



1956

ANNUAL REPORT



HILTON HOTELS

CORPORATION



1956

Report

HILTON HOTELS CORPORATION

720 South Michigan Ave.,
Chicago 5, Illinois

From warm welcome to cheerful good-bye, sincere hospitality is the cornerstone on which Hilton service rests. Every consideration is extended to guests in matters of comfort and convenience. To express a desire is to have it immediately fulfilled.

TO SHAREHOLDERS

CONTENTS	PAGE
Directors and Officers.....	2
President's Letter.....	3-4
Results of Our Operations.....	6
Our Earnings Picture.....	8
Financial Views.....	10
Our Domestic Expansion Program.....	12
Our Foreign Development Program.....	14
The Story of Improvements.....	16
Our Employee Relations.....	18
How Our Income Was Spent.....	20
Consolidated Balance Sheet.....	22-23
Consolidated Income and Surplus.....	24-25
Notes to Financial Statements.....	26-28
Certificate of Independent Public Accountants.....	29
Statement of Financial Condition.....	30
Summary of Consolidated Earnings.....	31
On The Horizon.....	32

The Hilton Hotels Corporation is proud of its personnel, and pleased to present, on the pages that follow, a panorama of photographs depicting employees executing their skills, "on stage" and behind-the-scenes.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

JOSEPH P. BINNS, *Vice President*
HENRY CROWN, *Chairman, Material Service Corporation, Chicago*
SPEARL ELLISON, *Vice President*
HORACE C. FLANIGAN, *Chairman*
Manufacturers Trust Company, New York
Y. FRANK FREEMAN, *Vice President*
Paramount Pictures, Inc. Hollywood
CONRAD N. HILTON, *President*
WILLARD W. KEITH, *President*
Marsh & McLennan—Cosgrove & Company of Los Angeles
LAWRENCE STERN, *Chairman*
American National Bank & Trust Company of Chicago
ROBERT P. WILLIFORD, *Executive Vice President*
SAM D. YOUNG, *President*
El Paso National Bank, El Paso, Texas

OFFICERS

CONRAD N. HILTON, *President*
ROBERT P. WILLIFORD, *Executive Vice President*
JOSEPH P. BINNS, *Vice President*
ROBERT J. CAVERLY, *Vice President*
HENRY CROWN, *Vice President*
SPEARL ELLISON, *Vice President*
CHARLES L. FLETCHER, *Vice President*
VERNON HERNDON, *Vice President*
BARRON HILTON, *Vice President*
JOHN W. HOUSER, *Vice President*
JAMES H. McCABE, *Vice President*
LYNN H. MONTJOY, *Vice President*
ROBERT F. QUAIN, *Vice President*
FRANK G. WANGEMAN, *Vice President*
WILLIAM J. FRIEDMAN, *Secretary*
HERBERT E. HOLT, *Treasurer and Comptroller*

TRANSFER AGENTS

REGISTRARS

COMMON STOCK

The First National Bank of Chicago
Manufacturers Trust Company, New York
Bank of America N.T. & S.A., Los Angeles

American National Bank & Trust Company of Chicago
Chemical Corn Exchange Bank, New York
California Bank, Los Angeles

5% FIRST PREFERRED STOCK, SERIES A

Manufacturers Trust Company, New York

Chemical Corn Exchange Bank, New York

5½% CONVERTIBLE PREFERRED STOCK, SERIES A

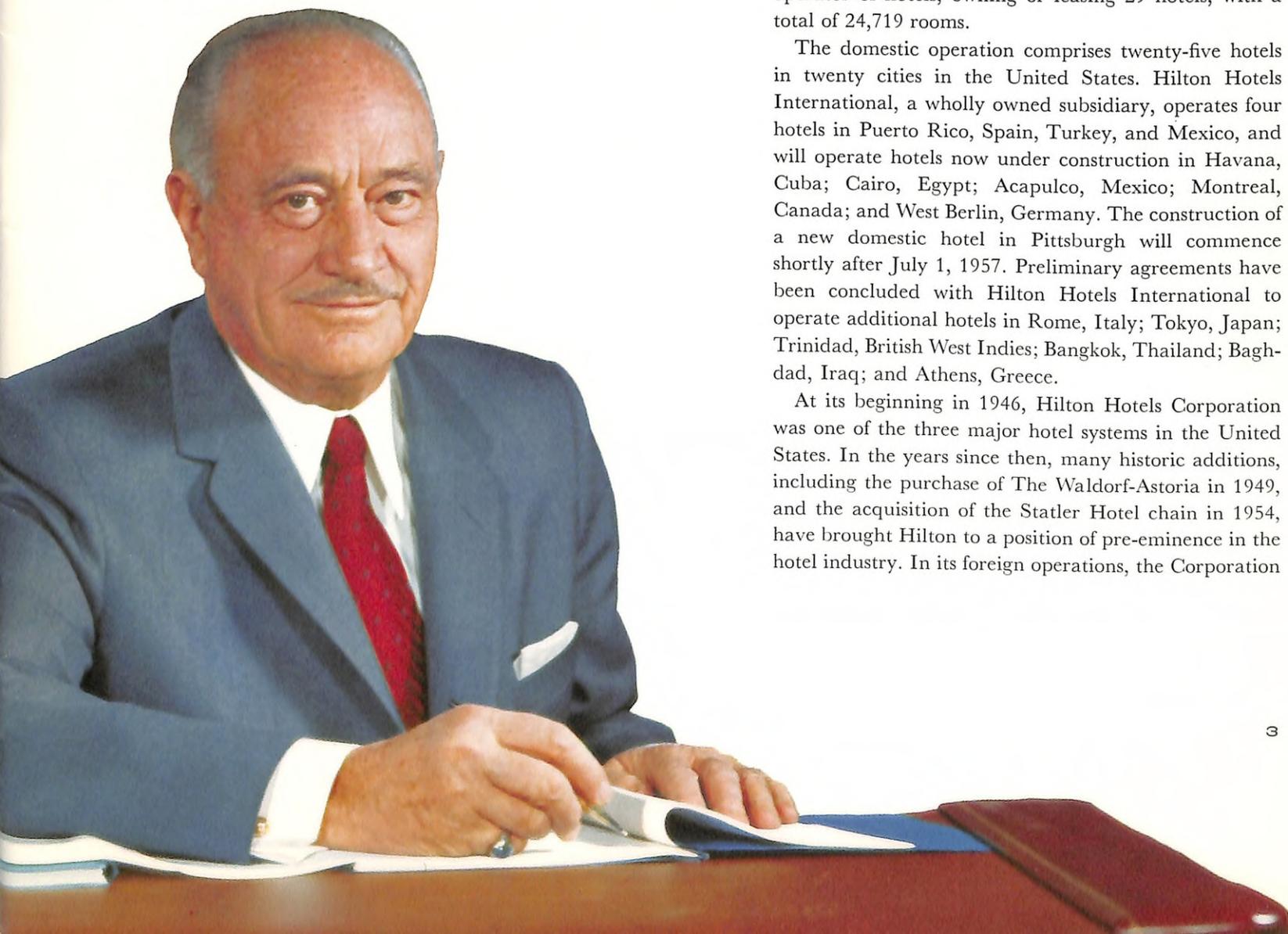
The First National Bank of Chicago
Manufacturers Trust Company, New York

American National Bank & Trust Company of Chicago
Chemical Corn Exchange Bank, New York

EXECUTIVE OFFICES

Hilton Hotels Corporation • 720 South Michigan Avenue • Chicago 5, Illinois

Ten Years of Hilton Progress
have created a new trend
in hotel operations...



During 1956, Hilton Hotels Corporation celebrated the tenth anniversary of its founding. It observed the occasion by establishing new peaks for the year in every phase of its widespread operation. Revenues and earnings rose to the highest level in our corporate history. Accordingly, the dividend rate on the common stock was again raised. Five new hotels were added to the system, and plans were completed for the acquisition or construction of several more in the months and years ahead.

On June 1, 1946, a little more than ten years ago, the Hilton Hotels Corporation came into being—a consolidation of nine separately owned and operated hotel properties. Today, the Corporation is the world's largest operator of hotels, owning or leasing 29 hotels, with a total of 24,719 rooms.

