HOST MARRIOTT CORP/
Form 8-K
May 19, 2003

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# FORM 8-K

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): May 14, 2003**

# HOST MARRIOTT CORPORATION

**(Exact Name of Registrant as Specified in Charter)**

| | | |
|---|---|---|
| **Maryland** | **001-14625** | **53-0085950** |
| **(State or Other Jurisdiction of Incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

| | |
|---|---|
| **6903 Rockledge Drive, Suite 1500** | |
| **Bethesda, Maryland** | **20817** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**Registrant s telephone number, including area code: (240) 744-1000**

**Item 5. Other Events.**

*General*

On May 14, 2003, Host Marriott, L. P. (the Operating Partnership ), of which we are the sole general partner, entered into an amendment to its bank credit facility with Deutsche Bank Trust Company Americas, as Administrative Agent, Bank of America, N.A., as syndication agent and certain other agents and lenders. As a result of such amendment, the financial covenants which the Operating Partnership is subject to were modified to provide additional flexibility for the remaining term of the bank credit facility. In addition, the revolving loan commitment under its bank credit facility will automatically be reduced from $400 million to $300 million in November 2003 unless the Operating Partnership has taken other actions, primarily the completion of asset sales, which would otherwise reduce the revolving loan commitment to $300 million or less prior to such time. Not more than $250 million of the revolving loan commitment will be available for drawing initially. Additionally, availability under the revolving loan commitment could increase in the event that the Operating Partnership s leverage ratio falls below 6.75x after the third quarter of 2003.

As was the case under the Operating Partnership s bank credit facility prior to the amendment, the scheduled maturity date continues to be in June 2005. However, the option to extend the maturity date for an additional year after June 2005, which was subject to the Operating Partnership satisfying a certain minimum leverage ratio, has been eliminated under the amendment.

There are no amounts outstanding under the bank credit facility.

*Financial and Other Covenants*

The Operating Partnership continues to be subject to financial covenants under the bank credit facility for leverage, interest coverage, fixed charge coverage and unsecured interest coverage, but the applicable financial covenant levels have generally been made less stringent than would have been applicable during comparable time periods under the bank credit facility prior to the amendment. In addition, the amendment provides that in the event that these financial covenants are not satisfied during any one of certain fiscal quarters specified in the amendment (the baseline covenants), such event will not cause a default or event of default so long as less restrictive covenant levels are met during such fiscal quarter and the Operating Partnership s projections show that compliance with the baseline covenant levels that would otherwise be applicable under the amended bank credit facility will be achieved in the following fiscal quarter. The ability to utilize the less restrictive covenant levels is available on a one-time basis only. In the event that it becomes necessary to utilize such less restrictive levels for a fiscal quarter, then until such time as we deliver results for our next fiscal quarter that demonstrate satisfaction with the baseline covenants, the Operating Partnership will generally be prohibited from borrowing additional amounts under the bank credit facility and, to the extent that amounts were outstanding under the bank credit facility at the time we utilized the less restrictive covenants, the Operating Partnership will also temporarily become subject to more restrictive limitations on its ability to make certain investments and capital expenditures, pay distributions, or incur new indebtedness.

*Mandatory Commitment Reductions Relating to Asset Sales*

In general, in the event that the Operating Partnership consummates asset sales during any 12 month period that generate net proceeds in excess of 1% of its total assets (calculated using an amount equal to our undepreciated real estate assets), the revolving loan commitment will automatically be reduced by the amount of such proceeds to the extent that such proceeds are not reinvested or committed to be reinvested in the

Operating Partnership s business within 364 days. The amendment provides certain exceptions to this general rule, including, among other things, the following:

Until such time as the revolving loan commitment has been reduced to $300 million, a revolving loan commitment reduction cannot be avoided through the reinvestment of the asset sale proceeds; and

When the revolving loan commitment is $250 million or less, further revolving loan commitment reductions occur with respect to asset sale proceeds that are not reinvested only to the extent that amounts are outstanding under the bank credit facility. If no amounts are outstanding, a commitment reduction can be avoided if the Operating Partnership achieves commensurate reductions in the amount of its other secured indebtedness or indebtedness under its senior note indenture.

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**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 report on Form 8-K by using words or phrases such as anticipate , believe , estimate , expect , intend , may be , objective , plan , predict , project and will be and similar words or phras thereof. 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 report on Form 8-K 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.

**Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.**

(a) Financial statements of business acquired.

Not applicable.

(b) Pro forma financial information.

Not applicable.

(c) Exhibits.

| Exhibit No. | Description |
|---|---|
| 10.38 | Credit Agreement, dated as of June 6, 2002, among Host Marriott, L.P., Certain Canadian Subsidiaries of Host Marriott, L.P., Deutsche Bank Trust Company Americas, Bank of America, N.A., Citicorp Real Estate, Inc., Credit Lyonnais New York |

Branch, Wells Fargo Bank, N.A. and Various Lenders (incorporated by reference to the Registrant s report on Form 8-K filed on June 14, 2002)

| | |
|---|---|
| 10.39 | Pledge and Security Agreement, dated as of June 6, 2002, among Host Marriott, L.P. and the other Pledgors named therein and Deutsche Bank Trust Company Americas, as Pledgee (incorporated by reference to the Registrant s report on Form 8-K filed on June 14, 2002) |
| 10.40 | Subsidiaries Guaranty, dated as of June 6, 2002, by the subsidiaries of Host Marriott, L.P. named as Guarantors therein (incorporated by reference to the Registrant s report on Form 8-K filed on June 14, 2002) |
| 10.41 | Amendment No. 1 to Credit Agreement, dated as of May 14, 2003, among Host Marriott, L.P., Calgary Charlotte Partnership, HMC Toronto Air Company, HMC Toronto EC Company, HMC AP Canada Company, Deutsche Bank Trust Company Americas, as Administrative Agent, and various lenders. |

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 hereunto duly authorized.

| | | |
|---|---|---|
| | HOST MARRIOTT CORPORATION | |
| Date: May 19, 2003 | By: | /s/ LARRY K. HARVEY |
| | Name: | Larry K. Harvey |
| | Title: | Senior Vice President and Corporate Controller |

**EXHIBIT INDEX**

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