HOST HOTELS & RESORTS

2011 ANNUAL REPORT

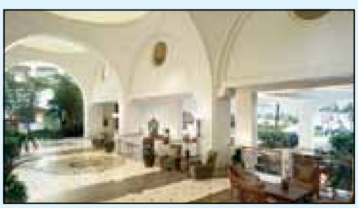
INTERNATIONAL BRANDS

Marriott

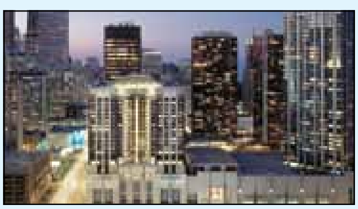
The Ritz-Carlton®

Four Seasons
Hotels and Resorts

HYATT®



Fairmont
HOTELS & RESORTS



HILTON
WORLDWIDE

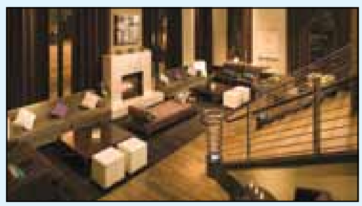
ibis
HOTEL

Novotel
HOTELS

swissôtel
Hotels & Resorts

pullman
HOTELS

Le MERIDIEN



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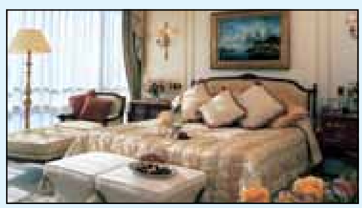
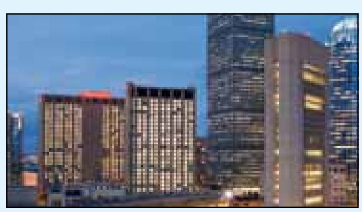
HOTELS
WORLDWIDE



The Luxury Collection®
Starwood Hotels & Resorts

Westin®
HOTELS & RESORTS

St Regis



Sheraton
HOTELS & RESORTS

The brands and logos listed above are the trademarks of our managers or their affiliates. The trademarked names and their logos are the property of their respective owners and are being used with the express permission of their owners.

SAN DIEGO MARRIOTT MARQUIS & MARINA AND MANCHESTER GRAND HYATT SAN DIEGO

IF YOUR DESTINATION IS SAN DIEGO, THEN THE LOCATION MUST BE THE CITY'S TWO PREMIER HOTELS: THE 1,360-ROOM SAN DIEGO MARRIOTT MARQUIS & MARINA (PICTURED ON COVER) OR THE 1,625-ROOM MANCHESTER GRAND HYATT SAN DIEGO. WITH THE SPECTACULAR BACKDROP OF SAN DIEGO BAY AND CORONADO ISLAND, THESE PROPERTIES PROVIDE EASY ACCESS TO THE CONVENTION CENTER AND ARE WITHIN WALKING DISTANCE OF SEAPORT VILLAGE, THE GASLAMP QUARTER AND OTHER POPULAR ATTRACTIONS.

TO OUR STOCKHOLDERS

Throughout this challenging business cycle, we have kept a clear focus on our long-term goal: Maximizing stockholder value through disciplined and opportunistic capital allocation and sound financial management. As a result, we achieved a number of important goals that have positioned the company for continued success.

2011 ACCOMPLISHMENTS

2011 marked the second year in a row of solid growth for our business, which is significant considering the challenges in the financial environment both here in the United States and around the globe. Operations across our portfolio have continued to strengthen, as lodging demand improves and we begin to realize the impact from over $2 billion in acquisitions and capital investments during the past two years. Some of the highlights for 2011 include:

W. EDWARD WALTER
President and Chief Executive Officer

RICHARD E. MARRIOTT
Chairman of the Board

- Our total revenue increased 12.9%, reflecting both the operations of the 14 hotels that we acquired since July 2010 and a 5.6% increase in revenue at our comparable hotels. The increase in comparable hotel revenues was driven by a 4.3% increase in average daily rates and growth in occupancy resulting in a 6.1% increase in RevPAR. Our transient business outperformed the portfolio for the year, driven by strong demand and rate, while our group business began to show similar strength in the second half of the year;

- Adjusted Funds from Operations increased by 24% to $.92 per share, while Adjusted EBITDA grew 22% to $1.018 billion. Net loss for the year was $16 million, while diluted loss per common share was $.02 for the year;