The domestic operation comprises twenty-five hotels in twenty cities in the United States. Hilton Hotels International, a wholly owned subsidiary, operates four hotels in Puerto Rico, Spain, Turkey, and Mexico, and will operate hotels now under construction in Havana, Cuba; Cairo, Egypt; Acapulco, Mexico; Montreal, Canada; and West Berlin, Germany. The construction of a new domestic hotel in Pittsburgh will commence shortly after July 1, 1957. Preliminary agreements have been concluded with Hilton Hotels International to operate additional hotels in Rome, Italy; Tokyo, Japan; Trinidad, British West Indies; Bangkok, Thailand; Baghdad, Iraq; and Athens, Greece.

At its beginning in 1946, Hilton Hotels Corporation was one of the three major hotel systems in the United States. In the years since then, many historic additions, including the purchase of The Waldorf-Astoria in 1949, and the acquisition of the Statler Hotel chain in 1954, have brought Hilton to a position of pre-eminence in the hotel industry. In its foreign operations, the Corporation

A DECADE OF

has made a unique contribution to the Government's program of Foreign Aid by establishing American-operated hotels in important world cities. This has helped to stimulate travel and trade in areas throughout the world, and has helped supply American dollars to those economies in need of them. The program has, in addition, fostered international good will.

The tremendous growth of the Hilton Hotels Corporation in the past ten years is vividly portrayed in the financial statistics summarized on the opposite page. During this decade, the Corporation's total assets more than tripled, gross revenues more than quadrupled, and net profit from operations, despite sharply higher labor and material costs, increased more than twofold over the net profit for 1947.

Your management is confident of continued growth in the next decade, although the pattern of growth may change. There are, for example, few remaining opportunities for purchasing and integrating fine domestic hotels into the Hilton system, a policy pursued to excellent advantage during our first ten years of operation. Mushrooming popu-

lation growth, coupled with a lack of hotel construction, has led to a shortage of domestic hotel space.

For the future, a careful program has been adopted which will yield profits in spite of today's high construction costs. The Statler Hilton in Dallas, The Beverly Hilton, and the Hartford Statler, have already demonstrated that proper planning of new hotel properties pays off in sound profits.

Profits, however, are not our only concern. We are also concerned about people—whether they be shareholders, employees, or guests. We like to think of the Hilton organization as not only a city of fine hotels, but as a family of closely-knit individuals, all of whom share a warm feeling toward the Corporation, its facilities, and its personnel. On this tenth anniversary of our existence as a corporate entity, it is fitting that your Corporation resolve to sustain and increase its personalization efforts.

Remember that this is *your* Corporation. Make use of your privileges as a shareholder. Most of the major cities you visit are served by properties of the Hilton Hotels Corporation. Visit these properties for the finest in hotel accommodations. Your Hilton-Statler credit card, one of the world's most widely-held cards, enables you to charge room, food, and beverage services to your account, and to cash checks. If you do not hold a credit card and wish to apply for one, write to the Credit Card Division, Hilton Hotels Corporation, 9958 Santa Monica Boulevard, Beverly Hills, California.

In the years ahead, as in the decade just completed, our progress will be a result of loyal and diligent efforts on the part of the nearly 25,000 men and women comprising the Hilton organization. It will be a reflection, also, of the co-operation of our 6,000 stockholders, whose confidence and support have laid the groundwork for the Corporation's growth to date. To these groups, and to the others who have contributed so much to our success, the management of Hilton Hotels Corporation pays tribute.

Conrad N. Hilton

March 11, 1957

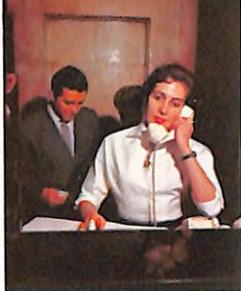
PRESIDENT

PROGRESS



YEARS ENDED DECEMBER 31	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947
GROSS REVENUE	\$198,880,035	\$189,456,563	\$120,984,467	\$97,693,990	\$87,218,524	\$80,222,215	\$71,795,761	\$47,805,394	\$48,725,969	\$47,842,722
NET PROFIT OR (LOSS) (excluding minority interest)										
From Operations.....	\$ 9,587,214	\$ 8,002,259	\$ 4,822,070	\$ 4,135,290	\$ 4,251,170	\$ 3,940,815	\$ 4,855,333	\$ 4,315,026	\$ 4,055,202	\$ 4,584,908
From Sale of Properties.....	7,165,155	1,102,501	916,003	2,278,710	270,245	—	—	(183,353)	—	1,114,826
TOTAL.....	\$ 16,752,369	\$ 9,104,760	\$ 5,738,073	\$ 6,414,000	\$ 4,521,415	\$ 3,940,815	\$ 4,855,333	\$ 4,131,673	\$ 4,055,202	\$ 5,699,734
EARNINGS PER COMMON SHARE*										
From Operations.....	\$ 2.53	\$ 2.20	\$ 1.35	\$ 1.26	\$ 1.29	\$ 1.19	\$ 1.55	\$ 1.38	\$ 1.19	\$ 1.28
From Sale of Properties.....	1.95	.32	.28	.70	.08	—	—	(.06)	—	.34
TOTAL.....	\$ 4.48	\$ 2.52	\$ 1.63	\$ 1.96	\$ 1.37	\$ 1.19	\$ 1.55	\$ 1.32	\$ 1.19	\$ 1.62
WORKING CAPITAL AT DECEMBER 31.....	\$ 16,197,792	\$ 10,146,953	\$ 16,736,838	\$10,797,942	\$ 8,289,896	\$ 7,154,309	\$ 6,021,555	\$ 4,200,894	\$ 3,044,148	\$ 5,227,519
EARNED SURPLUS AT DECEMBER 31 (excluding surplus reserves).....	\$ 42,423,576	\$ 29,966,364	\$ 24,697,177	\$21,647,725	\$17,187,648	\$14,447,174	\$12,664,299	\$ 9,614,750	\$ 7,271,896	\$ 5,062,687
OUTSTANDING STOCK AT DECEMBER 31 (number of shares)										
First Preferred—Series A.....	52,900	52,900	52,900	61,960	—	—	—	—	—	—
First Preferred—Series B (convertible)	—	25,340	38,000	—	—	—	—	—	—	—
Convertible Preference.....	—	—	—	24,290	43,513	79,889	98,077	116,265	134,463	197,401
Common*.....	3,671,602	3,440,478	3,297,520	3,227,280	3,241,688	3,185,756	2,996,434	2,961,184	3,167,090	3,237,156

*Adjusted for the two-for-one stock split in 1956.



RESULTS OF OUR

1956 proved a good year for the hotel industry as a whole. Room occupancy levels remained at 72% for the third consecutive year. This gratifying stability followed eight years of declining occupancy ratios, which in turn followed the all-time peak of 93% occupancy achieved in 1946 due to the housing crisis. Through increases in room rates, the hotel industry in 1956 obtained a 4% gain in room revenues. Food and beverage revenues rose 3% over those of 1955.

The record of Hilton Hotels Corporation in 1956 was better than that of the industry as a whole. Our room occupancy ratio was 76%, and room revenues improved 4.3% over those of 1955. Food and beverage sales ran 5.2% higher than in 1955, and overall revenues were up 5.0% over 1955 revenues. Against the yardstick of ten-year growth, as indicated on the chart on the facing page, gains were even more impressive. Room revenues were 148% higher than they were in 1952, and 358% higher than they were in 1947. Food and beverage sales were 118% higher than those of five years ago, and 299% higher than those of ten years ago. Overall revenue increased 128% above the level achieved in 1952, and 316% above the level achieved in 1947.

The benefits of Hilton's continuing program of modernization and improvement were clearly reflected in net profits from operations, which, in 1956, rose 19.8%, to the highest level by far in our corporate history. In addition, substantial profits were realized on the sale of properties, bringing overall net profit to a point 84.0% above that of a year ago.

