

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

OR

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

For the Quarter Ended June 15, 2001

Commission File No. 001-14625

HOST MARRIOTT CORPORATION
10400 Fernwood Road
Bethesda, Maryland 20817
(301) 380-9000

Maryland

(State of Incorporation)

53-0085950

(I.R.S. Employer

Identification Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
----- -----

Class -----	Shares outstanding at July 27, 2001 -----
Common Stock, \$0.01 par value	262,445,910
Purchase share rights for Series A Junior Participating Preferred Stock, \$0.01 par value	--
Class A Cumulative Redeemable Preferred Stock, \$0.01 par value	4,160,000
Class B Cumulative Redeemable Preferred Stock, \$0.01 par value	4,000,000
Class C Cumulative Redeemable Preferred Stock, \$0.01 par value	5,980,000

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HOST MARRIOTT CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 15, 2001 ----- (unaudited)	December 31, 2000 -----
ASSETS -----		
Property and equipment, net	\$ 7,206	\$ 7,110
Notes and other receivables (including amounts due from affiliates of \$9 million and \$164 million, respectively)	56	211
Due from Manager	171	--
Rent receivable	8	65
Investments in affiliates	145	128
Other assets	437	444
Restricted cash	130	125
Cash and cash equivalents	217	313
	-----	-----
	\$ 8,370	\$ 8,396
	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY -----		
Debt		
Senior notes	\$ 2,790	\$ 2,790
Mortgage debt	2,313	2,275
Other	257	257
	-----	-----
	5,360	5,322
Accounts payable and accrued expenses	181	381
Other liabilities	370	312
	-----	-----
Total liabilities	5,911	6,015
	-----	-----
Minority interest	254	485
Company-obligated mandatorily redeemable convertible preferred securities of a subsidiary whose sole assets are the convertible subordinated debentures due 2026 ("Convertible Preferred Securities")	475	475
Shareholders' equity		
Cumulative redeemable preferred stock (liquidation preference \$354 million), 50 million shares authorized; 14.2 million shares issued and outstanding	339	196
Common stock, 750 million shares authorized; 262.3 million shares and 221.3 million shares issued and outstanding, respectively	3	2
Additional paid-in capital	2,057	1,824
Accumulated other comprehensive loss	1	(1)
Retained deficit	(670)	(600)
	-----	-----
Total shareholders' equity	1,730	1,421
	-----	-----
	\$ 8,370	\$ 8,396
	=====	=====

See Notes to Condensed Consolidated Statements

HOST MARRIOTT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Twelve Weeks Ended June 15, 2001 and June 16, 2000
(unaudited, in millions, except per share amounts)

	2001	2000
	-----	-----
REVENUES		
Hotel sales		
Rooms	\$ 589	\$ --
Food and beverage	295	--
Other	73	--
	-----	-----
Total hotel sales	957	--
Rental income	31	186
	-----	-----
Total revenues	988	186
	-----	-----
OPERATING COSTS AND EXPENSES		
Hotel operating expenses		
Rooms	135	--
Food and beverage	208	--
Hotel departmental costs and deductions	232	--
Management fees and other	54	--
Other property-level expenses	67	63
Depreciation and amortization	102	75
	-----	-----
Total hotel operating costs and expenses	798	138
Corporate expenses	9	10
Lease repurchase expense	5	--
Other expenses	6	6
	-----	-----
OPERATING PROFIT	170	32
Minority interest (expense) benefit	(11)	11
Interest income	12	8
Interest expense	(104)	(97)
Net gains on property transactions	--	2
Equity in earnings of affiliates	2	3
Dividends on Convertible Preferred Securities	(8)	(7)
	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	61	(48)
Provision for income taxes	(12)	(2)
	-----	-----
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	49	(50)
Extraordinary loss	--	(3)
	-----	-----
NET INCOME (LOSS)	\$ 49	\$ (53)
	=====	=====
Less: Dividends on Preferred Stock	(9)	(5)
	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS ...	\$ 40	\$ (58)
	=====	=====
BASIC EARNINGS (LOSS) PER COMMON SHARE	\$.17	\$ (0.26)
	=====	=====
DILUTED EARNINGS (LOSS) PER COMMON SHARE	\$.16	\$ (0.26)
	=====	=====

See Notes to Condensed Consolidated Statements

HOST MARRIOTT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Twenty-four Weeks Ended June 15, 2001 and June 16, 2000
(unaudited, in millions, except per share amounts)

	2001	2000
REVENUES		
Hotel sales		
Rooms	\$ 1,110	\$ --
Food and beverage	548	--
Other	137	--
	1,795	--
Total hotel sales		
Rental income	62	361
	1,857	361
OPERATING COSTS AND EXPENSES		
Hotel operating expenses		
Rooms	256	--
Food and beverage	399	--
Hotel departmental costs and deductions	440	--
Management fees and other	106	--
Other property-level expenses	128	122
Depreciation and amortization	179	149
	1,508	271
Total hotel operating costs and expenses		
Corporate expenses	17	20
Lease repurchase expense	5	--
Other expenses	8	12
	319	58
OPERATING PROFIT		
Minority interest (expense) benefit	(26)	22
Interest income	20	17
Interest expense	(207)	(193)
Net gains on property transactions	1	3
Equity in earnings of affiliates	4	3
Dividends on Convertible Preferred Securities	(15)	(14)
	96	(104)
INCOME (LOSS) BEFORE INCOME TAXES		
Provision for income taxes	(15)	(3)
	81	(107)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM		
Extraordinary loss	--	(3)
	\$ 81	\$ (110)
	(14)	(10)
Less: Dividends on Preferred Stock		
Add: Gain on repurchase of Convertible Preferred Securities, net of income tax expense of \$1 million	--	4
	\$ 67	\$ (116)
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS		
	\$.28	\$ (0.53)
BASIC EARNINGS (LOSS) PER COMMON SHARE		
	\$.28	\$ (0.53)
DILUTED EARNINGS (LOSS) PER COMMON SHARE		

See Notes to Condensed Consolidated Statements

HOST MARRIOTT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Twenty-four Weeks Ended June 15, 2001 and June 16, 2000
(unaudited, in millions)

	2001	2000
	-----	-----
OPERATING ACTIVITIES		
Net income (loss) from operations before extraordinary item	\$ 81	\$(107)
Adjustments to reconcile to cash from operations:		
Depreciation and amortization	179	149
Income taxes	(11)	(20)
Deferred contingent rental income	15	291
Net gains on property transactions	(1)	(3)
Equity in earnings of affiliates	(4)	(3)
Purchase of Crestline leases	(204)	--
Changes in other operating accounts	9	(40)
Other	(15)	(46)
	-----	-----
Cash provided by operations	49	221
	-----	-----
INVESTING ACTIVITIES		
Acquisitions	(2)	(40)
Capital expenditures:		
Capital expenditures for renewals and replacements	(102)	(106)
New investment capital expenditures	(30)	(59)
Other investments	(12)	(20)
Note receivable collections, net	10	3
	-----	-----
Cash used in investing activities	(136)	(222)
	-----	-----
FINANCING ACTIVITIES		
Issuances of debt, net	121	290
Scheduled principal repayments	(23)	(18)
Debt prepayments	(115)	(245)
Issuances of common stock	2	2
Issuances of cumulative redeemable preferred stock, net	144	--
Repurchases of common stock	--	(44)
Dividends	(130)	(102)
Repurchases of Convertible Preferred Securities	--	(15)
Repurchases and redemptions of OP Units	--	(3)
Other	(8)	14
	-----	-----
Cash used in financing activities	(9)	(121)
	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (96)	\$(122)
	=====	=====

Supplemental schedule of noncash investing and financing activities:

During the twenty-four weeks ended June 15, 2001 and June 16, 2000, respectively, approximately 41,433,000 shares and 264,000 shares of common stock were issued upon the conversion of outside OP Units valued at \$540.8 million and \$2.5 million, respectively.

See Notes to Condensed Consolidated Statements

HOST MARRIOTT CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization

Host Marriott Corporation ("Host REIT" or the "Company"), a Maryland corporation operating through an umbrella partnership structure, is primarily the owner of hotel properties. Host REIT operates as a self-managed and self-administered real estate investment trust ("REIT") with its operations conducted through an operating partnership, Host Marriott, L.P. (the "Operating Partnership" or "Host LP"), and its subsidiaries. Host REIT has elected, effective January 1, 1999, to be treated as a REIT for federal income tax purposes, and is the sole general partner of the Operating Partnership. As of June 15, 2001, Host REIT owned approximately 92% of the Operating Partnership.

The Work Incentives Improvement Act of 1999 ("REIT Modernization Act") amended the tax laws to permit REITs, effective January 1, 2001, to lease hotels to a subsidiary that qualifies as a taxable REIT subsidiary ("TRS"). Accordingly, a wholly owned subsidiary of Host LP, which has elected to be treated as a TRS for federal income tax purposes, acquired certain subsidiaries (the "Crestline Lessee Entities") of Crestline Capital Corporation ("Crestline") owning the leasehold interests with respect to 116 of the Company's full-service hotels effective January 1, 2001. As a result of the acquisition, the TRS replaced Crestline as the lessee under the applicable leases, and the Company's operating results reflect property-level revenues and expenses rather than rental income from lessees with respect to those 116 full-service properties.

2. Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of the Company and its subsidiaries have been prepared without audit. Certain information and footnote disclosures normally included in financial statements presented in accordance with accounting principles generally accepted in the United States have been condensed or omitted. The Company believes the disclosures made are adequate to make the information presented not misleading. However, the unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2000.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly the financial position of the Company as of June 15, 2001, the results of its operations for the twelve and twenty-four weeks ended June 15, 2001, and June 16, 2000, and cash flows for the twenty-four weeks ended June 15, 2001, and June 16, 2000. Interim results are not necessarily indicative of fiscal year performance because of the impact of seasonal and short-term variations.

Certain reclassifications were made to the prior year financial statements to conform to the current presentation.

The Company consolidates entities in which it owns a controlling financial interest (generally when it owns over 50% of the voting shares of another company) and consolidates partnership investments when it owns a general partnership interest unless minority shareholders or other partners participate in or have the right to block management decisions.

As previously discussed, the Company, through its wholly owned TRS, acquired the Crestline Lessee Entities with respect to 116 of the Company's full-service properties effective January 1,

HOST MARRIOTT CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2001. As a result of this transaction, the Company no longer leases the properties to a third party, and therefore, will not have any rental income with respect to the 116 properties. Therefore, the Company's consolidated results of operations with respect to those 116 properties reflect, from the effective date of the transaction, property-level revenues and expenses rather than rental income from lessees and, therefore, are not comparable to 2000 results.

Subsequent to the end of the quarter, the Company will begin recording the property level results for four additional properties whose results were previously included in rental income. The Company acquired the lessees owning the leasehold interest in four hotels, effectively terminating the leases for financial reporting purposes for these properties. Rental income for these four hotels was \$12 million and \$23 million for the twelve and twenty-four weeks ended June 15, 2001. See footnote 12 for a detailed discussion of the acquisitions. As a result, beginning with the third quarter the Company will report property level results for a total of 123 properties, which includes properties acquired in the acquisition of the non-controlled subsidiaries discussed in footnote 6.

The rent due under the remaining leases is the greater of base rent or percentage rent, as defined. Percentage rent applicable to room, food and beverage and other types of hotel revenue varies by lease and is calculated by multiplying fixed percentages by the total amounts of such revenues over specified threshold amounts. The Company recognizes percentage rent when all contingencies have been met, that is, when annual thresholds for percentage rent have been met or exceeded. Percentage rent received pursuant to the leases but not recognized is included on the balance sheet as deferred rent. Contingent rental revenue of \$8 million and \$168 million, respectively, for the twelve weeks ended June 15, 2001 and June 16, 2000, and \$15 million and \$291 million, respectively, for the twenty-four weeks ended June 15, 2001 and June 16, 2000, have been deferred. Revenue from operations of the Company's hotels not leased to third parties is recognized when the services are provided.

3. Earnings Per Share

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of shares of common stock outstanding. Diluted earnings per share is computed by dividing net income available to common shareholders as adjusted for potentially dilutive securities, by the weighted average number of shares of common stock outstanding plus other potentially dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans and the Convertible Preferred Securities. Dilutive securities may also include those common and preferred Operating Partnership Units ("OP Units") issuable or outstanding that are held by minority partners which are assumed to be converted. No effect is shown for securities if they are anti-dilutive.

HOST MARRIOTT CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Twelve Weeks Ended					
	June 15, 2001			June 16, 2000		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss)	\$ 49	241.0	\$.20	\$ (53)	220.1	\$ (.24)
Dividends on preferred stock	(9)	--	(.03)	(5)	--	(.02)
	-----	-----	-----	-----	-----	-----
Basic income (loss) available to common shareholders per share	40	241.0	.17	(58)	220.1	(.26)
Assuming distribution of common shares granted under the comprehensive stock plan, less shares assumed purchased at average market price	--	3.8	--	--	--	--
Assuming conversion of minority OP Units outstanding	7	43.4	--	(16)	63.5	--
Assuming conversion of minority OP Units issuable	1	9.3	(.01)	--	--	--
Assuming conversion of preferred OP Units	--	--	--	--	.6	--
	-----	-----	-----	-----	-----	-----
Diluted income (loss) per share	\$ 48	297.5	\$.16	\$ (74)	284.2	\$ (.26)
	=====	=====	=====	=====	=====	=====

	Twenty-four Weeks Ended					
	June 15, 2001			June 16, 2000		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss)	\$ 81	235.1	\$.34	\$ (110)	220.7	\$ (.50)
Dividends on preferred stock	(14)	--	(.06)	(10)	--	(.05)
Gain on repurchase of Convertible Preferred Securities	--	--	--	4	--	.02
	-----	-----	-----	-----	-----	-----
Basic income (loss) available to common shareholders per share	67	235.1	.28	(116)	220.7	(.53)
Assuming distribution of common shares granted under the comprehensive stock plan, less shares assumed purchased at average market price	--	4.2	--	--	--	--
Assuming conversion of minority OP Units outstanding	14	49.5	--	(34)	63.7	--
Assuming conversion of preferred OP Units	--	--	--	--	.6	--
	-----	-----	-----	-----	-----	-----
Diluted income (loss) per share	\$ 81	288.8	\$.28	\$ (150)	285.0	\$ (.53)
	=====	=====	=====	=====	=====	=====

4. OP Unit Conversions

On May 29, May 7 and February 7, 2001, Blackstone and affiliates ("Blackstone") converted 18.2 million, 10.0 million and 12.5 million OP Units, respectively, to common shares and immediately sold them to an underwriter for sale on the open market. These units were obtained in connection with the purchase of the Blackstone luxury hotel portfolio in 1998. As a result of this transaction, Blackstone now owns approximately 1% of the outstanding OP Units of the Operating Partnership, and the Company increased its ownership in the Operating Partnership to approximately 92% of the outstanding OP Units. The Company received no proceeds as a result of these transactions.

HOST MARRIOTT CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

5. Debt and Equity Issuances and Refinancing

During the first quarter of 2001, the Company borrowed \$115 million under the revolver portion of the Bank Credit Facility to partially fund the acquisition of the Crestline Lessee Entities and for general corporate purposes. The Company repaid the \$115 million outstanding balance under the revolver portion of the Bank Credit Facility during the second quarter of 2001.

On March 27, 2001, we sold approximately 6.0 million shares of 10% Class C preferred stock ("Class C Preferred Stock") with a \$0.01 par value for net proceeds of \$144 million. Holders of the Class C Preferred Stock are entitled to receive cumulative cash dividends at a rate of 10% per annum of the \$25 per share liquidation preference. Dividends are payable quarterly in arrears commencing April 15, 2001, on which date a pro rata dividend of \$0.03 per share was distributed. Beginning March 27, 2006, we have the option to redeem the Class C Preferred Stock for \$25.00 per share, plus accrued and unpaid dividends to the date of redemption.

During the third quarter of 2001, the Company borrowed \$60 million under the revolver portion of the term loan to fund the purchase of minority interests in seven hotels. As of June 28, 2001, \$150 million is outstanding under the term loan portion of the Bank Credit Facility, and the available capacity under the revolver is \$565 million.

6. Acquisitions and Developments

Effective March 24, 2001, the Company purchased the 5% voting interests in each of Rockledge Hotel Properties, Inc. ("Rockledge") and Fernwood Hotel Assets, Inc. ("Fernwood") that were previously held by the Host Marriott Statutory Employee/Charitable Trust for approximately \$2 million. Prior to this acquisition, the Company held a 95% non-voting interest. As a result of this acquisition, the Company holds 100% of the voting and non-voting interests in Rockledge and Fernwood, and its consolidated results of operations will reflect the revenues and expenses generated by the two taxable corporations, and its consolidated balance sheets will include the various assets. The assets consist of three additional full service hotels; the St. Louis Marriott Pavilion Downtown in St. Louis, Missouri, and the JW Marriott Hotel Mexico City and Mexico City Airport Marriott Hotel, both located in Mexico City, Mexico. The Company's acquisition, including certain joint venture interests, held by the two taxable corporations, totaled approximately \$356 million in assets and \$262 million in liabilities, including \$54 million of third party debt (\$26 million of which matures in 2001) as of March 24, 2001.

On April 1, 2001, a 50,000 square foot spa at The Ritz-Carlton, Naples was placed in service at an approximate development cost of \$23 million.

During the second quarter, the carrying value of three properties was adjusted to reflect a change of status from held for use to held for sale assets and is recorded in property and equipment. Accordingly, the Company recorded a \$13 million charge to depreciation based on a signed purchase and sale agreement to reflect the net realizable value of the assets. For these assets, the related revenue for the twenty-four weeks ended June 15, 2001, and June 16, 2000 was \$19.9 million and \$2.2 million, respectively and the related expense was \$30.7 million and \$3.5 million, respectively. The carrying value of the assets was \$53.8 million as of June 15, 2001.

7. Dividends and Distributions Payable

On June 18, 2001, the Board of Directors declared quarterly cash dividends of \$.26 and \$.625 per share of common stock and preferred stock, respectively. The second quarter dividends were paid on July 13, 2001 to shareholders of record on June 29, 2001.

8. Geographic Information

As of June 15, 2001, the Company's foreign operations consisted of four hotel properties located in Canada and two properties located in Mexico. There were no intercompany sales between the properties and the Company. The following table presents revenues for each of the geographical

HOST MARRIOTT CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

areas in which the Company owns hotels (in millions). As a result of the acquisition of the Crestline Lessee Entities, effective January 1, 2001 the Company's consolidated results of operations for the twelve and twenty-four weeks ended June 15, 2001 primarily represent property level revenues and expenses, whereas the results for the twelve and twenty-four weeks ended June 16, 2000 primarily represent rental income.