- We acquired approximately $1.2 billion of assets in 2011, expanding our presence in target markets both globally and in the United States. Acquisitions during the year included the Manchester Grand Hyatt, San Diego, the New York Helmsley Hotel, a portfolio of seven hotels in New Zealand and a controlling interest in the Hilton Melbourne South Wharf;

- In 2011, we invested $202 million in redevelopment and return-on-investment capital projects that are designed to increase profitability of our properties. These projects included the redevelopment of the Atlanta Marriott Perimeter Center and the Chicago Marriott O'Hare, where nearly every aspect of the properties were either renovated or enhanced including the rooms, lobby, restaurants, meeting space and mechanical systems;

- We design our capital projects to achieve energy savings and integrate sustainable technologies and environmentally-friendly improvements. These projects include the modernization of the heating and cooling systems at the Sheraton New York Hotel & Towers and the installation of energy efficient LED lighting in over 90% of the public spaces at the San Diego Marriott Marquis & Marina, as well as upgrades to nearly every mechanical system, significantly reducing the energy costs for both of these trophy properties;

- We pursued our strategic goal of strengthening the balance sheet by reducing our leverage level, enhancing coverage and balancing debt maturities. In addition to raising over $320 million of equity through our "at the market" offering programs, we issued $800 million of senior notes at the then lowest interest rates in company history, which allowed us to refinance or redeem over $680 million of debt. We also entered into a new $1 billion senior revolving credit facility which enhances our liquidity and financial flexibility; and

- As of December 31, 2011, we had over $800 million of cash ($388 million of which will be deployed to redeem the remaining 2⅝% senior exchangeable debentures, which is our only significant debt maturity in early 2012) and $880 million available under the credit facility.

LOOKING FORWARD

The operating environment for the lodging industry has brightened considerably over the past two years. We believe demand in the upper upscale segment, which includes most of our properties, will accelerate and has the potential to grow for several years as we benefit from a continuing economic recovery driven by expected increases in business investment and steady increases in employment. At the same time, new supply has remained well below historical levels, and we believe it will remain low for the near future providing an ideal environment for improving financial performance and solid growth in the lodging industry in 2012 and beyond. We believe that the positive trends in the lodging industry create the opportunity for business improvements, which, when combined with our strategy to enhance our portfolio through acquisitions and capital projects, ultimately will improve the competitive position of our company and increase stockholder value.

We are confident that our future is bright. The confidence is based on the knowledge that Host Hotels & Resorts is the premier hospitality real estate company. The unmatched quality of the hotel investments we have made across the globe in gateway cities, such as San Diego, San Francisco, Chicago, New York, Boston, Rio de Janeiro, London and Paris, that are operated by world class operators under well established brands makes us well positioned to succeed. We believe we are financially strong and poised to take advantage of opportunities around the globe by integrating economic opportunity, sustainable practices and corporate responsibility. We appreciate your support and remain committed to providing superior stockholder value in the years ahead.

RICHARD E. MARRIOTT
Chairman of the Board

W. EDWARD WALTER
President and Chief Executive Officer

March 23, 2012

FINANCIAL HIGHLIGHTS

(unaudited)	2011	2010
OPERATING DATA (IN MILLIONS)		
Revenues	$ 4,998	$ 4,428
Operating profit	324	223
Net loss	(16)	(132)
DILUTED LOSS PER COMMON SHARE		
Loss from continuing operations	$ (.01)	$ (.20)
Diluted loss	$ (.02)	$ (.21)
Diluted weighted average shares outstanding *(in millions)*	693.0	656.1
BALANCE SHEET DATA (IN MILLIONS)		
Total assets	$13,068	$12,411
Total debt	5,753	5,477
Total equity	6,713	6,332
OTHER DATA		
Adjusted EBITDA(1) *(in millions)*	1,018	$ 834
NAREIT funds from operations per diluted share (1)	.89	.68
Adjusted funds from operations per diluted share (1)	.92	.74
Stock price on December 31st	14.77	17.87
COMPARABLE HOTEL DATA(2)		
Number of properties	104	104
Number of rooms	57,203	57,203
Average daily rate	$180.32	$172.95
Occupancy percentage	72.1%	70.8%
RevPAR (3)	$129.97	$122.47

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

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

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

Our Annual Report on Form 10-K filed with the Securities and Exchange Commission is included in our mailing to stockholders and together with this 2011 Annual Report forms our annual report to stockholders within the meaning of SEC rules.