1956 gross revenues of the Hilton Hotels Corporation, surpassing all previous records, totaled \$198,880,035,

compared with the \$189,456,563 volume of business attained in 1955, and 1947's total of \$47,842,722. A number of new Hilton Hotels contributed to revenues for portions of the year. These included The Statler Hilton in Dallas, from which revenues were received for eleven-and-a-half months; the Netherland Hilton, from which revenues were received for seven months; the Terrace Hilton, two months; the San Antonio Hilton, eight months; the Continental Hilton, three weeks; and the Senator Hotel, from which revenues were received for five months. Offsetting these gains was the loss of revenues from the hotels Jefferson, Roosevelt, and Mayflower—sold in December, 1955, and in February and March of 1956, respectively.

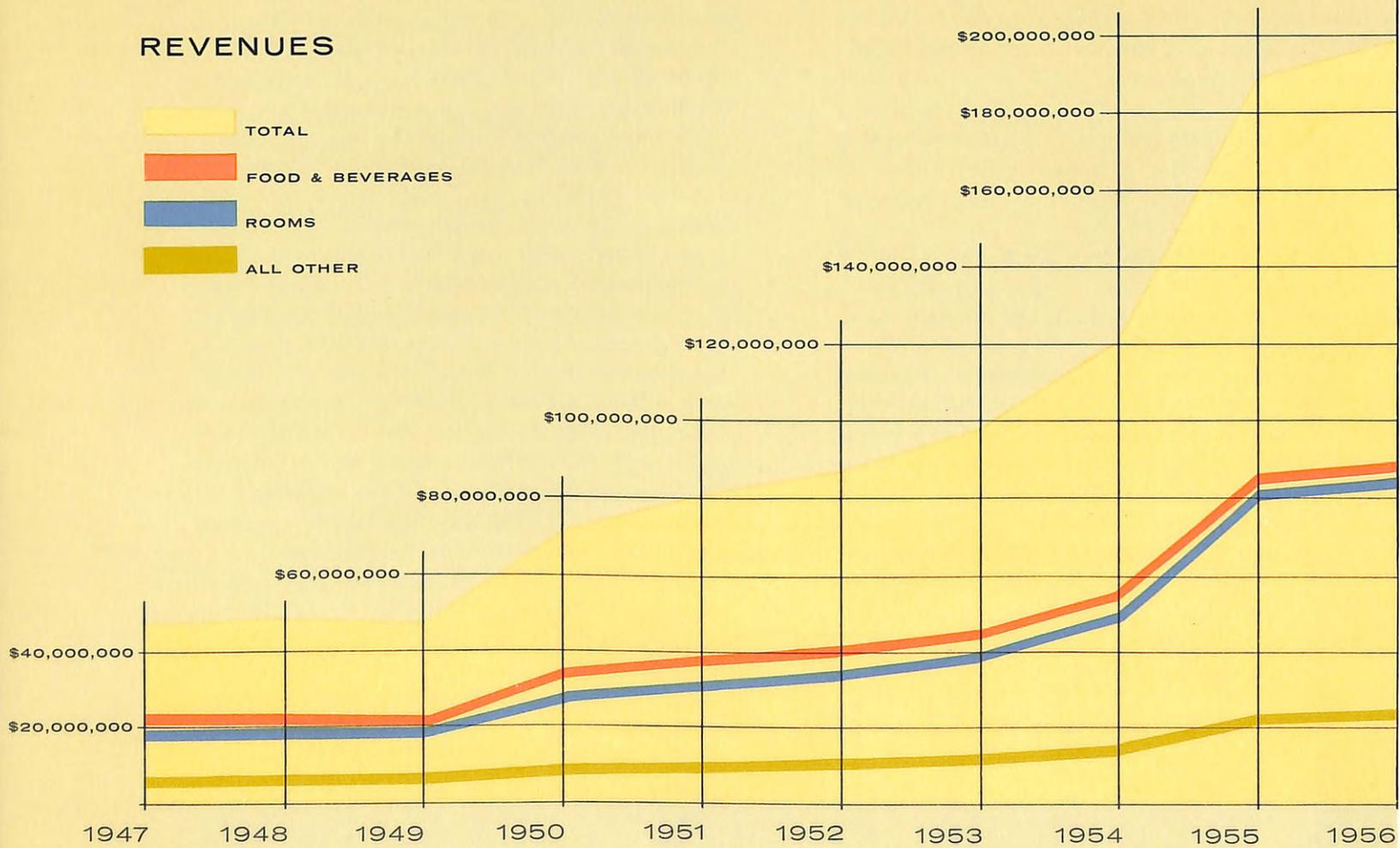
Room operations in 1956 yielded revenues amounting to \$85,082,755, compared with \$81,566,520 for the preceding year, and \$18,564,498 for 1947. The sale of food and beverages accounted for \$89,264,241, as opposed to \$84,832,829 in 1955, and \$22,379,960 in 1947. Other operated departments contributed \$15,368,355 to 1956 revenue, as against \$15,059,221 in 1955, and \$4,979,440 derived from this source in 1947. Store rentals in 1956 were \$2,696,413, compared with \$2,460,510 for the year preceding, and \$1,057,184 in 1947. Other income amounting to \$4,895,226 was received in 1956, compared to \$4,362,857 received the year before, and \$796,945 received ten years ago.

It is the intention of Hilton Hotels Corporation to maintain its profit leadership in the hotel field, by means of thoughtful modernization, intensified sales and promotional efforts, and resourceful expansion of the many services demanded and expected by our guests.



OPERATIONS

REVENUES





OUR

Consolidated net profit of Hilton Hotels Corporation in 1956, after all charges and taxes, soared to \$16,752,369, a gain of 84% over the \$9,104,760 net profit of 1955. The 1956 net profit is equal, after preferred dividend requirements to \$4.48 a share on the 3,671,602 shares of common stock outstanding on December 31, 1956. A year earlier, net profit after preferred dividends was equal to \$2.52 per share on the equivalent 3,440,478 common shares then outstanding, adjusted for the two-for-one stock split effected in September.

Operations in 1956 accounted for \$9,587,214 of the total consolidated net profit. This amount was equal, after preferred dividends, to \$2.53 per common share. In 1955, net profit from operations was \$8,002,259, or \$2.20 per common share. Profit from the sale of properties in 1956 amounted to \$7,165,155, or \$1.95 per common share. This amount compared with similar profits in 1955 of \$1,102,501, which came to 32 cents per common share of stock.

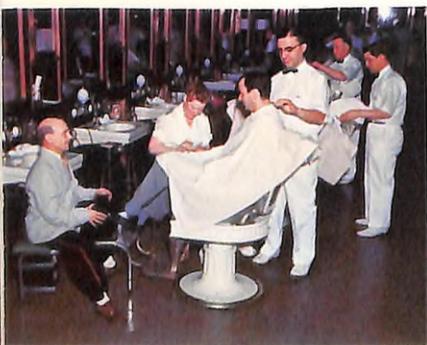
The substantial net profit derived from property sales was occasioned by a number of extraordinary circumstances. Three hotels, the Jefferson in St. Louis, the Mayflower in Washington, and the Roosevelt in New York, were sold in compliance with a consent decree entered on February 6, 1956. This decree, which in no way admits any violation on the part of the Corporation, brought to an end an anti-trust suit filed by the Justice Department against the Corporation and the Statler Hotels Delaware Corporation.

The Jefferson Hotel was sold in Decem-

ber of 1955, prior to the entry of the consent decree, at a profit of \$2,617,655 after capital gains tax. This sale was followed by that of the Hotel Roosevelt on February 29, 1956, which resulted in a profit after taxes of \$1,845,950. The Mayflower Hotel in Washington, D.C. was sold on March 31 at a profit after taxes of \$5,862,867.