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	June 15, 2001	June 16, 2000	June 15, 2001	June 16, 2000
United States.....	\$ 956	\$ 184	\$ 1,810	\$ 356
International.....	32	2	47	5
Total.....	\$ 988	\$ 186	\$ 1,857	\$ 361

9. Comprehensive Income

The Company's other comprehensive income consists of unrealized gains and losses on foreign currency translation adjustments and the right to receive cash from Host Marriott Services Corporation subsequent to the exercise of the options held by certain former and current employees of Marriott International, pursuant to the distribution agreement between the Company and Host Marriott Services Corporation. For the twelve weeks and twenty-four weeks ended June 15, 2001, the comprehensive income totaled \$54 million and \$83 million, respectively. The comprehensive loss was \$51 million and \$109 million for the twelve and twenty-four weeks ended June 16, 2000, respectively. As of June 15, 2001, the Company's accumulated other comprehensive income was \$1 million compared to an accumulated other comprehensive loss of \$1 million as of December 31, 2000.

10. Summarized Lease Pool Financial Statements

During 2000, almost all the properties of the Company and its subsidiaries were leased to subsidiaries of Crestline. In conjunction with these leases, Crestline and certain of its subsidiaries entered into limited guarantees of the lease obligations of each lessee. The full-service hotel leases were grouped into four lease pools, with Crestline's guarantee limited to the greater of 10% of the aggregate rent payable for the preceding year or 10% of the aggregate rent payable under all leases in the respective pool. Additionally, the lessee's obligation under each lease agreement was guaranteed by all other lessees in the respective lease pool. As a result, the Company believed that the operating results of each full-service lease pool may have been material to the Company's financial statements for the year ended December 31, 2000.

Effective January 1, 2001, a wholly owned TRS of Host LP replaced Crestline as the lessee with respect to 116 of the Company's full-service hotels, and the third party credit concentration ceased to exist.

Financial information of Crestline may be found in its quarterly and annual filings with the Securities and Exchange Commission. Further information regarding these leases and Crestline's limited guarantees may be found in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2000. The results of operations and summarized balance sheet data of the lease pools in which the Company's hotels were organized during 2000 are as follows (in millions):

HOST MARRIOTT CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Twelve Weeks Ended June 16, 2000

	Pool 1	Pool 2	Pool 3	Pool 4	Combined
	-----	-----	-----	-----	-----
Hotel Sales					
Rooms.....	\$ 152	\$ 170	\$ 147	\$ 159	\$ 628
Food and beverage.....	69	87	72	91	319
Other.....	16	17	24	22	79
	-----	-----	-----	-----	-----
Total hotel sales.....	237	274	243	272	1,026
Operating Costs and Expenses					
Rooms.....	35	39	34	34	142
Food and beverage.....	52	61	51	62	226
Other.....	59	58	59	61	237
Management fees.....	13	20	12	20	65
Lease expense.....	75	91	83	92	341
Corporate and Interest Expenses.....	--	--	--	1	1
	-----	-----	-----	-----	-----
Total operating expenses.....	234	269	239	270	1,012
Operating Profit.....	3	5	4	2	14
Income taxes.....	(1)	(2)	(2)	(1)	(6)
	-----	-----	-----	-----	-----
Net Income.....	\$ 2	\$ 3	\$ 2	\$ 1	\$ 8
	=====	=====	=====	=====	=====

Twenty-four Weeks Ended June 16, 2000

	Pool 1	Pool 2	Pool 3	Pool 4	Combined
	-----	-----	-----	-----	-----
Hotel Sales					
Rooms.....	\$ 281	\$ 313	\$ 272	\$ 292	\$ 1,158
Food and beverage.....	128	153	132	166	579
Other.....	30	30	43	41	144
	-----	-----	-----	-----	-----
Total hotel sales.....	439	496	447	499	1,881
Operating Costs and Expenses					
Rooms.....	66	76	62	63	267
Food and beverage.....	96	111	95	113	415
Other.....	111	109	109	113	442
Management fees.....	22	35	22	38	117
Lease expense.....	137	157	152	167	613
Corporate and Interest Expenses.....	1	1	--	1	3
	-----	-----	-----	-----	-----
Total operating expenses.....	433	489	440	495	1,857
Operating Profit.....	6	7	7	4	24
Income taxes.....	(2)	(3)	(3)	(2)	(10)
	-----	-----	-----	-----	-----
Net Income.....	\$ 4	\$ 4	\$ 4	\$ 2	\$ 14
	=====	=====	=====	=====	=====

As of December 31, 2000

	Pool 1	Pool 2	Pool 3	Pool 4	Combined
	-----	-----	-----	-----	-----
Assets.....	\$ 37	\$ 37	\$ 40	\$ 44	\$ 158
Liabilities.....	37	37	40	42	156
Equity.....	--	--	--	2	2

11. Subsequent Events

On June 16, 2001, the Company consummated an agreement with Crestline Capital Corporation for the acquisition of their lease agreement with respect to San Diego Marriott Hotel and Marina (the "San Diego Hotel"). The purchase price was \$4.4 million, including legal and professional fees. Under the terms of the transaction, a wholly owned TRS of the Company acquired the lease by purchasing the lessee entity, effectively terminating the lease for financial reporting purposes. As a result of the acquisition, the Company's consolidated results of operations beginning June 16, 2001

HOST MARRIOTT CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

will represent property-level hotel revenues and expenses rather than rental income from the lessee for the San Diego Hotel. This presentation will be consistent with the 116 properties whose lease agreements were effectively terminated for financial reporting purposes in the same manner on January 1, 2001.

On June 28, 2001, the Company consummated an agreement to purchase substantially all of the minority limited partnership interests held by Wyndham International, Inc. and affiliates ("Wyndham") with respect to seven full service hotels for \$60 million. In addition, the lessee entities were acquired by a wholly owned TRS of the Company, effectively terminating the leases for financial reporting purposes.

HOST MARRIOTT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Forward-looking Statements

Certain matters discussed herein are forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. We identify forward-looking statements in this quarterly report on Form 10-Q by using words or phrases such as "believe," "expect," "may be," "intend," "predict," "project," "plan," "objective," "will be," "should," "estimate," or "anticipate," or the negative thereof or other variations thereof or comparable terminology. All forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual transactions, results, performance or achievements to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that we will attain these expectations or that any deviations will not be material. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this quarterly report on Form 10-Q to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Results of Operations

During 2000, our revenues primarily represented rental income from Crestline and other third-party lessees. As a result of the previously discussed acquisition of the Crestline lessees by our TRS, beginning in 2001, our consolidated results of operations primarily reflect hotel-level revenues and operating costs and expenses. In order to provide a clearer understanding and comparability of our results of operations, in addition to our discussion of the historical results we have also presented unaudited pro forma condensed consolidated statements of operations for the twelve and twenty-four weeks ended June 16, 2000, adjusted to reflect the acquisition of the Crestline lessee entities as if it occurred on January 1, 2000, and a discussion of the results thereof compared to our historical results for the twelve and twenty-four weeks ended June 15, 2001, beginning on page 16.

2001 Compared to 2000 (Historical)

Revenues. Revenues increased \$802 million for the twelve weeks ended June 15, 2001 when compared to the twelve weeks ended June 16, 2000, and increased \$1,496 million for the twenty-four weeks ended June 15, 2001, when compared to the twenty-four weeks ended June 15, 2000. As discussed above, our revenues and operating profit are not comparable to 2000, due to the acquisition of the Crestline Lessee Entities by our TRS.

The table below presents gross hotel sales for the twelve weeks ended and the twenty-four weeks ended June 15, 2001 and June 16, 2000. For 2000, gross hotel sales were used as the basis for calculating rental income. The data is presented in order to facilitate an investor's understanding and comparative analysis of the operations of our properties.

HOST MARRIOTT CORPORATION
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	Twelve Weeks Ended		Twenty-four Weeks Ended	
	June 15, 2001	June 16, 2000	June 15, 2001	June 16, 2000
	(in millions)		(in millions)	
Hotel sales				
Rooms.....	\$ 686	\$ 710	\$ 1,310	\$ 1,323
Food and beverage.....	314	330	590	604
Other.....	81	82	154	153
	-----	-----	-----	-----
Total hotel sales.....	\$ 1,081	\$ 1,122	\$ 2,054	\$ 2,080
	=====	=====	=====	=====

The \$26 million decrease in hotel sales for the twenty-four weeks ended June 15, 2001 reflects the decrease in REVPAR for our comparable properties of 3.2% to \$120.77, partially offset by incremental revenues provided by the 500-room expansion at Orlando Marriott, which was placed in service in June 2000, and the inclusion of three hotels in total hotel sales as a result of the consolidation of Rockledge and Fernwood as of March 24, 2001.

Comparable REVPAR for the second quarter of 2001 decreased by 6.1% to \$121.81 compared to the same quarter in 2000 due to the recent slowdown in the economy. The decrease is mainly attributable to a decrease in occupancy of 6.1 percentage points during the quarter. As a result of decreased hotel sales, our hotel managers have implemented cost cutting measures and revenue enhancement programs at the property level in order to stabilize house profit. These measures include increasing labor efficiency particularly at the managerial level and in the food and beverage area at the hotels, reducing discretionary expenses in rooms, food and beverage, and repairs and maintenance and reducing energy consumption. As a result, operating profit margins were down only .9 and 1.5 percentage points for the quarter and year-to-date, respectively, in spite of the significant REVPAR decline, reflecting a significant improvement from the first quarter.