CAPITAL ALLOCATION
& VALUE ENHANCEMENT

Our business is capital intensive and whether we are acquiring premium hotel assets or enhancing and refining our existing portfolio to maintain our standards of excellence, our goal is to drive future revenue growth and create long-term stockholder value.

Our acquisition strategy is simple. We look to acquire great hotels in great locations by focusing on lodging properties in key markets with significant barriers to entry. Over the past two years we have directly acquired, or purchased through our joint ventures, 23 hotel properties, investing approximately $1.6 billion in the United States and abroad. While the criteria for acquisitions is simple, maintaining a disciplined approach to creating stockholder value requires careful evaluation of opportunities to ensure we realize attractive returns on our investments. With all of our acquisitions, we have a capital expenditure and operating strategy in place, before we make the investment, which is designed to realize the full potential of the property. For 2012, we anticipate spending approximately $100 million of capital on our recent acquisitions, including the transformation of the New York Helmsley Hotel to the Westin Grand Central Station and the renovation of nearly 2,000 guestrooms at the W New York-Union Square and the Manchester Grand Hyatt, San Diego properties.

FEATURING DAZZLING VIEWS OF THE GULF OF MEXICO, THREE MILES OF PRISTINE BEACHES, WORLD-CLASS RESTAURANTS AND IMPECCABLE SERVICE, **THE RITZ-CARLTON, NAPLES**, IN FLORIDA, OFFERS AN UNFORGETTABLE RETREAT IN ONE OF THE WORLD'S MOST BEAUTIFUL LOCATIONS.

Our efforts do not stop with the acquisition of premium hotels. We are constantly exploring new avenues to unlock the full value of our portfolio. In the past three years, we have invested more than $500 million in redevelopment and return on investment projects. We believe the impact of these projects will be dramatic. One recent example is the transformation of the Sheraton Indianapolis at Keystone Crossing, where we are converting one tower of the hotel into 129 luxury apartments, while renovating the lobby, restaurant, fitness center and remaining 395 hotel rooms. Ultimately, our goal is to drive growth in both the top and bottom line to create stockholder value.

Maintaining an optimal portfolio mix also entails recycling capital out of assets that do not fit our core portfolio. These are generally properties where we believe the potential for revenue growth is slower, the long-term capital needs are higher or where we can capitalize on attractive pricing and apply the proceeds to other business objectives. The combination of our acquisition and disposition activity over the next several years will further another important company objective of rebalancing the strategic mix of our portfolio in terms of operators, brands and markets.

THE AMERICAS

Our success over the past 19 years has been driven by our core holdings in North America. Represented by the best brands and the highest quality assets, our properties are centrally located in nearly every gateway city or major market across the continent. We are working hard to further diversify our holdings in Latin America, by acquiring or developing hotels in fast-growing Brazilian cities like Rio de Janeiro and San Paulo.

ABOVE: THE **WESTIN SEATTLE** IS AN IDEAL URBAN RETREAT, JUST STEPS AWAY FROM PIKE PLACE MARKET, THE SPACE NEEDLE AND THE CITY'S VIBRANT THEATER DISTRICT. THE 891 ROOMS PROVIDE ULTIMATE COMFORT FOR GUESTS AND BREATHTAKING VIEWS OF THE NORTHWEST'S BEAUTY. **BELOW**: THE **JW MARRIOTT RIO DE JANEIRO** IS A PREMIER COPACABANA HOTEL WHERE GUESTS CAN ENJOY LUXURIOUS AMENITIES, FIRST-CLASS SERVICE AND SWEEPING VIEWS OF SUGAR LOAF MOUNTAIN AND CORCOVADO.

W NEW YORK – UNION SQUARE

RINGED BY THE ESSENTIALS — SHOPPING, MUSIC AND ART — AT THE LANDMARK W NEW YORK – UNION SQUARE GUESTS WILL FIND THE VERY BEST OF NEW YORK WAITING FOR THEM, WHILE PROVIDING A STYLISH ESCAPE FROM IT ALL.

SUPERIOR ASSET MANAGEMENT

Growth in revenues and profits is not guaranteed, it is earned. Working closely with our managers, we have leveraged the broad diversity of premium brands in our portfolio to implement strategies which result in enhanced revenue management, reduced operating costs and other operating synergies, all of which we believe will improve the long-term profitability and value of our properties.