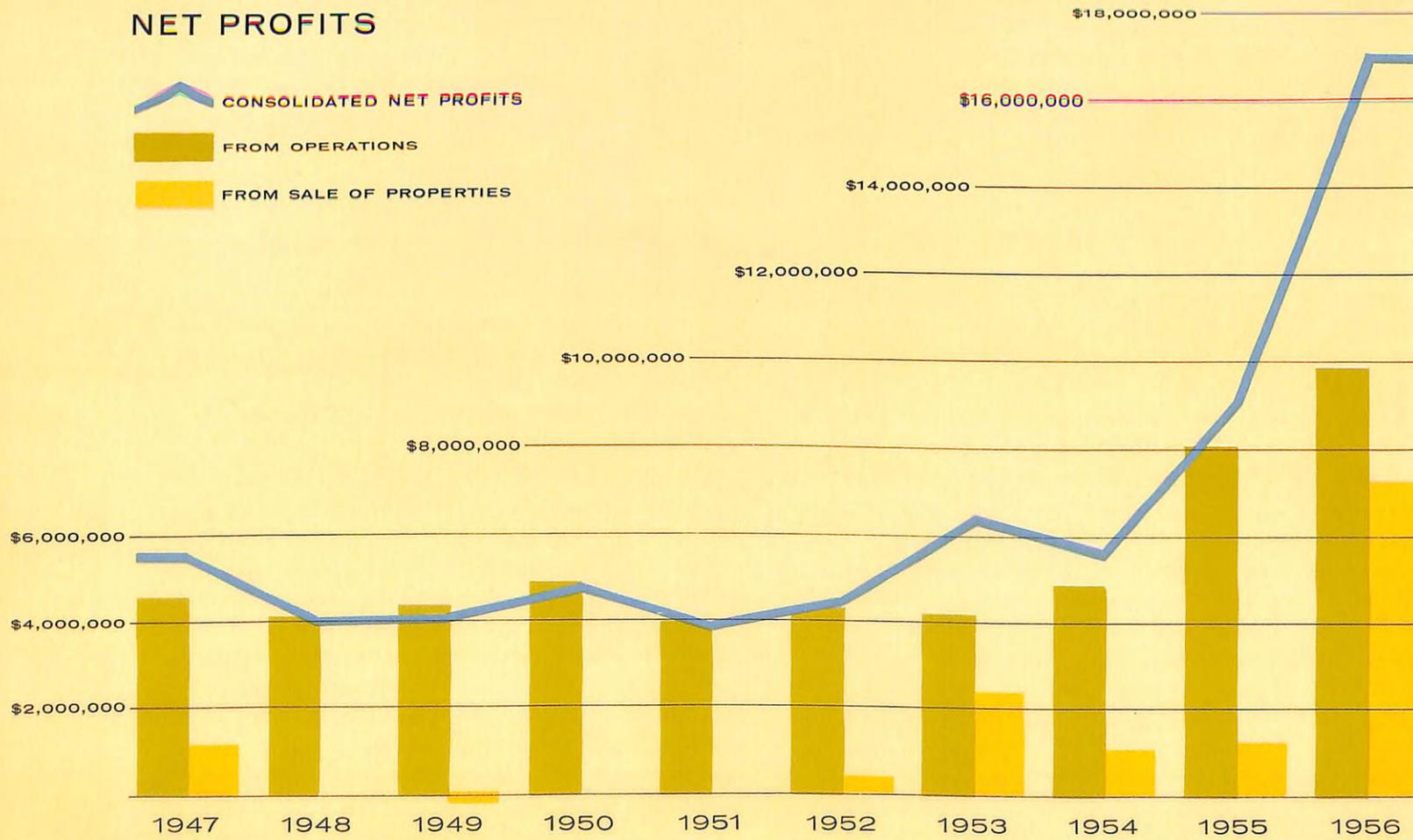
The sale of the Hotel New Yorker was completed on October 16, 1956. Payment received by Hilton Hotels Corporation consisted of \$1,679,625 in cash, plus 12,815 shares of Hilton Hotels common stock valued at \$320,375. As part of the transaction, Hilton earlier had received the equity in the Hotel Senator in Sacramento, California. The remainder of the purchase price consisted of a second mortgage and other notes. The total profit after taxes accruing from the New Yorker sale is \$7,169,847, which will be received in installments over a ten-year period. The Hotel Senator was sold, as of October 31, upon receipt of \$1,800,000 in cash from the purchaser. The balance of the purchase price was represented by a second mortgage of \$450,000, and a new first mortgage of \$1,500,000, both assumed by the purchaser.

Of the \$23,327,920 pre-tax profit accruing to Hilton Hotels Corporation from the sale of the Jefferson, Roosevelt, Mayflower, and New Yorker hotels, a total of \$8,589,793 was taken into income in 1956. Additional profit was also realized from property sales of prior years. At December 31, 1956, there remained \$19,092,518 in unrealized profit from property sales, which will be applied to income over the next 10 years. This profit amounts to \$3.90 per share, after provision for capital gains tax at the current rate based on the 3,671,602 common shares outstanding at the year-end.



EARNINGS PICTURE

NET PROFITS



FINANCIAL



CAPITAL CHANGES. The two-for-one stock split, approved by stockholders on September 17, 1956, resulted in the doubling of the number of common shares. The outstanding common stock was also increased by 126,700 shares through the conversion of 25,340 shares of 4¾% First Preferred Stock (Convertible), Series B, and by 100,090 shares through the conversion of \$2,166,200 principal amount of 4½% fifteen-year convertible debentures. In addition,

63,946 shares of Treasury common stock were issued in the acquisition of the San Antonio Hilton. At year's end, there were 3,671,602 shares of common stock outstanding, compared with 3,440,478 shares, adjusted for the split, outstanding at December 31, 1955. Both amounts listed above exclude Treasury stock.

On October 26, your Directors authorized the purchase of 100,000 shares of common stock, equivalent to the amount of shares originally issued in 1953 to purchase the Hotel New Yorker. Of this number, 46,900 shares had been purchased by December 31, bringing the total number of shares in the Treasury to 443,825.

Book value of Hilton Hotels Corporation common stock was \$18.96 per share at December 31, 1956, compared with \$15.25 per adjusted share a year ago.

ANALYSIS OF LONG TERM DEBT. The consolidated long term debt of the Corporation was reduced during the year to \$66,780,018 at December 31, 1956, from \$75,022,446 a year earlier. The changes are analyzed completely on the table on the facing page.

Long term debt of \$10,901,763, in the form of mort-

gage bonds and notes, was eliminated through the sale of the New Yorker and the Mayflower properties. In addition, \$1,688,769 of subordinated debentures of the Roosevelt were assumed by the purchaser in the sale of that property. An additional \$350,000 payment, apart from the normal \$350,000 installment, was made on the outstanding Waldorf-Astoria loan during the year, reducing it to \$750,000 from \$1,450,000 at the end of 1955.

Additions to long term debt included mortgages of \$8,000,000 on the Terrace Hilton, and \$450,000 on the San Antonio Hilton, together with a \$2,400,000 note on the New York Statler.

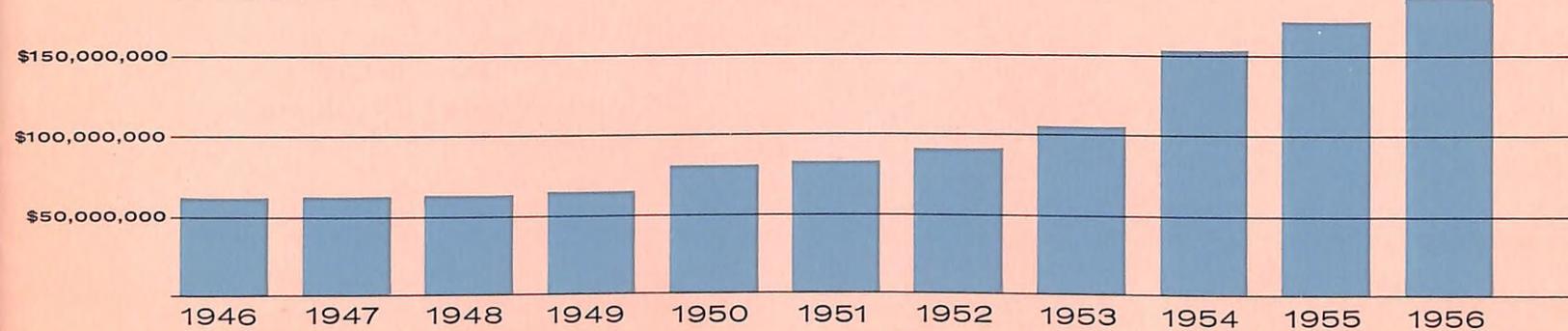
OUR ASSETS. An impressive yardstick by means of which a corporation's stature can be measured is the amount of its total assets at year's end. Hilton Hotels Corporation's total assets at December 31, 1956, were \$187,313,911—more than three times the amount of total assets at year's end in 1946.

