

HOST MARRIOTT CORP/
Form 8-K
December 13, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported) December 12, 2005

HOST MARRIOTT CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Maryland

(State or Other Jurisdiction of Incorporation)

001-14625
(Commission File Number)

53-0085950
(I.R.S. Employer Identification Number)

6903 Rockledge Drive, Suite 1500, Bethesda, MD 20817

(Address of Principal Executive Offices) (Zip Code)

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Registrant's Telephone Number, Including Area Code (240) 744-1000

(Former Name or Former Address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.04 Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement

On December 12, 2005, Host Marriott Corporation (the Company) announced its intention to make a partial redemption of \$100 million principal amount of its existing 6³/₄% Convertible Subordinated Debentures due December 2, 2026 (the Debentures). The redemption date for the Debentures is January 11, 2006 pursuant to a notice provided to the holders of the Debentures by the trustee on December 12, 2005. The Debentures were issued pursuant to an indenture, dated as of December 6, 1996, by and between the Company and The Bank of New York, as trustee, as supplemented to date (the Indenture). Under the terms of the Indenture the Company is currently required to pay a call premium equal to 0.675%, or approximately \$675,000, in order to redeem the Debentures prior to their scheduled maturity.

Upon the Company's conversion to a REIT, it assumed primary liability for repayment of the Debentures underlying the 6³/₄% convertible quarterly income preferred securities (the Convertible Preferred Securities), of Host Marriott Financial Trust (the Trust), a wholly owned subsidiary trust of the Company. Upon conversion by a Convertible Preferred Securities holder, the Company will issue shares of common stock which will be delivered to such holder.

Upon the redemption of the Debentures discussed above, the Convertible Preferred Securities will be redeemed at a price equal to 100.675% of the liquidation preference, or \$50.3375 per security.

Each of the Convertible Preferred Securities and the related debentures are convertible at the option of the holder into shares of the Company's common stock at the rate of 3.2537 shares per Convertible Preferred Security for a total of approximately 31 million shares, (equivalent to a conversion price of \$15.367 per share of the Company's common stock). The Trust will only convert the Debentures pursuant to a notice of conversion by a holder of Convertible Preferred Securities. The conversion ratio and price have been adjusted to reflect certain transactions including the Company's conversion to a REIT. In addition, the Company has the right to terminate the conversion rights, upon 30 days advance notice, in the event the price of its common stock exceeds \$18.44 (equal to 120% of the conversion price) for 20 trading days within a period of 30 consecutive trading days.

