuming conversion of Exchangeable Senior Debentures	4	29.0	(.01)
FFO per diluted share	<u>\$ 155</u>	<u>552.8</u>	<u>\$.28</u>

HOST HOTELS & RESORTS, INC.
Reconciliation of Net Income Available to Common Stockholders to
Funds From Operations per Diluted Share for Full Year 2007 Forecasts (a)
(unaudited, in millions, except per share amounts)

	Low-end of Range Full Year 2007 Forecast		
	Income	Shares	Per Share Amount
Forecast net income available to common stockholders (b)	\$ 564	522.4	\$ 1.08
Adjustments:			
Depreciation and amortization	573	—	1.10
Gain on dispositions, net of taxes	(157)	—	(.30)
Partnership adjustments	34	—	.06
FFO of minority partners of Host LP	(34)	—	(.06)
Adjustment for dilutive securities:			
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	(.01)
Assuming conversion of Exchangeable Senior Debentures	19	30.1	(.07)
FFO per diluted share	<u>\$ 999</u>	<u>554.5</u>	<u>\$ 1.80</u>
	High-end of Range Full Year 2007 Forecast		
	Income	Shares	Per Share Amount
Forecast net income available to common stockholders (b)	\$ 610	522.4	\$ 1.17
Adjustments:			
Depreciation and amortization	573	—	1.10
Gain on dispositions, net of taxes	(157)	—	(.30)
Partnership adjustments	36	—	.07
FFO of minority partners of Host LP	(36)	—	(.07)
Adjustment for dilutive securities:			
Assuming distribution of common shares granted under the comprehensive stock plan less shares assumed purchased at average market price	—	2.0	(.01)
Assuming conversion of Exchangeable Senior Debentures	19	30.1	(.08)
FFO per diluted share	<u>\$ 1,045</u>	<u>554.5</u>	<u>\$ 1.88</u>

- (a) The first quarter and full year 2007 forecasts were based on the following assumptions:
- Comparable hotel RevPAR will increase 6.5% to 8.5% for the full year for the low and high ends of the forecasted range, respectively, and at the lower end of this range for the first quarter.
 - Comparable hotel adjusted operating profit margins will increase 100 basis points and 125 basis points for the full year for the low and high ends of the forecasted range, respectively.
 - Approximately \$400 million of acquisitions will be made during 2007.
 - We expect to have incremental dispositions of approximately \$400 million of hotels beyond the \$120 million of hotels already sold in the first quarter of 2007.
 - We expect to spend approximately \$640 million on capital expenditures during 2007, including approximately \$310 million for maintenance capital expenditures. The remainder of the expenditures will be for return on investment/repositioning projects.
 - Fully diluted weighted average shares for both FFO per diluted share and earnings per diluted share will be 554.5 million for the full year.

The amounts shown in these forecasts are based on these and other assumptions, as well as management's estimate of operations for 2007. These forecasts are forward-looking and are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause actual transactions, 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 be materially different. Risks that may affect these assumptions and forecasts include the following:

- the level of RevPAR and margin growth may change significantly;
 - 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 (losses) on dispositions;
 - the level of capital expenditures may change significantly, which will directly affect the level of depreciation expense and net income; and
 - other risks and uncertainties associated with our business described herein and in the Company's filings with the SEC.
- (b) The per share amount reflects basic earnings per share which is calculated by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding. For the Company's full year 2007 forecast of diluted earnings per share, the weighted average share count must be adjusted to include the effect of potentially dilutive securities, including our Exchangeable Senior Debentures. Accordingly, the full year forecast of diluted earnings per share is \$1.05 and \$1.13 for the low and high end of the range, respectively. These securities are anti-dilutive for the first quarter forecast and, therefore, no effect is shown.