An examination of the chart on the opposite page will graphically demonstrate the Corporation's steady growth, paralleling the accumulation of hotel properties in the Corporation's ever-expanding family.

One asset not measurable on a chart is the amount of good will accruing to a corporation. This is an asset of inestimable worth, and is dependent upon the corporation's public relations image as it is maintained in the eye of the public. The image is sustained by what the public reads and hears about a corporation, and by its direct experience with the personnel and facilities of the corporation. We feel that our public relations image is an excellent one. We intend, by unremitting attention to small details, to keep it that way.

VIEWS

ASSETS



ANALYSIS OF CONSOLIDATED LONG TERM DEBT

	BALANCE DECEMBER 31, 1955	ADDITIONS DURING 1956	REDUCTIONS DURING 1956	BALANCE DECEMBER 31, 1956
MINISTERIAL BONDS AND NOTES				
Palmer House.....	\$12,580,000.00	—	\$ 480,000.00	\$12,480,000.00
The Conrad Hilton.....	5,800,000.00	—	300,000.00	5,500,000.00
Hotel New Yorker.....	5,025,753.36	—	5,025,753.36	—
The Mayflower.....	4,875,000.00	—	4,875,000.00	—
Waldorf-Astoria Laundry.....	243,352.41	—	16,954.24	226,448.17
The Starbuck Hilton.....	12,807,000.00	—	232,000.00	12,575,000.00
San Antonio Hilton.....	—	450,000.00	37,500.00	412,500.00
Terrace Hilton.....	—	8,000,000.00	40,212.81	7,959,787.19
DEBENTURES				
5% Roosevelt Due 5/1/54.....	1,688,758.80	—	1,688,758.80	—
2% Hilton Due 11/1/64.....	1,500,000.00	—	—	1,500,000.00
4% Hilton Due 7/1/77.....	4,320,000.00	—	84,000.00	4,236,000.00
4 1/2% Hilton Due 1/1/70.....	5,818,500.00	—	2,155,200.00	3,663,300.00
OTHER NOTES				
Installment Purchase Contract.....	2,450,000.00	—	100,000.00	2,350,000.00
Waldorf-Astoria Laundry.....	641,340.00	—	40,720.00	600,620.00
The Waldorf-Astoria.....	1,450,000.00	—	700,000.00	750,000.00
Hilton Hotels International.....	400,000.00	—	53,287.75	346,712.25
New York Hotel Staffer.....	—	2,400,000.00	100,000.00	2,300,000.00
Hilton Hotels Corporation.....	12,000,000.00	—	2,000,000.00	10,000,000.00
Sundry.....	444,291.66	—	181,041.66	303,250.00
TOTAL	<u>\$75,022,446.23</u>	<u>\$10,850,000.00</u>	<u>\$19,092,428.62</u>	<u>\$66,780,017.61</u>



OUR DOMESTIC

Four important additions were made to the roster of domestic Hilton Hotels during 1956, and plans were completed for a fifth.

As reported in the 1955 Annual Report, The Statler Hilton in Dallas, Texas, was opened on January 19, 1956. On May 1, 1956, your Corporation purchased The Plaza in San Antonio, Texas, through the issuance of 63,946 common shares (adjusted for the split) of Treasury stock. The San Antonio Hilton, as it has been renamed, is one of the leading hotels in the Southwest. Completely air-conditioned, it boasts an unusual roof garden. Meeting rooms for conventions, executive conferences, or parties are conveniently located. The ballroom and banquet hall can accommodate up to 700 guests.

Two hotels in Cincinnati, Ohio—the Netherland Hilton and Terrace Hilton—were acquired June 1, 1956. The Terrace Hilton, formerly the Terrace Plaza, was built in 1948. The hotel comprises the top portion of a nineteen-story building, the first seven stories of which contain stores, offices, and an apparel mart. The store leases were included in the transaction. The Terrace Hilton has 350 air-conditioned rooms. The eighth floor lobby is served by eight high-speed elevators. The Netherland Hilton, previously known as the Netherland Plaza, is a 28-story structure built in 1931. It includes 710 guests rooms and 4 restaurants.

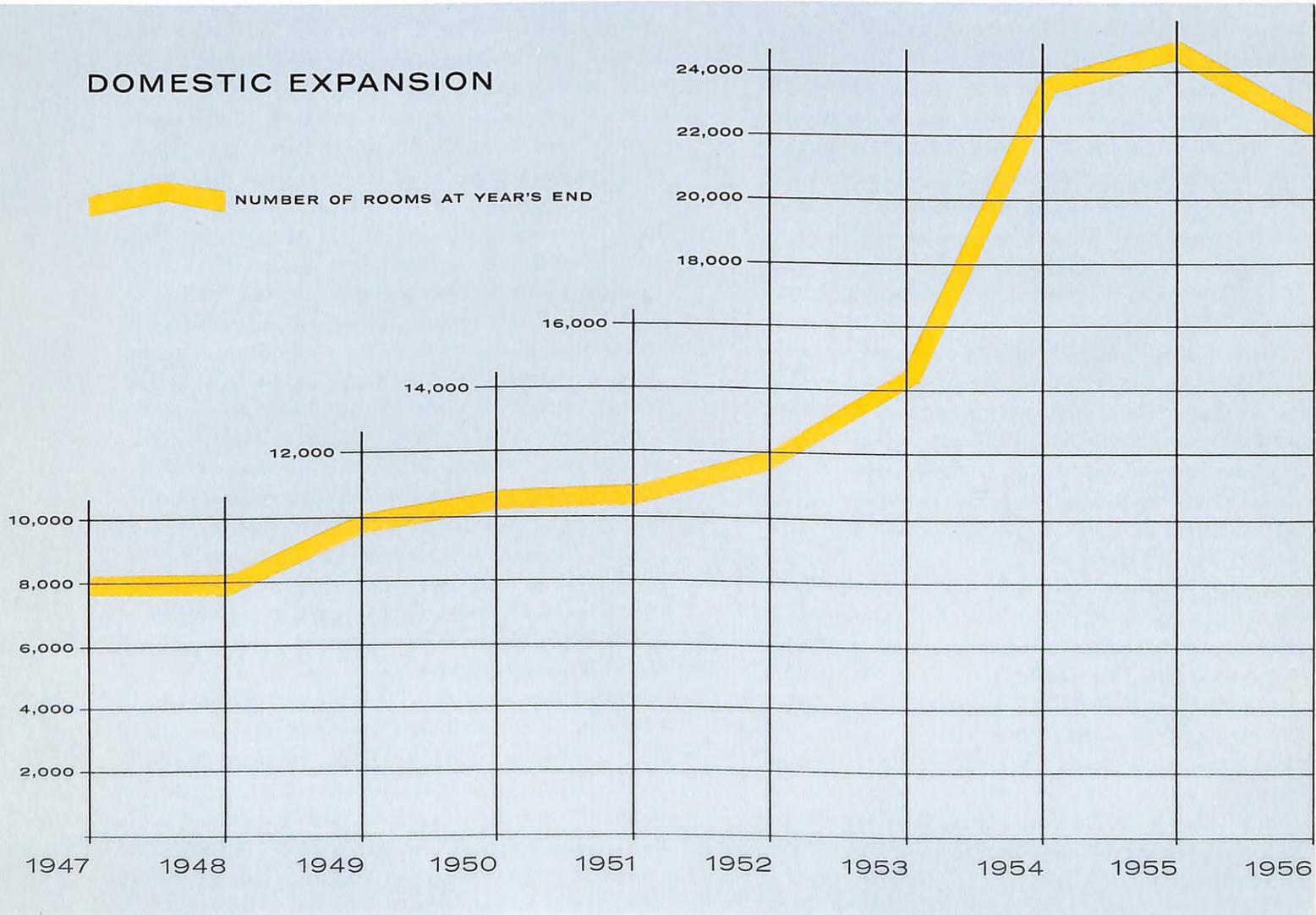
In June, it was announced that Hilton Hotels Corporation would build and operate a new \$15,000,000 hotel in the Gateway Center Development of Pittsburgh's Golden Triangle. The hotel, to be named the Pittsburgh Hilton, will be located on Liberty and Barbeau Streets, adjacent to the three stainless steel skyscrapers which dominate

the Gateway Center. Plans call for a seventeen-story, completely air-conditioned structure, with some 800 guest rooms and many public function rooms.

