



May 15, 2013

Ms. Susan Cospers
Technical Director
File Reference No. 2013-220
Financial Accounting Standards Board
401 Merritt 7
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Norwalk, Connecticut 06856-5116

Delivered Electronically to: director@fasb.org

Subject: File Reference No. 2013-220 Financial Instruments – Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities (the Exposure Draft)

Dear Ms. Cospers:

Host Hotels & Resorts, Inc. welcomes this opportunity to respond to the request for comments from the Financial Accounting Standards Board (FASB or the Board) on the above referenced Exposure Draft. We appreciate the FASB's diligent efforts working with the International Accounting Standards Board (IASB) toward a converged financial instruments standard.

About Host Hotels & Resorts, Inc.

Host Hotels & Resorts, Inc. is an S&P 500 and Fortune 500 company and is the largest U.S. lodging real estate investment trust (REIT) and one of the largest owners of luxury and upper-upscale hotels. We are also a member of the National Association of Real Estate Investment Trusts[®] (NAREIT). The Company currently owns 103 properties in the U.S. and 15 properties internationally totaling approximately 62,500 rooms. We also hold non-controlling interests in a joint venture in Europe that owns 19 hotels with approximately 6,100 rooms and a joint venture in Asia that owns one hotel in Australia and a minority interest in two hotels in India and five hotels that are in various stages of development in India. Guided by a disciplined approach to capital allocation and aggressive asset management, the Company partners with premium brands such as Marriott[®], Ritz-Carlton[®], Westin[®], Sheraton[®], W[®], St. Regis[®], Le Meridien[®], The Luxury Collection[®], Hyatt[®], Fairmont[®], Four Seasons[®], Hilton[®], Swissotel[®], ibis[®], Pullman[®], and Novotel[®] in the operation of properties in over 50 major markets worldwide. For additional information, please visit our website at www.hosthotels.com.

Comments and Recommendations

We support the proposed mixed-attribute framework for the classification and measurement of financial instruments and we believe that it would accurately reflect our business model. We

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typically hold or issue financial assets and financial liabilities for collection or payment of contractual cash flows for principal and interest and we agree that these financial instruments should continue to be measured at amortized cost.

While we agree with the Board's general framework provided in the Exposure Draft, we discuss below specific issues with respect to: i) investments accounted for under the equity method; and, ii) disclosures as they relate to financial instruments measured at amortized cost.

Investments Accounted for under the Equity Method

Impairment. We support the Board's decision to retain the existing criteria to qualify for equity method accounting by removing the "related" notion criterion proposed in 2010; however, we are concerned that the recently proposed more-likely-than-not impairment model for these investments would result in unintended negative consequences. The proposed model would require an impairment loss to be recognized when a company's qualitative assessment determines that it is more likely than not that the fair value of the investment is less than its carrying amount. This assessment would be performed at each reporting date.

We understand that the proposed impairment model is consistent with the Board's main objective to improve any inadequacies in current accounting that were emphasized by the global economic crisis in 2008. Accordingly, this proposal would implement earlier recognition of impairment losses for investments accounted for under the equity method.

However, by replacing the current other-than-temporary-impairment (OTTI) model, we believe that it would result in companies recognizing irreversible, temporary losses on long-term investments that ultimately will recover in value. As previously mentioned, we have non-controlling interests in joint ventures in Europe and Asia, as well as in the U.S. Under the proposed model, if we experienced a significant reduction in distributable cash flows from a joint venture as a result of a temporary decline in cash flows generated by its properties and this decline occurred at the end of the reporting period, we would recognize an impairment loss when it is more likely than not that the carrying amount exceeds the fair value. This loss would be recognized regardless of whether the joint venture will recover the value in the near term.

If the Board decides to remove the existing OTTI model, we recommend that the Board allow for the reversal of previously recorded impairment losses when the investment recovers in value. This approach is consistent with both of the latest proposals from the FASB and the IASB on credit impairment losses. Although we support the alternative presented in BC227 of the Exposure Draft to include an OTTI assessment because it would alleviate the issue of recording temporary impairment losses, we agree with the Board that the consideration of the OTTI factors would be subjective. This assessment would involve: i) whether an equity investment will recover in value and, if so, when; and, ii) whether the entity has the positive intent and ability to hold the equity investment until the anticipated recovery occurs. As a result, we encourage the Board to introduce the reversal of impairments in the final impairment model for equity method investments as this recommendation reflects a more balanced approach.

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Held for Sale. We agree that equity investments classified as held for sale upon the initial qualification of the equity method should be measured at fair value through net income; however, we recommend that the Board modify the factors for determining this classification. The Exposure Draft proposes the following: i) the investor has identified potential exit strategies even though it may not yet have determined the specific method of exiting the investment; and, ii) the investor has defined the time at which it expects to exit the investment, which may be either an expected date, range of dates or a time defined by specified facts or circumstances, such as achieving specified milestones or the stated investment objectives of the investor.

We believe that the proposed factors are very broad and, based on the terms of the agreements, would automatically capture certain long-term equity method investments that are in substance real estate. Therefore, we suggest that the Board revise the proposed criteria so that upon initial qualification of the equity method: i) the investor has committed to a plan to sell; ii) there is an active program in place to locate a buyer and execute its plan to sell; and, iii) the sale is probable and is expected to occur in the near term. This recommendation is similar to the current guidance on long-lived assets classified as held for sale, which would more accurately reflect our investments accounted for under the equity method that are in substance real estate.

Fair Value Disclosures for Financial Instruments Measured at Amortized Cost

The current fair value disclosures for financial instruments measured at amortized cost are properly provided in the notes to the financial statements, rather than the fair value amounts presented parenthetically on the balance sheet with additional disclosures in the notes as proposed in the Exposure Draft. The notes are an integral part of the financials and we believe that it is more appropriate to maintain all fair value disclosures in the same location.

Again, we appreciate the opportunity to participate in the FASB's considerations toward the development a new financial instruments standard. If you would like to discuss our comments, please contact Brian Macnamara, Senior Vice President and Corporate Controller, at (240) 744-5423 or brian.macnamara@hosthotels.com.

Respectfully submitted,

/s/ Brian Macnamara

Brian Macnamara
Senior Vice President and Corporate Controller
Host Hotels & Resorts, Inc.