Rental income decreased \$155 million, or 83%, to \$31 million for the second quarter of 2001 versus the first quarter of 2000, reflecting the purchase of 116 of the Crestline lease entities by our wholly owned TRS effective January 1, 2001. As discussed in Note 2 to the condensed consolidated financial statements, percentage rental revenues from third-party lessees of \$15 million and \$291 million for the twenty-four weeks ended June 15, 2001 and June 16, 2000, respectively, were deferred on the balance sheet as deferred rent. For the second quarter of 2001 and 2000, \$8 million and \$168 million of rental income was deferred. Percentage rent will be recognized as income only as specified hotel sales thresholds are achieved.

Depreciation and Amortization. Depreciation and amortization increased \$27 million or 36% for the second quarter of 2001 versus the second quarter of 2000 and increased \$30 million, or 20% year-to-date, primarily reflecting an increase in depreciable assets. The increase in depreciation expense reflects the consolidation of three hotels and other equipment as a result of the purchase of the voting interest in Rockledge and Fernwood as discussed in Note 6. The transaction caused an increase in depreciable assets of \$206 million. Additionally, a \$13 million impairment charge was recorded in depreciation expense during the second quarter due to the reclassification of certain fixed assets of the Company from held for use to held for sale. It is also the result of \$379 million in capital expenditures in 2000 and \$144 million in capital expenditures in the first and second quarter of 2001 including the completion of the 500-room addition at the Orlando World Center Marriott.

Hotel Operating Costs and Expenses. As discussed above, 2001 hotel revenues and operating costs are not comparable with 2000. During 2000, Crestline, as the lessee, paid specified direct property-level costs including management fees, which reduced the net rent payment to us under the terms of the leases.

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During 2001, these costs are borne by us and are included in our condensed consolidated results of operations.

Corporate Expenses. Corporate expenses decreased \$1 million for the second quarter of 2001 and \$3 million year-to-date from prior year levels due primarily to cost control efforts.

Minority Interest Expense (Benefit). For the twelve weeks and twenty-four weeks ended June 15, 2001 and June 16, 2000, respectively, we recognized minority interest expense (benefit) of \$11 million and \$26 million, and \$(11) million and \$(22) million, respectively. The variance is due in part to the decrease in the minority ownership of the Operating Partnership from 23% in the second quarter of 2000 to 8% in the second quarter of 2001, and reflects the OP Unitholders' share in our results of operations. Assuming the Blackstone OP units had been converted at January 1, 2001, the year-to-date 2001 minority interest expense would have been \$20 million or a decrease of \$6 million.

Interest Expense. Interest expense increased 7% to \$104 million in the second quarter of 2001 and increased 7% to \$207 million year-to-date, primarily due to the issuance in October of 2000 of \$250 million of 9 1/4% Series F Senior Notes, which was primarily used to fund the purchase of the Crestline lessee Entities and for general corporate purposes.

Net Income (Loss). Our net income was \$49 million for the second quarter of 2001 compared to a net loss of \$53 million for the second quarter of 2000. Our year-to-date income was \$81 million compared to a net loss of \$110 million in for the same period in 2000. The increases in net income primarily reflect the acquisition of the Crestline lease entities effective January 1, 2001, thereby eliminating amounts paid to Crestline as lessee for 116 of our properties and the effect of the deferral of contingent rent, which was approximately \$168 million and \$291 million for the second quarter and year-to-date 2000.

Net Income (Loss) Available to Common Shareholders. The net income available to common shareholders was \$40 million for the second quarter of 2001 and \$67 million year-to-date, an increase of \$98 million and \$183 million over the same periods in 2000, respectively. The increase primarily reflects the previously discussed \$102 million increase in quarterly results and the \$191 million increase year-to-date. These results were partially offset by the \$4 million gain on the repurchase of the Convertible Preferred Securities recorded during the first quarter of 2000.

2001 (Historical) Compared to 2000 (Pro Forma)

Because of the significant changes to our corporate structure as a result of our acquisition of the Crestline Lessee Entities effective January 1, 2001, management believes that a discussion of our 2001 historical results of operations compared to our 2000 pro forma results of operations is meaningful and relevant to an investor's understanding of our present and future operations. The unaudited pro forma results of operations for the twelve weeks and twenty-four weeks ended June 16, 2000 set forth below are based on the unaudited condensed consolidated statements of operations for the twelve weeks and twenty-four weeks ended June 16, 2000 and are only adjusted to reflect the acquisition of the Crestline lessee entities as if the transaction occurred at the beginning of 2000. The following pro forma results do not include adjustments for any transactions other than the Crestline lease repurchase and are not presented in accordance with Article 11 of SEC Regulation S-X.

As a result of the Crestline acquisition, effective January 1, 2001, we lease 116 (subsequent to quarter end) of our full-service hotels to our TRS. Our 2001 consolidated operations primarily represent property-level revenues and expenses rather than rental income from Crestline. In addition, the net

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income applicable to the TRS is subject to federal and state income taxes. The pro forma adjustments to reflect the acquisition of the Crestline lessee entities are as follows:

- . record hotel-level revenues and expenses and reduce historical rental income with respect to the 116 properties (The effect of the additional eight leases acquired subsequent to quarter end would not result in a material change to these amounts.);
- . reduce historical interest income for amounts related to the working capital note with Crestline;
- . reduce historical equity in earnings of affiliates for interest earned at our non-controlled subsidiary on the related FF&E loans with Crestline;
- . record interest expense related to the additional borrowings from the 9 1/4% Series F senior notes to fund the \$207 million cash payment;
- . record the minority interest effect related to the outside ownership in the operating partnership; and
- . record the tax provision attributable to the income of the TRS at an effective tax rate of 39.5%.

The unaudited pro forma financial information does not purport to represent what our results of operations or financial condition would actually have been if the transaction had in fact occurred at the beginning of 2000, or to project our results of operations or financial condition for any future period. The unaudited pro forma financial information is based upon available information and upon assumptions and estimates that we believe are reasonable under the circumstances. The following unaudited pro forma financial information should be read in conjunction with our audited financial statements contained in our annual report on Form 10-K for the year ended December 31, 2000.

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UNAUDITED STATEMENTS OF OPERATIONS

For the Twelve Weeks Ended June 15, 2001 (Historical)
and June 16, 2000 (Pro Forma)
(in millions, except per share amounts)

	Historical	Pro Forma
	June 15, 2001	June 16, 2000
	(unaudited)	
REVENUES		
Hotel sales		
Rooms	\$ 589	\$ 605
Food and beverage	295	308
Other	73	73
	-----	-----
Total hotel sales	957	986
Rental income	31	30
	-----	-----
Total revenues	988	1,016
	-----	-----
OPERATING COSTS AND EXPENSES		
Hotel operating expenses		
Rooms	135	138
Food and beverage	208	218
Hotel departmental costs and deductions	232	229
Management fees and other	54	62
Other property-level expenses	67	63
Depreciation and amortization	102	75
	-----	-----
Total hotel operating costs and expenses	798	785
Corporate expenses	9	10
Lease repurchase expense	5	--
Other	6	6
	-----	-----
OPERATING PROFIT	170	215
Minority interest expense	(11)	(27)
Interest income	12	7
Interest expense	(104)	(102)
Net gains on property transactions	--	2
Equity in earnings of affiliates	2	3
Dividends on Convertible Preferred Securities	(8)	(7)
	-----	-----
INCOME BEFORE INCOME TAXES	61	91
Provision for income taxes	(12)	(10)
	-----	-----
INCOME BEFORE EXTRAORDINARY ITEM	49	81
	-----	-----
Less: Dividends on preferred stock	(9)	(5)
	-----	-----
INCOME BEFORE EXTRAORDINARY ITEM AVAILABLE TO COMMON SHAREHOLDERS	\$ 40	\$ 76
	=====	=====
Basic income before extraordinary items per common share	\$.17	\$.35
	=====	=====

HOST MARRIOTT CORPORATION
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For the Twenty-four Weeks Ended June 15, 2001 (Historical)
and June 16, 2000 (Pro Forma)
(in millions, except per share amounts)

	Historical	Pro Forma
	June 15, 2001	June 16, 2000
	(unaudited)	
REVENUES		
Hotel sales		
Rooms	\$ 1,110	\$ 1,117
Food and beverage	548	558
Other	137	137
	1,795	1,812
Rental income	62	63
	1,857	1,875
OPERATING COSTS AND EXPENSES		
Hotel operating expenses		
Rooms	256	259
Food and beverage	399	401
Hotel departmental costs and deductions	440	429
Management fees and other	106	113
Other property-level expenses	128	122
Depreciation and amortization	179	149
	1,508	1,473
Corporate expenses	17	20
Lease repurchase expense	5	--
Other	8	12
	319	370
OPERATING PROFIT	319	370
Minority interest expense	(26)	(43)
Interest income	20	15
Interest expense	(207)	(203)
Net gains on property transactions	1	3
Equity in earnings of affiliates	4	3
Dividends on Convertible Preferred Securities	(15)	(14)
	96	131
INCOME BEFORE INCOME TAXES	96	131
Provision for income taxes	(15)	(15)
	81	116
INCOME BEFORE EXTRAORDINARY ITEM	81	116
Less: Dividends on preferred stock	(14)	(10)
Add: Gain on repurchase of Convertible Preferred Securities	--	4
	67	110
INCOME BEFORE EXTRAORDINARY ITEM AVAILABLE TO COMMON SHAREHOLDERS	\$ 67	\$ 110
	\$.28	\$.51
Basic income before extraordinary items per common share	\$.28	\$.51

HOST MARRIOTT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
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Revenues. Revenues decreased \$28 million, or 3%, to \$988 million for the second quarter of 2001 from \$1,016 million for the second quarter of 2000. Year-to-date revenues decreased \$18 million, or 1% to \$1,857 million. Hotel sales, which include room sales, food and beverage sales, and other ancillary sales such as telephone sales, decreased \$29 million, or 3%, to \$957 million for the second quarter of 2001 and \$17 million, or 1%, to \$1,795 million year-to-date, reflecting primarily a decrease in REVPAR for our comparable properties of 6.1% to 121.81. This decrease in REVPAR was partially offset by the incremental revenues provided by the Tampa Waterside Marriott, which opened in February of 2000, the 500-room expansion at the Orlando World Center Marriott, which was placed in service in June 2000, and the operations of the St. Louis Marriott Pavilion Downtown, JW Marriott Hotel, Mexico City, and the Mexico City Airport Marriott Hotel which were consolidated as of March 24, 2001.