Among the Pittsburgh Hilton's prominent features will be one of the largest hotel ballrooms in the world, seating 2,000 people. Its 20,000 square feet can be separated, as required, into smaller rooms by the use of disappearing walls. In addition to the ballroom, ten to twelve private dining rooms are planned for from 20 to 100 guests. An exhibit hall will also be included in the plan. Adequate parking will be provided, and the hotel will encompass a special motor entrance and registration desk for guests arriving by automobile.

On February 8, 1957, Hilton Hotels Corporation formally took over the operation of the Savoy-Plaza Hotel in New York City. This acquisition will raise Hilton Hotels Corporation's assets to approximately \$202,000,000, an increase of \$15,000,000 over the \$187,000,000 at December 31, 1956. Under the plan of acquisition, three shares of Hilton common stock, plus three shares of a new issue of \$25.00 par value 5½% Preferred Stock, were exchanged for each of the 76,623 shares of Savoy-Plaza, Inc. common stock so acquired, thus giving your Corporation 82.4% of the outstanding Savoy-Plaza stock. Stockholders' approval of the new preferred stock issue was secured at a special meeting that was held on December 19, 1956. Of the 500,000 shares of preferred stock authorized, 278,733 shares were issuable along with an equal number of shares of Hilton common stock for the Savoy-Plaza, Inc. shares. For the present, the Savoy-Plaza will be operated as a separate corporation. No changes are contemplated in its excellent staff.

EXPANSION PROGRAM





OUR FOREIGN

The operation of Hilton Hotels International has evolved from a unique philosophy. Rather than assume the role of invaders intent upon siphoning back all profits to the United States, Hilton joins hands in a business fellowship with foreign entrepreneurs. Local capital—sometimes private, often governmental—provides the land, the hotel buildings, and furnishings. Hilton International supplies the operating capital, know-how, and efficiency which provide fine service for guests and a profit to the owners. From these profits, Hilton generally derives a one-third share, with the balance remaining in the country of its origin.

As part of its operating procedure, Hilton International brings a number of young men and women from each country to the United States, where they are trained in Hilton methods. When they return to open their hotel, they have had a schooling equal to that given employees in our domestic hotels. Nearly all employees in the Corporation's international hotels are citizens of the land in which the hotel is located.

Highlighting operations of Hilton Hotels International during the year was the gala opening, on December 8, 1956, of the 400-room Continental Hilton in Mexico City, Mexico. This V-shaped, latest addition to Mexico's hotel industry is located at the crossroads of the famous Pasea de la Reforma and Avenida Insurgentes. The five-day inaugural ceremonies for the fully air-conditioned 16-story structure were attended by an international assembly of celebrities in government, financial and industrial circles, as well as entertainment figures from many nations.

The Istanbul Hilton completed its first year of oper-

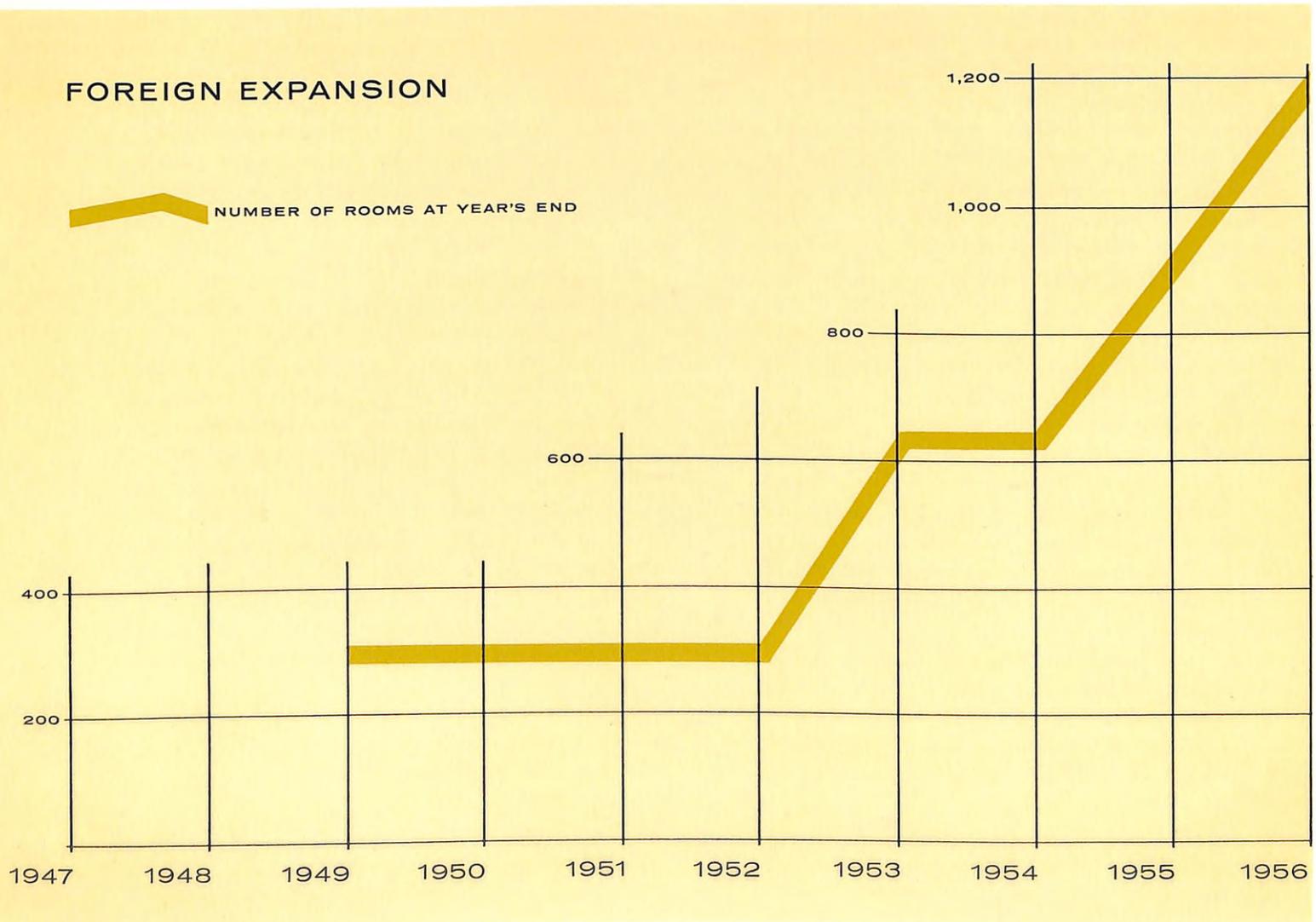
ation in June. The initial year of operation proved so successful that the Turkish government commemorated the event with the issuance of a special stamp and postmark portraying the hotel. The Turkish government credits the Istanbul Hilton with much of the nearly 60% increase in tourist travel to Turkey throughout 1955. An occupancy rate of over 91% was maintained during the first full year of operation. The new Istanbul swimming pool, the finest in the Middle East, was opened to celebrate the hotel's first anniversary.

Arrangements for the operation of four additional hotels abroad have been signed by Hilton International within the past twelve months. They are, in chronological order: a 450-room hotel in Tokyo, to be built by the Tokyo Electric Express Railway Ltd., which is part of one of the largest industrial aggregations in Japan; a 300-room hotel in Bangkok, Thailand, to be financed under the sponsorship of Her Majesty, Queen Rambhai Bharni, who will participate in the project as a major stockholder; a 300-room hotel in Baghdad, Iraq, financed by the government of Iraq; and a 300-room hotel in Athens, Greece, to be jointly financed by the Greek government and Apostolos Pezas, Greek financier and ship-owner. All hotels will be air-conditioned.