Our position as the nation's largest lodging REIT, combined with long-term relationships with world-class operators like Marriott, Hilton, Hyatt, Starwood and Accor and the size and composition of our portfolio, leaves us with a diversified perspective that is unmatched in the industry. Our broad experience and analytical capabilities provide us with the ability to focus property management teams on increasing revenues and developing new opportunities for growth. Using our proprietary business intelligence system, we analyze each property to ascertain its optimal business mix, identifying and duplicating best practices that can drive revenue growth, help control expenses and increase market share as we benchmark our hotels against each other.

RISING 39 STORIES HIGH IN THE SKYLINE, THE **SAN FRANCISCO MARRIOTT MARQUIS** EXUDES AN ESSENCE OF MODERN LUXURY AND THE CONVENIENCE OF AN EXTRAORDINARY DOWNTOWN HOTEL. WITH OVER 100,000 SQUARE FEET OF MEETING AND BANQUET SPACE AND 1,499 ROOMS, THIS BUSINESS HOTEL CAN ACCOMMODATE BOTH GRAND AND INTIMATE SETTINGS.

We believe we are in the initial stages of what should be a period of long-term sustained growth in the lodging industry, providing the perfect backdrop to implement these strategies and to recognize the full earnings potential of our portfolio.

As we move into 2012, we will look to build on the momentum provided by two years of solid growth to increase both average room rates and occupancy at our hotels. As is typically the case, early in this growth cycle RevPAR growth was driven by occupancy gains, as hotels maintained lower average rates in an effort to achieve stabilized occupancy levels. However, during 2011, as the recovery matured, an increasing percentage of our revenue growth was driven by improvements in average room rates, as strong corporate profits and business investment drove growth in our higher-rated corporate business segments. As the economy strengthens, we would expect our group business to improve, generating increased occupancy and allowing us to further increase pricing for our transient business, especially the more highly rated corporate segment. As a result, while the pace of the recovery remains uncertain, the increasing demand in all segments of our business should provide further opportunities to improve profitability by increasing the mix of business represented by higher rated segments.

Of course, as we continue to work with our managers to drive revenue growth, we also have to continue to keep a keen eye on the bottom line. We will continue to utilize our business intelligence tools to identify operating efficiencies that can reduce expenses and generate savings without sacrificing the overall guest experience or the quality of our hotels. We believe our strategy to maximize the profits at our properties will ensure long-term value for our stockholders...our ultimate goal.

ASIA PACIFIC

Orchestrated through our office in Singapore, we have carefully pursued high-quality assets in this fast growing region either through joint ventures or direct investment where we believe opportunities for strong growth exist. With interests in 11 properties in three countries, including our most recent acquisition in Perth, Australia by our Asia/Pacific joint venture, we look to expand our presence by pursuing additional strategic opportunities.

ABOVE: SITUATED ON 22 ACRES OF LUSH TROPICAL LANDSCAPE AND FRAMED AGAINST THE CLEAR BLUE SKIES OF WAILEA, MAUI, **THE FAIRMONT KEA LANI, MAUI** IS HAWAII'S ONLY ALL-SUITE LUXURY RESORT. **BELOW**: POISED ON THE BANKS OF THE YARRA RIVER, WITH A PANORAMIC VIEW OF AUSTRALIA'S SECOND LARGEST CITY THE 364-ROOM **HILTON MELBOURNE SOUTH WHARF** IS ONLY MINUTES FROM THE CITY CENTER AND IS THE ONLY HOTEL WITH DIRECT ACCESS TO THE MELBOURNE CONVENTION AND EXHIBITION CENTER.

LE MERIDIEN PICCADILLY

EXPERIENCE A NEW PERSPECTIVE ON A CHERISHED LONDON LANDMARK; OWNED BY OUR EUROPEAN JOINT VENTURE, THE LE MERIDIEN PICCADILLY EMBODIES THE TRUE FUSION OF CULTURE, ART, DESIGN, FASHION AND CUISINE, ESTABLISHING ITSELF AS A LANDMARK HOTEL IN THE HEART OF LONDON'S WEST END.

A GLOBAL STRATEGIC FOCUS

Location. Location. Location...Today, this simple slogan means searching destinations the world over, from Paris to Melbourne, seeking opportunities to provide superior returns for our stockholders. Finding the best assets in the best locations, while maintaining disciplined capital allocation is, for us, the best way to drive stockholder value.