Hotel Operating Costs and Expenses. Hotel operating costs and expenses principally consist of property-level operating costs, management fees, real and personal property taxes, ground, building and equipment rent, insurance, depreciation, and certain other costs. Hotel operating costs and expenses increased \$13 million, or 2% to \$798 million for the second quarter of 2001 compared to second quarter 2000 and year-to-date 2001 costs increased \$35 million or 2% to \$1,508 million from the same period in 2000, primarily due to a \$27 million and \$30 million increase in depreciation expense for second quarter and year-to-date 2001. The increase in depreciation expense was partially offset by a decrease in property-level costs and management fees and other of \$14 million for the second quarter of 2001 in part reflecting cost-cutting measures implemented at the property level by our managers during the second quarter. Rooms, food and beverage, and hotel departmental costs and deductions were 60% and 59% of hotel sales for the second quarters of 2001 and 2000, respectively, and 61% and 60% for the second quarter year-to-date for 2001 and 2000, respectively, reflecting the decrease in hotel sales and the corresponding decrease in property-level expenses in the second quarter.

Operating Profit. As a result of the changes in revenues and operating costs and expenses discussed above, our operating profit decreased \$45 million, or 21%, to \$170 million in the second quarter of 2001. Year-to-date 2001, the operating profit decreased \$51 million, or 14% to \$319 million compared to 2000. Operating profit was approximately 17% and 21% of total revenues for the second quarters of 2001 and 2000, respectively, and 17% and 20% for the second quarter year-to-date for 2001 and 2000, respectively.

Minority Interest. Minority interest expense decreased \$16 million and \$17 million to \$11 million and \$26 million for the second quarter and year-to-date of 2001, respectively, due to the decrease in the minority ownership of the Operating Partnership from 27% as of June 16, 2000 to 8% as of June 16, 2001, and the \$43 million decrease in net income available to common shareholders year to date.

Income Tax Provision. In addition to state and foreign taxes applicable to the Operating Partnership and us, the TRS is subject to federal and state income taxes. The income tax provision increased \$2 million to \$12 million for the second quarter of 2001, due to increased income earned by the TRS during the second quarter of 2001. The income tax provision was \$15 million for both 2001 and 2000 year-to-date.

Income Before Extraordinary Item Available to Common Shareholders. Income Before Extraordinary Item Available to Common Shareholders decreased \$36 million to \$40 million for the second quarter of 2001 and decreased \$43 million to \$67 million year-to-date. Basic income per common share was \$.17 and \$.35 for the second quarters of 2001 and 2000, respectively, and \$.28 and \$.51 for the second quarters year-to-date of 2001 and 2000, respectively.

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FFO and EBITDA

We consider Comparative Funds From Operations ("Comparative FFO"), which consists of Funds From Operations, as defined by the National Association of Real Estate Investment Trusts, adjusted for significant non-recurring items detailed in the chart below, and our consolidated earnings before interest expense, income taxes, depreciation, amortization and other non-cash items (including contingent rent) ("EBITDA") to be indicative measures of our operating performance due to the significance of our long-lived assets. Comparative FFO and EBITDA are also useful in measuring our ability to service debt, fund capital expenditures and expand our business. Furthermore, management believes that Comparative FFO and EBITDA are meaningful disclosures that will help shareholders and the investment community to better understand our financial performance, including comparing our performance to other real estate investment trusts. However, Comparative FFO and EBITDA as presented may not be comparable to amounts 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 or liquidity performance measure prescribed by accounting principles generally accepted in the United States. Cash expenditures for various long-term assets, interest expense (for EBITDA purposes only) and income taxes have been, and will be incurred which are not reflected in the EBITDA and Comparative FFO presentations.

Comparative FFO available to common shareholders increased \$9 million, or 6.8%, to \$142 million for the second quarter of 2001 over the second quarter of 2000, and increased \$18 million or 8%, to \$243 million year-to-date. The following is a reconciliation of the income (loss) from operations before extraordinary items to Comparative FFO (in millions):

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	June 15, 2001	June 16, 2000	June 15, 2001	June 16, 2000
	-----		-----	
Funds from Operations				
Income (loss) from operations before extraordinary items.....	\$ 49	\$ (50)	\$ 81	\$ (107)
Depreciation and amortization.....	100	74	176	146
Other real estate activities.....	1	(1)	1	(1)
Partnership adjustments.....	16	(14)	32	(28)
	-----		-----	
Funds from operations of Host LP.....	166	9	290	10
Effect on funds from operations of SAB 101.....	8	168	15	291
Loss on repurchase of leases.....	5	--	5	--
Taxes on lease repurchase.....	(2)	--	(2)	--
	-----		-----	
Comparative funds from operations of Host LP.....	177	177	308	301
Dividends on preferred stock.....	(9)	(5)	(14)	(10)
	-----		-----	
Comparative funds from operations of Host LP available to common unitholders.....	168	172	294	291
Comparative funds from operations of minority partners of Host LP.....	(26)	(39)	(51)	(66)
	-----		-----	
Comparative funds from operations available to common shareholders of Host REIT.....	\$ 142	\$ 133	\$ 243	\$ 225
	=====	=====	=====	=====

We are the sole general partner in the Operating Partnership and as of June 15, 2001 and June 16, 2000 held approximately 92% and 77%, respectively, of the outstanding OP Units. The \$26 million and \$39 million, and \$51 million and \$66 million, deducted for the twelve weeks and twenty-four weeks ended June 15, 2001 and June 16, 2000, respectively, represent the Comparative FFO attributable to the interests in the Operating Partnership held by those minority partners. OP Units owned by holders other than us are redeemable at the option of the holder, generally commencing one year after the issuance of

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Our interest coverage, defined as EBITDA divided by cash interest expense, was 2.7 times for both the 2001 and 2000 twenty-four week periods, respectively, and 2.6 times for full year 2000. The ratio of earnings to fixed charges was 1.5 to 1.0 in the second quarter of 2001 versus a deficiency of earnings to fixed charges of \$123 million for the second quarter of 2000, which was primarily due to the deferral of contingent rental revenue of \$291 million. We reported a ratio of earnings to fixed charges of 1.2 to 1.0 for the full year 2000.

Cash Flows and Financial Condition

We reported a decrease in cash and cash equivalents of \$96 million during the twenty-four weeks ended June 15, 2001 compared to a decrease of \$122 million during the twenty-four weeks ended June 16, 2000. Cash from operations was \$49 million through the second quarter of 2001 and \$221 million through the second quarter of 2000. The \$172 million decrease in cash from operations primarily relates to the cash used to purchase the Crestline Lessee Entities. Excluding the lease purchases, operating cash flow from operations would have been \$253 million, or an increase of 14% over 2000.

Cash used in investing activities was \$136 million and \$222 million for the second quarter of 2001 and 2000, respectively. Cash used in investing activities for the second quarter includes capital expenditures and other investments of \$144 million and \$185 million for 2001 and 2000, respectively, mostly related to renewal and replacements on existing properties and new development projects. Property and equipment balances include \$115 million and \$135 million for construction in progress as of June 15, 2001 and December 31, 2000, respectively. The balance as of June 15, 2001 primarily relates to the development of the Ritz-Carlton, Naples Golf Resort and various other expansion and development projects. On April 1, 2001, the 50,000 square foot world-class spa at The Ritz-Carlton, Naples was placed in service at an approximate development cost of \$23 million.

Cash used in financing activities was \$9 million through the second quarter of 2001 and \$121 million through the second quarter of 2000. 2001 Cash from financing activities through the second quarter of 2001 includes \$121 million of debt issuances and \$144 million from the issuance of cumulative redeemable preferred stock. Cash was used in financing primarily for the payment of \$130 million in dividends and the repayment and prepayment of \$138 million in debt. During the first quarter of 2001, the Company borrowed \$115 million under the revolver portion of the Bank Credit Facility to partially fund the acquisition of the Crestline Lessee Entities as well as for general corporate purposes, which was fully repaid in the second quarter of 2001. During the third quarter, we borrowed an additional \$60 million to purchase minority interests in various hotels from Wyndham. As of July 25, 2001, \$150 million and \$60 million are outstanding under the term and revolving loan portions of the Bank Credit Facility, respectively, and the available capacity under the revolver is \$565 million.

On June 18, 2001, the Board of Directors declared cash dividends of \$.26 per common share and \$.625 per share of Preferred Stock, which were paid on July 13, 2001 to shareholders of record on June 29, 2001.