HOST HOTELS & RESORTS, INC.
Schedule of Comparable Hotel Adjusted Operating Profit Margin
for Full Year 2007 Forecasts (a)

(unaudited, in millions, except hotel statistics)

	Full Year 2007 Forecast	
	Low-end of range	High-end of range
Percent change in Comparable Hotel RevPAR	6.5%	8.5%
Operating profit margin under GAAP (b)	15.7%	16.1%
Comparable hotel adjusted operating profit margin (c)	27.9%	28.2%
Comparable hotel sales		
Room	\$ 2,567	\$ 2,615
Other	1,554	1,583
Comparable hotel sales (d)	<u>4,121</u>	<u>4,198</u>
Comparable hotel expenses		
Rooms and other departmental costs	1,660	1,694
Management fees, ground rent and other costs	1,309	1,320
Comparable hotel expenses (e)	<u>2,969</u>	<u>3,014</u>
Comparable hotel adjusted operating profit	<u>1,152</u>	<u>1,184</u>
Non-comparable hotel results, net	347	353
Office buildings and limited service properties, net	7	7
Depreciation and amortization	(574)	(574)
Corporate and other expenses	(79)	(79)
Operating profit	<u><u>\$ 853</u></u>	<u><u>\$ 891</u></u>

- (a) Forecasted comparable hotel results include assumptions on the number of hotels that will be included in our comparable hotel set in 2007. We have assumed that 96 hotels will be classified as comparable as of December 31, 2007. No assurances can be made as to the hotels that will be in the comparable hotel set for 2007. Also, see the notes following the table reconciling net income available to common shareholders to Funds From Operations per Diluted Share for assumptions relating to the full year 2007 forecasts.
- (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 (d) 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. For the 96 hotels that we assume will be classified as comparable as of December 31, 2007, we forecasted an increase in margins of 100 basis points to 125 basis points over the comparable adjusted operating profit margin of 26.9% for 2006. The 2006 operating profit margin for these 96 hotels has been reduced by 15 basis points to conform to an accounting change for banquet service charges made in 2007 by one of our managers for certain hotels. Beginning in 2007, banquet service charges that are not paid out to employees will be included in food and beverage revenues instead of reducing salary and wage costs.
- (d) The reconciliation of forecast total revenues to the forecast comparable hotel sales is as follows (in millions):

	Full Year 2007	
	Low-end of range	High-end of range
Revenues	\$ 5,423	\$ 5,524
Non-comparable hotel sales	(1,259)	(1,284)
Hotel sales for the property for which we record rental income, net	52	53
Rental income for office buildings and limited service hotels	(95)	(95)
Comparable hotel sales	<u><u>\$ 4,121</u></u>	<u><u>\$ 4,198</u></u>

HOST HOTELS & RESORTS, INC.
Schedule of Comparable Hotel Adjusted Operating Profit Margin
for Full Year 2007 Forecasts (a)
(unaudited, in millions, except hotel statistics)

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

	Full Year 2007	
	Low-end of range	High-end of range
Operating costs and expenses	\$ 4,570	\$ 4,633
Non-comparable hotel expenses	(912)	(931)
Hotel expenses for the property for which we record rental income	52	53
Rent expense for office buildings and limited service hotels	(88)	(88)
Depreciation and amortization	(574)	(574)
Corporate and other expenses	(79)	(79)
Comparable hotel expenses	<u>\$ 2,969</u>	<u>\$ 3,014</u>

HOST HOTELS & RESORTS, L.P.
Reconciliation of Net Income to EBITDA and Adjusted EBITDA for Full Year 2007 Forecasts (a)
(unaudited, in millions)

	Full Year 2007	
	Low-end of range	High-end of range
Net income	\$ 593	\$ 641
Interest expense	409	409
Depreciation and amortization	574	574
Income taxes	20	12
EBITDA	<u>1,596</u>	<u>1,636</u>
Gains on dispositions	(157)	(157)
Consolidated partnership adjustments:		
Minority interest expense	9	9
Distributions to minority partners	(8)	(8)
Equity investment adjustments:		
Equity in losses of affiliates	2	2
Distributions received from equity investments	8	8
Adjusted EBITDA of Host LP	<u>\$ 1,450</u>	<u>\$ 1,490</u>

- (a) The amounts shown in these reconciliations are based on management's estimate of operations for 2007. These tables are forward-looking and as such contain assumptions by management based on known and unknown risks, uncertainties and other factors which may cause the actual transactions, results, performance, or achievements to be materially different from any future transactions, results, performance or achievements expressed or implied by this table. General economic condition, competition and governmental actions will affect future transactions, results performance and achievements. Although we believe the expectations in this reconciliation are based upon reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviations will not be material. For purposes of the full year forecasts, we have utilized the same, previously detailed assumptions as those utilized for the full year forecasts for Host Hotels & Resorts, Inc.