Execution of this strategy is a multi-phased process that starts with acquiring high-quality lodging assets with the potential for significant capital appreciation. Historically, this has led us to focus on upper upscale and luxury hotels in gateway markets with significant barriers to entry. Through the years, our strategy has provided us with an unmatched portfolio of irreplaceable assets that serve as a tremendous foundation for future growth. Now, as we look to vibrant new markets of the world to invest, we will tailor our investment strategy to match specific market dynamics to optimize our returns.

OWNED BY OUR EUROPEAN JOINT VENTURE, THE **BRUSSELS MARRIOTT** OFFERS LUXURIOUS ACCOMMODATIONS FOR BOTH BUSINESS AND LEISURE TRAVELERS AS IT IS JUST STEPS FROM THE GOVERNMENTAL SEAT OF THE EUROPEAN UNION AND THE CITY'S REVERED LANDMARKS.

In mature hotel markets such as the United States, Europe and Australia, we will continue to focus our investments on quality assets in gateway markets that are managed by world-class operators. Our primary markets in the United States are well established coastal destinations and other travel hubs such as Chicago, where access to the global traveler provides added growth potential along with local demand drivers. One recent example of this strategy is our acquisition of the Manchester Grand Hyatt in San Diego, which along with another core holding, the San Diego Marriott Marquis and Marina, has cemented our presence in this thriving resort and convention destination. Internationally, our investments are in readily recognizable global centers of commerce, such as Paris, London, Melbourne and Rio de Janeiro. The recent acquisition of the Pullman Bercy, Paris, by our joint venture in Europe, is an excellent example of our patient approach to diversification, by seeking out great assets in key markets. Similarly, the 18% growth in RevPAR in 2011 at the JW Marriott, Rio de Janeiro confirms our belief in the potential for growth in Brazil and other markets in Latin America.

Our pursuit of opportunities to increase stockholder value is not limited solely to upper upscale and luxury assets. By targeting investments with strategic partners, both here and abroad, we may acquire or develop midscale and upscale properties and manage our risk while increasing our diversification. We believe that opportunities where demand is generated by a rapidly increasing middle class in countries such as India and Brazil, combined with relatively limited lodging supply provides the potential for strong growth. Our strategic partnership in India, held by the Asia/Pacific joint venture, to develop seven upscale and midscale properties recently celebrated the opening of two such hotels in Bangaluru, an ibis and Novotel. Looking to expand our presence in Latin America, we recently opened an office in Rio de Janeiro. Brazil has the seventh largest economy in the world and one of the largest populations, which creates the foundation for strong lodging fundamentals in this dynamic market.

EUROPE

In 2011, we expanded our international investment in one of the largest economic markets in the world by launching a second fund with our joint venture partners. With a current aggregate value of over $1.7 billion the joint venture owns 13 upper upscale and luxury properties in seven countries. We remain focused on identifying and acquiring quality assets in key markets across the continent including London, Paris, Munich and Vienna.

ABOVE: THE 270-ROOM **CROWNE PLAZA HOTEL AMSTERDAM CITY CENTRE**, OWNED BY OUR EUROPEAN JOINT VENTURE, BLENDS THE OLD WORLD CHARM OF TWO 17TH-CENTURY TOWNHOUSES WITH MODERN HOTEL AMENITIES, WHILE PROVIDING EASY ACCESS TO THE CITY'S BEST CANAL-SIDE CAFES. **BELOW**: THE FIRST ACQUISITION BY THE JOINT VENTURE IN FRANCE, THE 396-ROOM **PULLMAN PARIS BERCY** IS IN THE HEART OF THIS FAST GROWING BUSINESS DISTRICT FEATURING OVER 19,000 SQUARE FEET OF MEETING SPACE AND THE LATEST STATE-OF-THE-ART TECHNOLOGY.

SHERATON NEW YORK HOTEL & TOWERS

LOCATED BETWEEN CENTRAL PARK AND TIMES SQUARE IN MANHATTAN'S MIDTOWN BUSINESS AND ENTERTAINMENT DISTRICT; THE CONTEMPORARY FLAIR OF THE 1,777-ROOM SHERATON NEW YORK HOTEL & TOWERS MAKE IT AN IDEAL CHOICE FOR GUESTS TO IMMERSE THEMSELVES IN THE BEST THAT NEW YORK HAS TO OFFER.