In addition to the hotels mentioned, Hilton Hotels International operated the Caribe Hilton in San Juan, Puerto Rico, and the Castellana Hilton in Madrid, Spain. Hotels presently under construction include the Habana Hilton, Havana, Cuba; the Nile Hilton, Cairo, Egypt; the Acapulco Hilton, Acapulco, Mexico; the Queen Elizabeth, Montreal, Canada; and the Berlin Hilton, West Berlin, Germany.



DEVELOPMENT PROGRAM





THE STORY OF

A prime objective of Hilton Hotels Corporation is to maintain a standard of excellence for all its hotels which rivals or exceeds that of the hotels when new. While they may vary in personality from city to city, each hotel is representative of the finest in hotel accommodations.

In 1956, \$8,301,918 was spent on improvements and modernization alone—almost twice as much as the \$4,214,431 expended in 1955. As part of a continuing program for the comfort of guests, \$4,293,000 was spent last year on air-conditioning for Hilton and Statler hotels in Chicago, Detroit, and New York. Work at the Palmer House alone involved the air-conditioning of 1,230 rooms, at a cost of \$1,275,000. The current program contemplates virtually complete air-conditioning for the few hotels still lacking complete systems.

Last year two new Imperial Suites were constructed on the top of The Conrad Hilton. Each features a glassed-in living room measuring 40 by 50 feet, with a fireplace, dining area, bar, kitchen, two bedrooms, and three baths. Master bedrooms open on terrace gardens. The suites fill a long-standing need for luxury accommodations for visiting guests of state.

A “Helicab” service for hotel guests and the general public was inaugurated at The Conrad Hilton last year. Helicopters furnish direct transportation between the hotel’s roof-top and Chicago’s airports. Cruising at 90 miles per hour, the “Helicab” service has reduced airport travel time by 90%.

An extensive improvement and modernization program was carried out at virtually all hotels during 1956. At the Buffalo Statler, for example, eighteen projects were completed, costing \$335,000, the largest of which

was a \$90,000 installation of TV equipment. At the St. Louis Statler, a total of \$68,000 was spent for new laundry equipment.

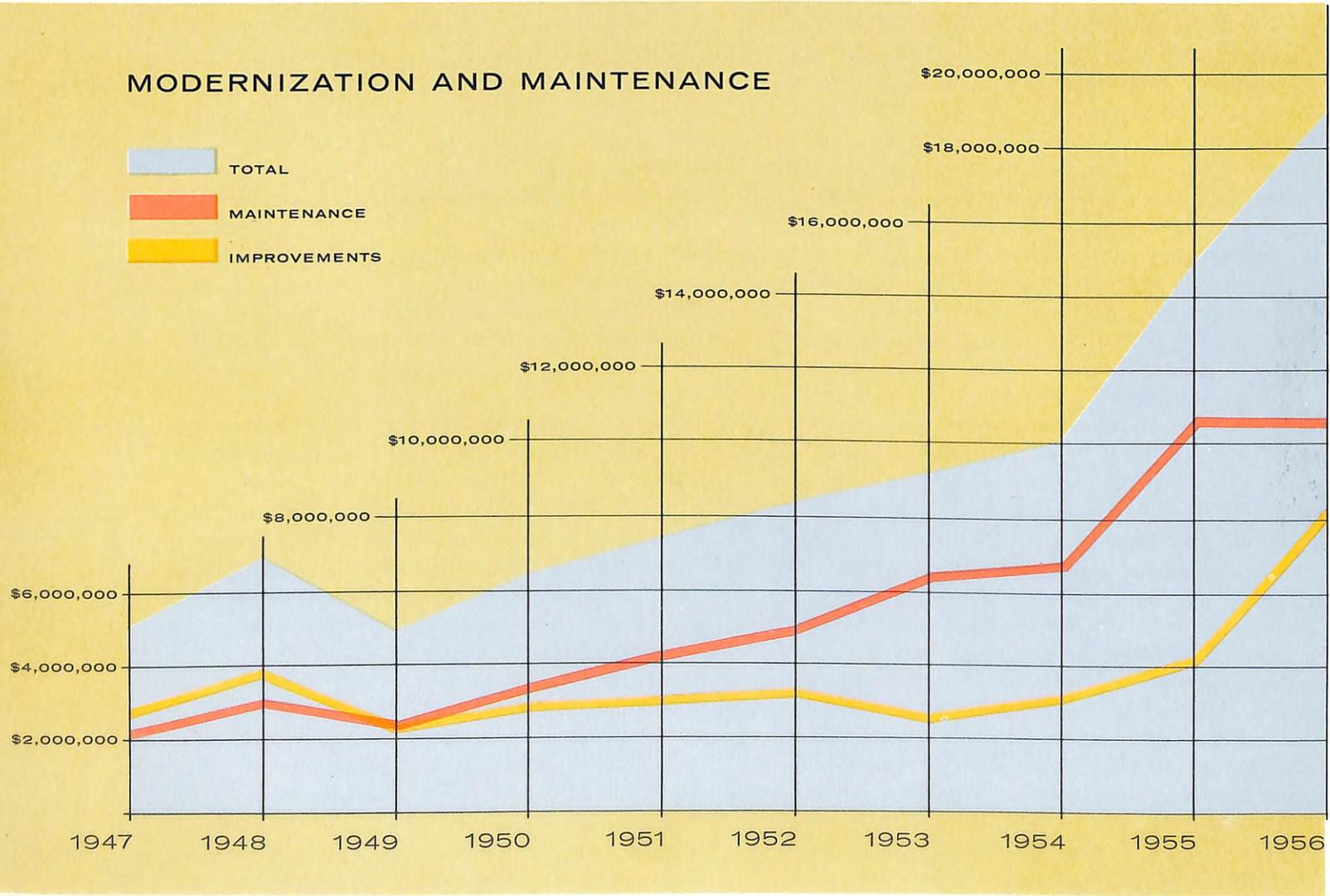
One continuing program at several older properties involves the conversion of direct current electrical wiring to alternating current. This service, which the patron is seldom aware of, involved an expenditure of \$175,000 at The Waldorf-Astoria and The Conrad Hilton in 1956.

Better telephone service was provided last year at The Plaza in New York through the installation of a new switchboard. The change, which was effected without inconvenience to guests, cost \$23,500. The Waldorf-Astoria is presently engaged in installing a new telephone system that will enable guests to dial direct for local calls, long distance operators, and all service departments within the hotel. This will vastly improve service for guests, and effect operating economies for the hotel.

An important aspect of Hilton Hotels management involves the conversion of non-productive space into revenue-producing facilities. This has come to be known as “digging for gold,” and is responsible for a large measure of the Corporation’s success. This formula was applied in a number of instances in 1956. At The Shamrock Hilton in Houston, for example, a vacated fur shop was converted into the Satsuma Lounge. At Chicago’s Palmer House, the old Chicago Room is being replaced by The Traders Restaurant, similar in decor and operation to the widely acclaimed and very successful Traders at the Beverly Hilton.



IMPROVEMENTS



OUR EMPLOYEE

At their April meeting, the Board of Directors elected Vernon Herndon and Robert F. Quain as vice presidents of the Corporation. Mr. Herndon began his career with the Company twenty-five years ago. He was made resident manager of the Palmer House in 1947, and was appointed general manager in 1949. Mr. Quain was assistant to the managing director of the Roosevelt at the time of that hotel's acquisition. Subsequently, he became assistant general manager of The Conrad Hilton, and in 1948 was appointed general manager.

In October of 1956, Robert J. Caverly was elected vice president of Hilton Hotels Corporation. Mr. Caverly has been very capably associated with the Hilton organization since 1947, first in an executive capacity with the Hilton International company, and since 1954 as administrative assistant to Joseph P. Binns, vice president in charge of the Corporation's eastern division.

To the men and women of the Hilton organization goes much of the credit for the personal touch which sets the tone for all Hilton Hotels. Throughout 1956, the Hilton employee family extended its long history of loyal, diligent service. Mutually satisfactory local wage agreements were reached with employees throughout the hotel system during the year. Hotel service is measured by our guests at the personal level. The service rendered by Hilton employees is a source of justified pride to the Corporation.

