



December 11, 2013

Ms. Phoebe W. Brown
Office of the Secretary
Public Company Accounting Oversight Board (PCAOB)
1666 K Street NW
Washington, DC 20006-2803

Delivered electronically to: comments@pcaobus.org

Subject: PCAOB Rulemaking Docket Matter No. 034 Proposed Auditing Standards – *The Auditor’s Report on an Audit of Financial Statements when the Auditor Expresses an Unqualified Opinion (the Proposal)*

Dear Board Members:

Host Hotels & Resorts, Inc. appreciates this opportunity to respond to the request for comments from the PCAOB (the Board) on the above referenced Proposal. We support the Board’s objective to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. While we agree with the Board’s conclusion to preserve the pass/fail model, our main concern is that the proposed disclosures of critical audit matters in an unqualified report, as suggested by certain financial statement users, would not provide additional value.

Rather than expand the auditor’s disclosures, we recommend that the Board and the accounting profession continuously: 1) uphold management’s responsibility of the financial statements; 2) assert the current role of the auditor, audit process and auditor reporting framework; and, 3) emphasize the value of viewing the Form 10-K as a comprehensive financial reporting package. Further, we believe that investors are best served by the prevention of audit deficiencies through the improvement of standards and procedures that result in high-quality audits.

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 102 properties in the U.S. and 15 properties internationally totaling approximately 62,200 rooms. We also hold non-controlling interests in a joint venture in Europe that owns 19 hotels with approximately 6,400 rooms and a joint venture in Asia that owns one hotel in Australia and a minority interest in two hotels 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.

Host Hotels & Resorts, Inc.'s Comments and Recommendations

As previously stated, rather than increase the auditor's disclosures, we recommend that the Board and the accounting profession: 1) uphold management's responsibility of the financial statements; 2) assert the current role of the auditor, audit process and the auditor reporting framework; and, 3) emphasize the value of viewing the Form 10-K as a comprehensive financial reporting package. These communications should be made to the user community on a continuous basis.

Uphold Management's Responsibility of the Financial Statements

We believe that the financial statements should unequivocally remain the full responsibility of management. Based on certain users' views, it appears that they would be inclined to use the auditor's disclosures as the primary source of disclosure about our company. We recognize that certain users believe that they would find value in critical audit matters, especially those matters resulting from changes in principles or areas that involve significant judgment, which may require discussion with management to clearly understand and correctly apply to their models. We suggest that the Board stress in its communications to users that management is responsible for the financial statements and that, in addition to evaluating the overall financial statement presentation, the auditor assesses the accounting principles used and significant estimates made by management.

Similar to financial statement users, we believe that the disclosures of these matters are relevant to issues that are significant toward understanding the financial statements. Therefore, we suggest that the Board inform users about companies' control requirements and refer users to the disclosures in Management's Discussion and Analysis (MD&A) and the notes to the financial statements. In this regard, we believe that the disclosures in the MD&A section are critical to an investor's understanding of the financial statements.

Accordingly, our most recent Form 10-K included five pages of discussion regarding these issues that when read in conjunction with the audited footnotes provides clear and important guidance to investors. Like many companies, our financial reporting objective is to provide a complete and accurate understanding of the financial statements. We perform extensive reviews to ensure appropriate disclosures, as well as establish effective controls and procedures surrounding these disclosures.

Assert the Current Role of the Auditor, Audit Process and the Auditor Reporting Framework

We recommend that the Board and the accounting profession increase user awareness of the current responsibilities of the auditor, the audit process and auditor reporting framework and make these communications outside of the auditor's report. Based on the Proposal, it seems as if there is a need to clarify the auditor's role and the work involved in an audit of the financial statements resulting in the need for change of the auditor's report. We understand the value of the current unqualified report because we are aware of the work involved in an audit. Therefore, we recommend that the accounting profession assert to the user community the standards and procedures applied to perform audits in accordance with the PCAOB. We believe that this information would be more beneficial and provide comfort to users.

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Further, we suggest that the PCAOB retain the same level of materiality for disclosures of critical audit information as provided in the current auditor reporting framework. As such, if there is a material departure from U.S. generally accepted accounting principles (GAAP), material weakness or insufficient scope, the auditor issues a departure from an unqualified report (qualified, adverse or disclaimer based on the circumstances). As a result, the auditor discloses the basis for a departure because of its significance to users.

In an unqualified report, the auditor would deem critical audit matters as insignificant toward changing the outcome of the opinion; therefore, we believe that this information would not provide incremental value to users. Instead, these matters would complicate the user's understanding of the auditor's opinion. Based on the Proposal's examples, we believe that adding disclosures of critical audit matters would create confusion within the investor community that the judgments used by management may not be in accordance with GAAP or that the auditor disagreed with those judgments, which could ultimately raise doubt over the auditor's judgment used to form the opinion. Therefore, to avoid confusion, we support maintaining the current defined responsibilities of management and the auditor. We believe that investors are best served by the prevention of audit deficiencies through the improvement of audit standards and procedures.

Emphasize the Value of Viewing the Form 10-K as a Comprehensive Financial Reporting Package

Rather than providing supplemental disclosures in the auditor's report, we recommend that the PCAOB and the accounting profession emphasize the importance of looking at the Form 10-K as a comprehensive financial reporting package. This package includes but is not limited to: 1) the auditor's report on the financial statements; 2) the auditor's report on the company's internal control over financial reporting; 3) the financial statements and the notes to the financial statements; 4) MD&A; 5) certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002; and, 6) management's representations of the effectiveness of disclosure controls and procedures and internal controls over financial reporting. When these integral parts are viewed together, we believe that users would receive greater value from this package than the proposed critical audit matters.

Again, thank you for allowing us to participate in the Board's considerations toward the development of PCAOB standards. 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.