CORPORATE RESPONSIBILITY & SUSTAINABILITY

Enhancing the environmental efficiency and resiliency of our properties through sustainable design, renovations and operations currently presents outstanding opportunities by reducing operating expenses, increasing our return on investment and driving higher market valuations for our assets.

Our corporate responsibility and sustainability program is designed to complement our core business and investment strategies by proactively responding to socioeconomic challenges and opportunities of our time, such as those related to energy, water, climate, human health and economic development.

OUR APPROACH We utilize an integrated approach to environmental, social and governance risk and performance management that considers the needs of our stakeholders and strategically identifies opportunities to maximize the value of our assets. Our management approach emphasizes rigorous analysis and strategic investment, requiring accountability and collaboration with our operators, industry experts and other stakeholders to improve economic, social and environmental performance at both the corporate and property levels. In 2011, we reported our environmental, social and governance performance, approach and commitments to the Carbon Disclosure Project, Trucost and Goldman Sachs' GS SUSTAIN initiatives; and through our corporate website.

ENVIRONMENTAL In 2011, we initiated the development of a utility performance tool that enables us to monitor changes in energy, water and waste consumption across our portfolio. We also worked closely with our operators to set goals, deploy proven technologies and enhance environmental performance metrics.

SOCIAL We remain committed to engaging our associates, supporting our communities and ensuring responsible practices across our organization. We operate under a comprehensive Code of Business Conduct and Ethics, supporting professional development and promoting our corporate values of excellence, partnership, integrity and community.

GOVERNANCE Our Nominating and Corporate Governance Committee provides stewardship on our corporate responsibility and sustainability policies and programs including environmental, social and other matters. A cross-functional team is responsible for providing quarterly updates to the Committee.

Visit the Corporate Responsibility and Governance Sections on our website for more information.

HYATT REGENCY MAUI RESORT & SPA HEAT EXHAUST FROM THE AIR CONDITIONING SYSTEM IS USED TO HEAT THE RESORT POOL GENERATING SIGNIFICANT FUEL COST SAVINGS AND REDUCING EMISSIONS, WHILE AN INTELLIGENT IRRIGATION SYSTEM COMBINED WITH THE USE OF RECLAIMED WATER HAVE REDUCED LANDSCAPE WATER CONSUMPTION BY OVER 27 PERCENT.

2011 ECONOMIC, SOCIAL & ENVIRONMENTAL HIGHLIGHTS

- Supported charities and philanthropic organizations through sponsorships, contributions, or community service activities, such as 9/11 Memorial Museum, National Multiple Sclerosis Society, National Kidney Foundation, So Others Might Eat, Chesapeake Bay Clean Up, Manna Food Center and Children's Inn at National Institutes of Health.
- Incorporated energy efficient design and green construction practices within capital renovation projects, including cogeneration plants, mechanical system upgrades, reduced flow plumbing fixtures, laundry water recycling systems, low volatile organic compound materials, and products made from recycled content.

SHERATON BOSTON HOTEL THIS BALLROOM RENOVATION INCORPORATED GREEN LABEL PLUS CERTIFIED CARPET; NEW WALL PANELS, CEILING TILES AND WALL COVERING MADE FROM RECYCLED CONTENT; AND A NEW SOLID STATE LIGHTING CONTROL SYSTEM WITH LED AND CFL FIXTURES. CONSTRUCTION WASTE WAS SORTED AND RECYCLED.

SELECTED FINANCIAL DATA

Reconciliation of Net Loss Available to Common Stockholders to NAREIT and Adjusted Funds From Operations per Diluted Share[(a)]