On March 27, 2001, we sold approximately 6.0 million shares of 10% Class C preferred stock ("Class C Preferred Stock") with a \$0.01 par value for net proceeds of \$144 million. Holders of the Class C Preferred Stock are entitled to receive cumulative cash dividends at a rate of 10% per annum of the \$25 per share liquidation preference. Dividends are payable quarterly in arrears commencing April 15, 2001, on which date a pro rata dividend of \$0.03 per share was distributed. Beginning March 27, 2006, we have the option to redeem the Class C Preferred Stock for \$25.00 per share, plus accrued and unpaid dividends to the date of redemption.

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Effective January 1, 2001, each of Rockledge Hotel Properties, Inc. and Fernwood Hotel Assets, Inc. (the "Non-Controlled Subsidiaries") elected to be a TRS and in April 2001, the Operating Partnership acquired the voting interests in the Non-Controlled Subsidiaries held by the Host Marriott Statutory Employee/Charitable Trust for approximately \$2 million, which is also permitted as a result of the REIT Modernization Act. Subsequent to the acquisition, on a consolidated basis our results of operations will reflect the revenues and expenses generated by the two taxable corporations, and our consolidated balance sheets include the various assets, consisting of three additional full-service properties, one located in St. Louis, Missouri, and two located in Mexico City, Mexico, as well as certain joint venture interests, held by the two taxable corporations, which were approximately \$356 million of assets and \$262 million of liabilities, including \$54 million of third party debt (\$26 million of which matures in 2001), respectively, as of March 23, 2001.

On February 7, 2001, May 7, 2001 and May 29, 2001, Blackstone and affiliates ("Blackstone") converted 12.5 million, 10.0 million and 18.2 million OP Units, respectively, to common shares and immediately sold them to an underwriter for sale on the open market. As a result of the transactions, Blackstone now owns approximately 1% of the outstanding OP Units of the Operating Partnership and we increased our ownership in the Operating Partnership to 92%. We received no proceeds as a result of the transactions.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our borrowings under the bank credit facility as well as the mortgage on The Ritz-Carlton, Amelia Island are sensitive to changes in interest rates. The interest rates on these debt obligations, which were \$238 million and \$239 million, respectively, at June 15, 2001 and December 31, 2000 are based on various LIBOR terms plus 200 basis points. The weighted average interest rate for these financial instruments are 6.7% for the twenty-four weeks ended June 15, 2001 and 8.9% for the year ended December 31, 2000.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in routine litigation and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and which collectively are not expected to have a material adverse effect on the business, financial condition or results of operations of the Company.

Item 4. Submission of Matters to a Vote of Security Holders

- (a) The Company held its Annual Meeting of Shareholders on May 17, 2001
- (b) not applicable

(c) (i) Votes regarding the election of three Directors for a term expiring in 2004 were as follows:

Term expiring in 2004 -----	FOR ---	WITHHELD -----
Richard E. Marriot	[X] 208,882,241	[_] 1,576,780
R. Theodore Ammon	[X] 209,102,471	[_] 1,356,550
Christopher J. Nassetta	[X] 209,187,896	[_] 1,271,125

(ii) Votes on a shareholder proposal that the Board of Directors take the necessary steps to reinstate the election of all directors annually, instead of the election of staggered classes were as follows:

FOR	AGAINST	ABSTENTIONS AND BROKER NONVOTES
63,261,564	121,787,984	1,148,195

(iii) Votes regarding ratification of the appointment of Arthur Andersen LLP as independent auditors of the Company to serve for the 2001 fiscal year were as follows:

FOR	AGAINST	ABSTENTIONS AND BROKER NONVOTES
209,855,576	270,301	333,144

Item 6. Exhibits and Reports on Form 8-K

- (a) the exhibits listed on the accompanying Exhibit Index are filed as part of this report and such Exhibit Index is incorporated herein by reference.
- (b) Reports on Form 8-K.
 - . May 3, 2001--Amendment to Exhibit 23.1, the Consent of the Independent Public Accountants, to Form 10-K filed April 2, 2001.

- . May 8, 2001--Report of the announcement that Host Marriott Corporation agreed to issue to the Blackstone Entities 10,000,000 shares of its common stock upon redemption of 10,000,000 units of limited partnership interest in Host LP, which will in turn be sold to an Underwriter for delivery on May 8 2001 to be sold to the public.

- . June 4, 2001--Report of the announcement that Host Marriott Corporation agreed to issue to the Blackstone Entities 18,200,000 shares of its common stock upon redemption of 18,200,000 units of limited partnership interest in Host LP, which will in turn be sold to an Underwriter for delivery on June 4, 2001 to sold to the public.

SIGNATURE

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 thereunto duly authorized.

HOST MARRIOTT CORPORATION

July 27, 2001

Date

/s/ Donald D. Olinger

Donald D. Olinger
Senior Vice President and
Corporate Controller
(Chief Accounting Officer)

EXHIBIT INDEX
Pursuant to Item 601 of Regulations S-K

Exhibit No.

Description of Exhibit

3

Bylaws, amended effective April 25, 2001

Amended effective 04/25/01

HOST MARRIOTT CORPORATION

BYLAWS

ARTICLE I
OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of Host Marriott

Corporation (the "Corporation") shall be located at such place or places as the directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional

offices at such places as the directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the

principal office of the Corporation or at such other place within the United States as shall be stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the

election of directors and the transaction of any business within the powers of the Corporation shall be held during the month of May of each year, after the delivery of the annual report referred to in Section 12 of this Article II, at a convenient location and on proper notice, on a date and at the time set by the directors, beginning with the year 1999. Failure to hold an annual meeting does not invalidate the Corporation's existence or affect any otherwise valid acts of the Corporation.

Section 3. SPECIAL MEETINGS. A special meeting of the stockholders of the

Corporation may be called by the President or the Board of Directors or by holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation in the manner specified in articles supplementary filed as part of the charter of the Corporation (the "Charter"). The Secretary of the Corporation shall also call a special meeting of the stockholders on the written request of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting. A special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any meeting of the stockholders held during the preceding twelve months.

Section 4. NOTICE. Not less than ten nor more than 90 days before each

meeting of stockholders, the Secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as

otherwise may be required by any statute, the purpose for which the meeting is called, either by mail or by presenting it to such stockholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post office address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Corporation may be

transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 6. ORGANIZATION. At every meeting of the stockholders, the

Chairman of the Board, if there is one, shall conduct the meeting or, in the case of vacancy in office or absence of the Chairman of the Board, one of the following officers present shall conduct the meeting in the order stated: the Vice Chairman of the Board, if there is one, the Chief Executive Officer, if there is one, the President, the Vice Presidents in their order of rank and seniority, or a Chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast, shall act as Chairman, and the Secretary, or, in his absence, an Assistant Secretary, or in the absence of both the Secretary and Assistant Secretaries, a person appointed by the Chairman shall act as Secretary.

Section 7. QUORUM. At any meeting of stockholders, the presence in

person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the Charter for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. VOTING. Subject to the rights of the holders of any class or

series of stock (other than Common Stock) to elect additional directors under specified circumstances, a plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. Unless otherwise provided in the Charter, a majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required herein or by statute or by the Charter. Unless otherwise provided in the Charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 9. PROXIES. A stockholder may cast the votes entitled to be cast

by the shares owned of record by him either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

Section 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares of the Corporation

registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner, limited liability company, trustee or member manager thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such shares pursuant to a bylaw or a resolution of the governing board of such corporation or other entity or agreement of the partners of the partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such shares. Any trustee or other fiduciary may vote shares registered in his name as such fiduciary, either in person or by proxy.

Shares of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the share transfer books, the time after the record date or closing of the share transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the directors consider necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified shares in place of the stockholder who makes the certification.

Section 11. INSPECTORS. At any meeting of stockholders, the chairman of

the meeting may appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the stockholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or

inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 12. REPORTS TO STOCKHOLDERS. The directors shall submit to

the stockholders at or before the annual meeting of stockholders a report of the business and operations of the Corporation during the prior fiscal year, containing a balance sheet and a statement of income and surplus of the Corporation, accompanied by the certification of an independent certified public accountant, and such further information as the directors may determine is required pursuant to any law or regulation to which the Corporation is subject. Within the earlier of 20 days after the annual meeting of stockholders or 120 days after the end of the fiscal year of the Corporation, the directors shall place the annual report on file at the principal office of the Corporation and with any governmental agencies as may be required by law and as the directors may deem appropriate.

Section 13. NOMINATIONS AND PROPOSALS BY STOCKHOLDERS

(a) Annual Meetings of Stockholders. (1) Subject to the rights of

holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice provided for in this Section 13(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a) (1) of this Section 13, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for action by stockholders. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 60th day nor earlier than the close of business on the 90th day before the date on which the Corporation first mailed its proxy materials for the prior year's annual meeting of stockholders. In no event shall the public announcement of a postponement or adjournment of an annual meeting to a later date or time commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business

at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (y) the number of each class of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(b) Special Meetings of Stockholders. Only such business shall be

conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Except as otherwise provided for or fixed by or pursuant to the provisions of the Charter of the Corporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice provided for in this Section 13(b) and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 13(b). Except as otherwise provided for or fixed by or pursuant to the provisions of the Charter of the Corporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, in addition to the foregoing requirements, for nominations or other business to be properly brought before a special meeting by a stockholder, such stockholder's notice containing the information required by paragraph (a) (2) of this Section 13 must be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting. In no event shall the public announcement of a postponement or adjournment of a special meeting to a later date or time commence a new time period for the giving of a stockholder's notice as described above.