HOST HOTELS & RESORTS, INC.
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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 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 third quarter of 2006 ended on September 8, and the third quarter of 2005 ended on September 9, though both quarters reflect twelve weeks of operations. In contrast, the fourth quarter results for 2006 reflect 114 days of operations, while our fourth quarter results for 2005 reflect 113 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 2002) versus sixteen weeks). This means, however, that the reporting periods we use for hotel operating statistics and our comparable hotels results may 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 fourth quarter of 2006 reflect 16 weeks of operations for the period from September 9, 2006 to December 29, 2006 for our Marriott-managed hotels and results from September 1, 2006 to December 31, 2006 for operations of all other hotels which report results on a monthly basis.
- Hotel results for the fourth quarter of 2005 reflect 16 weeks of operations for the period from September 10, 2005 to December 30, 2005 for our Marriott-managed hotels and results from September 1, 2005 to December 31, 2005 for operations of all other hotels which report results on a monthly basis.

HOST HOTELS & RESORTS, INC.
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- Hotel results for full year 2006 reflect 52 weeks of operations for the period from December 31, 2006 to December 29, 2006 for our Marriott-managed hotels and results from January 1, 2006 to December 31, 2006 for operations of all other hotels which report results on a monthly basis.
- Hotel results for full year 2005 reflect 52 weeks of operations for the period from January 1, 2005 to December 30, 2005 for our Marriott-managed hotels and 365 days of operations for the period from January 1, 2005 to December 31, 2005 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. Of the 128 hotels that we owned as of December 31, 2006, 95 hotels have been classified as comparable hotels. The operating results of the following hotels that we owned as of December 31, 2006 are excluded from comparable hotel results for these periods:

- Marriott Mountain Shadows Resort and Golf Club (closed September 2004 and sold in the first quarter of 2007);
- The Westin Kierland Resort & Spa (acquired in September 2006);
- The 27 hotels acquired from Starwood on April 10, 2006 that we currently consolidate as of December 31, 2006 (three of which were sold in the first quarter of 2007);
- Newport Beach Marriott Hotel & Spa (major renovation completed December 2005);
- Hyatt Regency Washington on Capitol Hill, Washington, D.C. (acquired in September 2005);
- Atlanta Marriott Marquis (major renovation started in August 2005); and
- New Orleans Marriott (property damage and business interruption from Hurricane Katrina in August 2005).

In addition, the operating results of the 12 hotels we disposed of in 2006 and 2005 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 per diluted share of Host, (ii) EBITDA of Host LP, (iii) Adjusted EBITDA of Host LP and (iv) Comparable Hotel Operating Results of Host. The following discussion defines these terms and presents why we believe they are useful supplemental measures of our performance.

FFO per Diluted Share

We present FFO per diluted share as a non-GAAP measure of our performance in addition to our earnings per share (calculated in accordance with GAAP). We calculate FFO per diluted share for a given

HOST HOTELS & RESORTS, INC.
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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

As of February 20, 2006, Host owns approximately 96.5% of the partnership interest of Host LP and is its sole general partner. We conduct all of our operations through Host LP, and Host LP is the obligor on our senior notes and on our credit facility. 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. In addition, the Adjusted EBITDA of Host LP is presented because we believe it is a relevant measure in calculating certain credit ratios, since Host LP is the owner of all of our hotels and is the obligor on our debt noted above. We adjust EBITDA for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA:

- Gains and Losses on Dispositions – We exclude the effect of gains and losses recorded on the disposition of assets in our consolidated statement of operations because we believe that including them in 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).
- Consolidated Partnership Adjustments – We exclude the minority interest in the income or loss of our consolidated partnerships as presented in our consolidated statement of operations because

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we believe that including these amounts in EBITDA does not reflect the effect of the minority interest position on our performance because these amounts include our minority partners' pro-rata portion of depreciation, amortization and interest expense. However, we believe that the cash distributions paid to minority partners are a more relevant measure of the effect of our minority partners' interest on our performance, and we have deducted these cash distributions from Adjusted EBITDA.

- **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 our percentage interest in the earnings (losses) does not reflect the impact of our minority interest position on our performance and these amounts include our pro-rata portion of depreciation, amortization and interest expense. However, we believe that cash distributions we receive are a more relevant measure of the performance of our investment and, therefore, we include the cash distributed to us from these investments in the calculation of Adjusted EBITDA.
- **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 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 and adjusted operating 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

HOST HOTELS & RESORTS, INC.
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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.