	YEAR ENDED DECEMBER 31,	
(UNAUDITED, IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2011**	**2010**
Net loss	$ (16)	$(132)
Less: Net loss attributable to non-controlling interests	1	2
Dividends on preferred stock	—	(4)
Issuance cost of redeemed preferred stock	—	(4)
Net loss available to common stockholders	(15)	(138)
Adjustments:		
Losses on dispositions, net of taxes	—	2
Amortization of deferred gains and other property transactions, net of taxes	(7)	—
Depreciation and amortization	645	591
Non-cash impairment charges	8	—
Partnership adjustments	4	4
FFO of non-controlling interests of Host LP	(9)	(7)
NAREIT funds from operations	626	452
Adjustments to NAREIT FFO:		
Losses on extinguishment of debt	10	26
Acquisition costs	8	10
Litigation losses	5	4
Loss attributable to non-controlling interests	—	(1)
Adjusted FFO	$ 649	$ 491
Adjustments for dilutive securities[(b)]:		
Assuming deduction of interest for redeemed/exchanged 2004 Exchangeable Debentures	2	—
Assuming conversion of Exchangeable Debentures	30	13
Diluted NAREIT FFO[(a)]	$ 658	$ 465
Diluted Adjusted FFO[(a)]	$ 681	$ 504
Diluted weighted average shares outstanding – EPS	693.0	656.1
Diluted weighted average shares outstanding – NAREIT FFO and Adjusted FFO	739.5	680.2
NAREIT FFO per diluted share[(a)]	$ .89	$ .68
Adjusted FFO per diluted share[(a)]	$ .92	$ .74

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA[(a)]

	YEAR ENDED DECEMBER 31,	
(UNAUDITED, IN MILLIONS)	**2011**	**2010**
Net loss	$ (16)	$(132)
Interest expense	371	384
Depreciation and amortization	647	591
Income taxes	(1)	(31)
EBITDA	1,001	812
Losses on dispositions	—	2
Acquisition costs	5	10
Non-cash impairment charges	8	—
Amortization of deferred gains	(7)	—
Equity investment adjustments:		
Equity in (earnings) losses of affiliates	(4)	1
Pro rata Adjusted EBITDA of equity investments	29	23
Consolidated partnership adjustments:		
Pro rata Adjusted EBITDA attributable to non-controlling partners in other consolidated partnerships	(14)	(14)
Adjusted EBITDA[(a)]	$1,018	$ 834

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

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

DIRECTORS

Richard E. Marriott
Chairman of the Board

W. Edward Walter
President, Chief Executive Officer

Robert M. Baylis [2, 3]

Willard W. Brittain [1, 2]
Chairman, Chief Executive Officer
Preod Corporation

Terence C. Golden
Chairman,
Bailey Capital Corporation

Ann McLaughlin Korologos [2, 3]

John B. Morse, Jr. [1, 3]

Walter C. Rakowich [1]
Co-Chief Executive Officer
Prologis, Inc.

Gordon H. Smith [1, 3]
President, Chief Executive Officer
National Association of Broadcasters

[1] *Audit Committee*
[2] *Compensation Policy Committee*
[3] *Nominating and Corporate Governance Committee*

MANAGEMENT TEAM

W. Edward Walter
President, Chief Executive Officer

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

Minaz Abji
Executive Vice President,
Asset Management

Joanne G. Hamilton
Executive Vice President,
Human Resources

Larry K. Harvey
Executive Vice President,
Chief Financial Officer

Gregory J. Larson
Executive Vice President,
Corporate Strategy and
Fund Management

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

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

Timothy A. Marvin
Managing Director, Americas

Peter T. Meyer
Managing Director, Asia

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

Elisa C. Gois
Senior Vice President,
Portfolio Strategy and Feasibility

Brian G. Macnamara
Senior Vice President,
Corporate Controller

Sukhvinder Singh
Senior Vice President,
Information Technology

Nathan S. Tyrrell
Senior Vice President, Treasurer

CORPORATE INFORMATION

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

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

STOCK EXCHANGE LISTING
New York Stock Exchange
Ticker Symbol: HST

STOCKHOLDERS OF RECORD
28,014 at February 16, 2012

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS
KPMG LLP, McLean, VA

ANNUAL MEETING
The 2012 annual meeting of stockholders will be held at 11 a.m., May 10, 2012, at The Ritz-Carlton, Tysons Corner, 1700 Tysons Boulevard, McLean, Virginia, 22102.

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

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

COMMON STOCK

	STOCK PRICE		DIVIDENDS DECLARED
	HIGH	LOW	PER SHARE
2010			
1st Quarter	$14.96	$10.46	$0.01
2nd Quarter	17.09	12.83	0.01
3rd Quarter	15.91	12.64	0.01
4th Quarter	17.97	13.95	0.01
2011			
1st Quarter	$19.88	$16.62	$0.02
2nd Quarter	18.30	15.60	0.03
3rd Quarter	17.81	10.19	0.04
4th Quarter	14.90	9.78	0.05

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