(c) General. (1) Except as otherwise provided for or fixed by or

pursuant to the provisions of the Charter of the Corporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, only such persons who are nominated in accordance with the procedures set forth in this Section 13 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 13. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 13 and, if any proposed nomination or business is not in compliance with this Section 13, to declare that such nomination or proposal shall be disregarded.

(2) For purposes of this Section 13, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 13, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 13.

Section 14. INFORMAL ACTION BY STOCKHOLDERS. Subject to the rights of the

holders of any class or series of stock (other than Common Stock) to elect additional directors under specified circumstances and notwithstanding the provisions of Section 13 of this Article II, any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting if a consent in writing, setting forth such action, is signed by all stockholders entitled to vote on such matter.

Section 15. VOTING BY BALLOT. Voting on any question or in any election

at a meeting of stockholders may be viva voce unless the presiding officer shall

order or any stockholder present at such meeting in person or by proxy shall demand that voting be by ballot.

ARTICLE III
DIRECTORS

Section 1. GENERAL POWERS; QUALIFICATIONS; TRUSTEES HOLDING OVER. The

business and affairs of the Corporation shall be managed under the direction of its Board of Directors. A director shall be an individual at least 21 years of age who is not under legal disability. In case of failure to elect directors at an annual meeting of the stockholders, the directors holding over shall continue to direct the management of the business and affairs of the Corporation until their successors are elected and qualify.

Section 2. NUMBER. Subject to the rights of the holders of any class or

series of stock (other than Common Stock) to elect additional directors under specified circumstances, at any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, subject to any limitations on the number of directors set forth in the Charter.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the

directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. The directors may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the directors may be

called by or at the request of the Chairman of the Board or the President or by a majority of the directors then

in office. The person or persons authorized to call special meetings of the directors may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the directors called by them.

Section 5. NOTICE. Notice of any special meeting shall be given by

written notice delivered personally, telegraphed, facsimile-transmitted or mailed to each director at his business or residence address. Personally delivered or telegraphed notices shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting. Telephone or facsimile-transmission notice shall be given at least 24 hours prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. If given by telegram, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. Telephone notice shall be deemed given when the director is personally given such notice in a telephone call to which he is a party. Facsimile-transmission notice shall be deemed given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a

quorum for convening any meeting of the directors, provided that, if less than a

majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the Charter or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. The action of the majority of the directors

present at a meeting at which a quorum is present when such meeting is convened shall be the action of the directors, unless the concurrence of a greater proportion is required for such action by applicable statute, the Charter or these Bylaws.

Section 8. TELEPHONE MEETINGS. The directors may participate in a

meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY DIRECTORS. Any action required or

permitted to be taken at any meeting of the directors may be taken without a meeting, if a consent in writing to such action is signed by each director and such written consent is filed with the minutes of proceedings of the directors.

Section 10. VACANCIES. If for any reason any or all of the directors

cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any vacancy (including a vacancy created by an increase in the number of directors) shall be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the directors. Any individual so elected as director shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified.

Section 11. COMPENSATION. (a) The directors shall not receive any stated

salary for their services as directors but, by resolution of the directors, may receive fixed sums per year and/or per meeting and/or per visit to real property owned or to be acquired by the Corporation and for any service or activity they perform or engage in as directors. Such fixed sums may be paid either in cash or in shares of the Corporation. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the directors or of any committee thereof; and for their expenses, if any, in connection with each property visit and any other service or activity performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

(b) The Corporation may lend money to, guarantee an obligation of or otherwise assist a director or a trustee or director of a direct or indirect subsidiary of the Corporation; provided, however, that such director or other person is also an executive officer of the Corporation or of such subsidiary, or the loan, guarantee or other assistance is in connection with the purchase of Shares. The loan, guarantee or other assistance may be with or without interest, unsecured, or secured in any manner that the Board of Directors approves, including a pledge of shares.

Section 12. REMOVAL OF DIRECTORS. Subject to the rights of holders of

one or more classes or series of stock other than Common Stock to elect one or more directors, any director may be removed only for cause and only by the affirmative vote of stockholders holding at least two thirds of all the votes entitled to be cast for the election of directors generally.

Section 13. LOSS OF DEPOSITS. No director shall be liable for any

loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or shares have been deposited.

Section 14. SURETY BONDS. Unless required by law, no director shall be

obligated to give any bond or surety or other security for the performance of any of his duties.

Section 15. RELIANCE. Each director, officer, employee and agent of the

Corporation shall, in the performance of his duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to

the Corporation by any of its officers or employees or by the advisers, accountants, appraisers or other experts or consultants selected by the directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 16. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS.

The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation (other than a full-time officer, employee or agent of the Corporation), in his personal capacity or in a capacity as an affiliate, employee or agent of any other person, or otherwise, may have business interests and engage in business activities similar or in addition to those of or relating to the Corporation.

ARTICLE IV
COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATION. The directors may appoint

from among its members an Executive Committee, an Audit Committee and a Compensation Committee, each composed of at least three directors, and other committees, each composed of one or more directors, to serve at the pleasure of the directors; provided, that the membership of the Compensation Committee

shall consist of a majority of Independent Directors and the membership of the Audit Committee shall consist only of Independent Directors. An individual shall be deemed to be an "Independent Director" hereunder if such individual is not an affiliate of the Corporation and is not an employee of the Corporation.

Section 2. POWERS. The directors may delegate to committees appointed

under Section 1 of this Article IV any of the powers of the directors, except as prohibited by law.

Section 3. MEETINGS. Notice of committee meetings shall be given in the

same manner as notice for special meetings of the Board of Directors. One-third, but not less than two (except for one-member committees), of the members of any committee shall be present in person at any meeting of such committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority present shall be the act of such committee. The Board of Directors may designate a chairman (or two or more co-chairmen) of any committee, and such chairman (or any such co-chairman) or any two members of any committee (except for one-member committees) may fix the time and place of its meetings unless the Board shall otherwise provide. In the absence or disqualification of any member of any such committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of such absent or disqualified members.

Each committee shall keep minutes of its proceedings and shall report the same to the Board of Directors at the next succeeding meeting, and any action by the committee shall be subject to revision and alteration by the Board of Directors, provided that no rights of third persons shall be affected by any such revision or alteration.

Section 4. TELEPHONE MEETINGS. Members of a committee of the directors may

participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. INFORMAL ACTION BY COMMITTEES. Any action required or permitted

to be taken at any meeting of a committee of the directors may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of

Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee.

Section 7. EMERGENCY. In the event of a state of disaster of sufficient

severity to prevent the conduct and management of the affairs and business of the Corporation by its directors and officers as contemplated by the Charter and these Bylaws, any two or more available members of the then incumbent Executive Committee shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Corporation in accordance with the provisions of this Article IV. In the event of the unavailability, at such time, of a minimum of two members of the then incumbent Executive Committee, the available directors shall elect an Executive Committee composed of any two members of the Board of Directors, whether or not they be officers of the Corporation, which two members shall constitute the Executive Committee for the full conduct and management of the affairs of the Corporation in accordance with the foregoing provisions of this Section 7. This Section 7 shall be subject to implementation by resolution of the Board of Directors passed from time to time for that purpose, and any provisions of the Bylaws (other than this Section 7) and any resolutions which are contrary to the provisions of this Section 7 or to the provisions of any such implementing resolutions shall be suspended until it shall be determined by any interim Executive Committee acting under this Section 7 that it shall be to the advantage of the Corporation to resume the conduct and management of its affairs and business under all the other provisions of these Bylaws.

ARTICLE V
OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall

include a President, a Secretary and a Treasurer and may include a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, a Corporate Counsel, one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. In addition, the directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the directors at the first meeting of the directors held after each annual meeting of stockholders. If the election of officers shall not be

held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except President and Vice President may be held by the same person. In their discretion, the directors may leave unfilled any office except that of President and Secretary. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation

may be removed at any time by the directors if in their judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the directors, the Chairman of the Board, the President or the Secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the

directors for the balance of the term.

Section 4. CHAIRMAN AND VICE CHAIRMAN OF THE BOARD. The directors may from

time to time appoint a Chairman of the Board and a Vice Chairman of the Board. The Chairman of the Board shall preside over the meetings of the directors and of the stockholders at which he shall be present and shall in general oversee all of the business and affairs of the Corporation. In the absence of the Chairman of the Board, the Vice Chairman of the Board shall preside at such meetings at which he shall be present. The Chairman and the Vice Chairman of the Board may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the directors or by these Bylaws to an officer or some other agent of the Corporation or shall be required by law to be otherwise executed. The Chairman of the Board and the Vice Chairman of the Board shall perform such other duties as may be assigned to him or them by the directors.

Section 5. CHIEF EXECUTIVE OFFICER. The directors may designate a Chief

Executive Officer from among the elected officers. The Chief Executive Officer shall have responsibility for implementation of the policies of the Corporation, as determined by the directors, and for the administration of the business affairs of the Corporation. In the absence of both the Chairman and Vice Chairman of the board, the Chief Executive Officer shall preside over the meetings of the directors and of the stockholders at which he shall be present.

Section 6. CHIEF OPERATING OFFICER. The directors may designate a Chief

Operating Officer from among the elected officers. Said officer will have the responsibilities and duties as set forth by the Chief Executive Officer, the President or the directors.

Section 7. CHIEF FINANCIAL OFFICER. The directors may designate a Chief

Financial Officer from among the elected officers. Said officer will have the responsibilities and duties as set forth by the Chief Executive Officer, the President or the directors.

Section 8. CORPORATE COUNSEL. The directors may designate a Corporate

Counsel from among the elected officers. Said officer will have the responsibilities and duties as set forth by the Chief Executive Officer, the President or the directors.

Section 9. PRESIDENT. In the absence of the Chairman, the Vice

Chairman of the Board and the Chief Executive Officer, the President shall preside over the meetings of the directors and of the stockholders at which he shall be present. In the absence of a designation of a Chief Executive Officer by the directors, the President shall be the Chief Executive Officer and shall be ex officio a member of all committees that may, from time to time, be constituted by the directors. The President may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Chief Executive Officer or the directors from time to time.

Section 10. VICE PRESIDENTS. In the absence of the President or in the

event of a vacancy in such office, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President or the directors. The directors may designate one or more Vice Presidents as Executive Vice President, Senior Vice President or as Vice President for particular areas of responsibility.

Section 11. TREASURER. The Treasurer shall have the custody of the funds

and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the directors.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer, the President and the directors, at the regular meetings of the directors or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

If required by the directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his

death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 12. SECRETARY. The Secretary shall (a) keep the minutes of the

proceedings of the stockholders, the directors and committees of the directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the trust records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the Secretary by such stockholder; (e) have general charge of the share transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President or the directors.

Section 13. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant

Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or Treasurer, respectively, or by the Chief Executive Officer, the President or the directors. The Assistant Treasurers shall, if required by the directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the directors.

Section 14. SALARIES. The salaries and other compensation of the officers

shall be fixed from time to time by the directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

ARTICLE VI
CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The directors may authorize any officer or agent to

enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the directors or by an authorized person shall be valid and binding upon the directors and upon the Corporation when authorized or ratified by action of the directors.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the

payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed

shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the directors may designate.

ARTICLE VII
SHARES

Section 1. CERTIFICATES. Each stockholder shall be entitled to a

certificate or certificates which shall represent and certify the number of shares of each class of stock held by him in the Corporation. Each certificate shall be signed by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President and countersigned by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes or series of shares, each class or series may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets of the Corporation upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Corporation may set forth upon the face or back of the certificate a statement that the Corporation will furnish to any stockholder, upon request and without charge, a full statement of such information.

Section 2. TRANSFERS. Certificates shall be treated as negotiable and title

thereto and to the shares they represent shall be transferred by delivery thereof. Upon surrender to the Corporation or the transfer agent of the Corporation of a share certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of stock of the Corporation will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer designated by the

directors may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the directors may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he shall

require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The

directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the directors may provide that the share transfer books shall be closed for a stated period but not longer than 20 days. If the share transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the share transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. SHARE LEDGER. The Corporation shall maintain at its principal

office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL SHARES; ISSUANCE OF UNITS. The directors may issue

fractional shares or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the Charter or these Bylaws, the directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the directors may provide that for a specified period securities of the

Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

Section 7. EXEMPTIONS FROM TITLE 3, SUBTITLE 7 OF THE MARYLAND GENERAL

CORPORATION LAW. The Corporation hereby exempts from the provisions of Title 3,

Subtitle 7 of the Maryland General Corporation Law (the "MGCL") the acquisition of voting shares by Marriott International, Inc., a Delaware corporation (together with its successors and permitted assignees, if any, "Marriott International"), pursuant to the exercise of its right to acquire up to 20% of the outstanding Common Stock of the Corporation following the merger of Host Marriott Corporation, a Delaware corporation, with and into the Corporation, in accordance with, and subject to the terms and restrictions of, that certain Distribution Agreement dated September 15, 1993, as amended (the "Distribution Agreement"). Notwithstanding anything contained in Article XIV of these Bylaws to the contrary, this Section 7 may not be amended, altered or repealed without the consent of Marriott International as long as Marriott International has the right to acquire up to 20% of the outstanding Common Stock of the Corporation in accordance with, and subject to the terms and restrictions of, the Distribution Agreement.

Subject to the following, to the extent, if any, solely as the result of the repurchase from time to time of shares of Common Stock of the Corporation pursuant to the terms of a stock repurchase program authorized by the Corporation on September 1, 1999 (the "Stock Repurchase Program"), Southeastern Asset Management, Inc. ("Southeastern") through accounts over which it exercises investment discretion, voting authority or both, is deemed to have "acquired" (for purposes of Title 3, Subtitle 7 of the MGCL) beneficial ownership of an aggregate number of shares of Common Stock equal to or in excess of 20% of the outstanding Common Stock of the Corporation, such "acquisitions" are deemed approved in accordance with Section 3-702(b) of the MGCL. The foregoing approval shall not apply to any shares acquired by Southeastern (other than shares that may be deemed to have been "acquired" solely as a result of repurchases of Common Stock by the Corporation pursuant to the Stock Repurchase Program) directly or through accounts over which it exercises investment discretion, voting authority or both, after such time as Southeastern "acquires" beneficial ownership of an aggregate number of shares of Common Stock equal to or in excess of 20% of the outstanding Common Stock of the Corporation as a result of repurchases of Common Stock by the Corporation pursuant to the Stock Repurchase Program; it being understood that all shares of Common Stock owned by

Southeastern and any accounts over which it exercises investment discretion, voting authority or both shall at all times continue to be aggregated for purposes of Title 3, Subtitle 7 of the MGCL. If, after expiration, completion or termination of the Stock Repurchase Program, Southeastern's beneficial ownership of Common Stock of the Corporation is reduced to less than 20% of the outstanding Common Stock of the Corporation, the foregoing approval shall not apply to any subsequent acquisition of shares of Common Stock that would result in Southeastern's beneficially owning directly or through accounts over which it exercises sole or shared voting power, 20% or more of the outstanding Common Stock of the Corporation following such acquisition; provided, however, that, if

such reduction is a result of dispositions of Common Stock of the Corporation in the ordinary course of trading for its clients' accounts within a five (5) consecutive trading day period, the foregoing approval shall continue in effect to the extent that, within 20 consecutive trading days immediately after such five (5) day trading period,

Southeastern reacquires through accounts over which it exercises investment discretion, voting authority or both, again in the ordinary course of trading for its clients' accounts, shares of Common Stock up to the number of shares owned immediately prior to such five (5) consecutive day period. Nothing herein is intended to grant, or shall be construed as granting, to Southeastern, any of its affiliates or any of Southeastern's funds or accounts a waiver from the ownership limit (or any provision thereof) under the Charter of the Corporation.

ARTICLE VIII
FISCAL YEAR

The directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX
DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the shares

of stock of the Corporation may be authorized and declared by the directors, subject to the provisions of law and the Charter. Dividends and other distributions may be paid in cash, property or shares of the Corporation, subject to the provisions of law and the Charter.

Section 2. CONTINGENCIES. Before payment of any dividends or other

distributions, there may be set aside out of any funds of the Corporation available for dividends or other distributions such sum or sums as the directors may from time to time, in their absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the directors shall determine to be in the best interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X
INVESTMENT POLICIES

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI
SEAL

Section 1. SEAL. The directors may authorize the adoption of a seal by the

Corporation. The seal shall have inscribed thereon the name of the Corporation and the year of its formation. The directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or required

to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII
INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify (a) any director, officer or employee, or any former director, officer or employee (including among the foregoing, for all purposes of this Article XII and without limitation, any individual who, while a director, officer or employee and at the express request of the Corporation, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, employee, partner or trustee of such corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) who has been successful, on the merits or otherwise, in the defense of a proceeding to which he was made a party by reason of service in such capacity, against reasonable expenses incurred by him in connection with the proceeding, and (b) any director, officer or employee, or any former director, officer or employee, against any claim or liability to which he may become subject by reason of such status unless it is established that (i) his act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (ii) he actually received an improper personal benefit in money, property or services or (iii) in the case of a criminal proceeding, he had reasonable cause to believe that his act or omission was unlawful. In addition, the Corporation shall, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse, in advance of final disposition of a proceeding, reasonable expenses incurred by a director, officer or employee, or former director, officer or employee, made a party to a proceeding by reason of such status, provided that, in the case of a director, officer or employee, the Corporation shall have received (i) a written affirmation by the director, officer or employee of his good faith belief that he has met the applicable standard of conduct necessary for indemnification by the Corporation as authorized by these Bylaws and (ii) a written undertaking by or on his behalf to repay the amount paid or reimbursed by the Corporation if it shall ultimately be determined that the applicable standard of conduct was not met. The Corporation may, with the approval of its directors, provide such indemnification or payment or reimbursement of expenses to any director, officer or employee, or any former director, officer or employee, who served a predecessor of the Corporation. Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Charter or these Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of this Article with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

Any indemnification or payment or reimbursement of the expenses permitted by these Bylaws shall be furnished in accordance with the procedures provided for indemnification or payment or reimbursement of expenses, as the case may be, under Section 2-418 of the MGCL for directors of Maryland corporations. The Corporation may provide to directors, officers and employees, or former directors, officers and employees, such other and further

indemnification or payment or reimbursement of expenses, as the case may be, to the fullest extent permitted by the MGCL, as in effect from time to time, for directors of Maryland corporations.

ARTICLE XIII
WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Charter or Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV
AMENDMENT OF BYLAWS

The directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

ARTICLE XV
MISCELLANEOUS

All references to the Charter shall include any amendments thereto. In these Bylaws, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include all genders.

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