In the operation of its Hotels, your Corporation has found it sound policy to supplement liberal wage payments with other employee benefits. The Corporation

has made available group insurance plans, under which the Company pays the entire cost of life insurance, disability, and hospital, surgical, medical, and polio benefits. In addition, the Corporation pays approximately half the cost of supplementary life insurance for those employees who qualify.

Hilton also provides a pension plan for retired employees. Contributions totaling \$962,900 were made to this plan in 1956 by the Corporation and its subsidiaries. The plan is designed to provide a measure of financial security for employees upon their retirement.

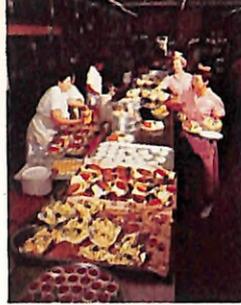
As part of a program to provide opportunities for deserving students, including employees, to further their education in hotel management, Hilton Hotels sponsors scholarships at such institutions as Cornell University's School of Hotel Administration. During 1956, Hilton Hotels International established the first scholarship in Cornell's history for assistance to foreign students.

In addition to furthering opportunities for scholastic training of employees and other deserving students, Hilton Hotels sponsors specific academic courses for those of its men and women who are interested in advancing their careers. Courses in public speaking, for example, are supported by the Corporation with the purpose of enabling employees to handle themselves more skillfully in meeting people.

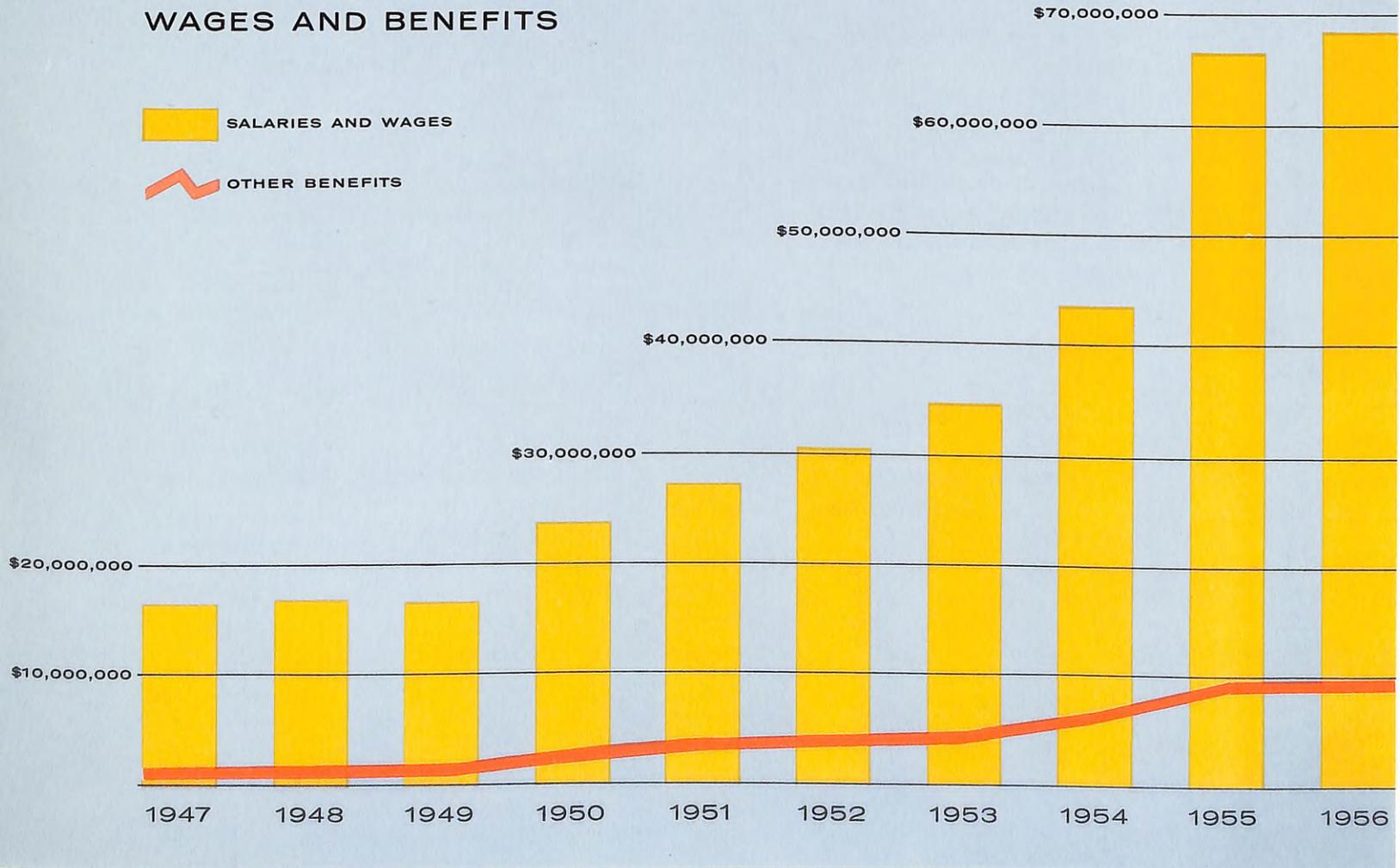
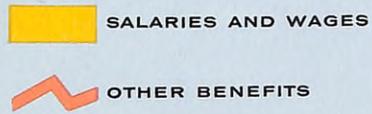
Another service for employees is the publication monthly of "Hiltonitems," a magazine intended to keep employees abreast of employee and Corporate affairs. "Hiltonitems" has been warmly received by the men and women of the organization, and has provided the Company with a valuable tool for two-way communication.



RELATIONS



WAGES AND BENEFITS



HOW OUR INCOME



THE HILTON DOLLAR. A primary concern of every Hilton shareholder is the manner in which the Hilton dollar is divided. The chart on the facing page indicates from what sources the Hilton dollar was received in 1956, and for what items it was concurrently expended. As has been the case in every year since the formation of the Corporation, the greatest source of income was room

occupancy, followed in volume by revenues derived from the sale of food via dining rooms, banquet halls, snack shops, and room service. Since this is our tenth anniversary, a decade's perspective is in order. Five years

ago, room occupancy accounted for 39.4¢ of the Hilton dollar, and sale of food accounted for 34.2¢. Ten years ago, room occupancy accounted for 39.3¢ of the Hilton dollar, and the sale of food accounted for 31.5¢.

Similarly, in 1947 the cost of goods sold was 19.2¢, compared to 19.7¢ in 1952, and 17.5¢ in 1956. Other expenses totaled 13.3¢ in 1947, compared to 17.6¢ in 1952, and 14.0¢ in 1956. Interest on borrowed money totaled 1.9¢ in 1947, compared to 1.4¢ in 1952, and 1.3¢ in 1956; and depreciation in 1947 came to 4.6¢, as compared to 4.4¢ in 1952, and 4.0¢ in 1956. As indicated, the year-by-year variances in percentage are minor. As does an individual, the Hilton Hotels Corporation keeps a steady eye on its dollars.

DIVIDENDS. On July 28, 1956, the Board of Directors increased the regular quarterly dividend on the then outstanding common stock from 50 cents per share to 60 cents per share. At the same meeting, the Board of Directors voted to split the common stock of the Corporation

on a two-for-one basis, a move which was approved by stockholders at a special meeting on September 17, 1956. Adjusted for this split, dividend payments on common stock during the year amounted to 25 cents on March 1 and June 1, and 30 cents on September 1 and December 1. The total for the year was \$1.10 per share, compared

with the equivalent amount of \$1.00 per share in 1955, and 50¢ per share in 1947.

The stock split was motivated by a wish to broaden public interest in the Corporation. Regular quarterly dividends were paid throughout the year on both the 5% First Preferred Stock, Series A, and on the 4¾% First Preferred Stock (Convertible), Series B, until its complete conversion in July. Total dividend payments on all classes of stock in 1956 were \$4,295,157, compared with \$3,780,749 in 1955, and \$2,039,198 in 1947. After payment of dividends, the balance of net profit, totaling \$12,457,212, was retained for reinvestment in the business, compared with a reinvestment of \$5,324,011 in 1955, and \$3,660,536 in 1947.



WAS SPENT



INCOME FROM OPERATIONS

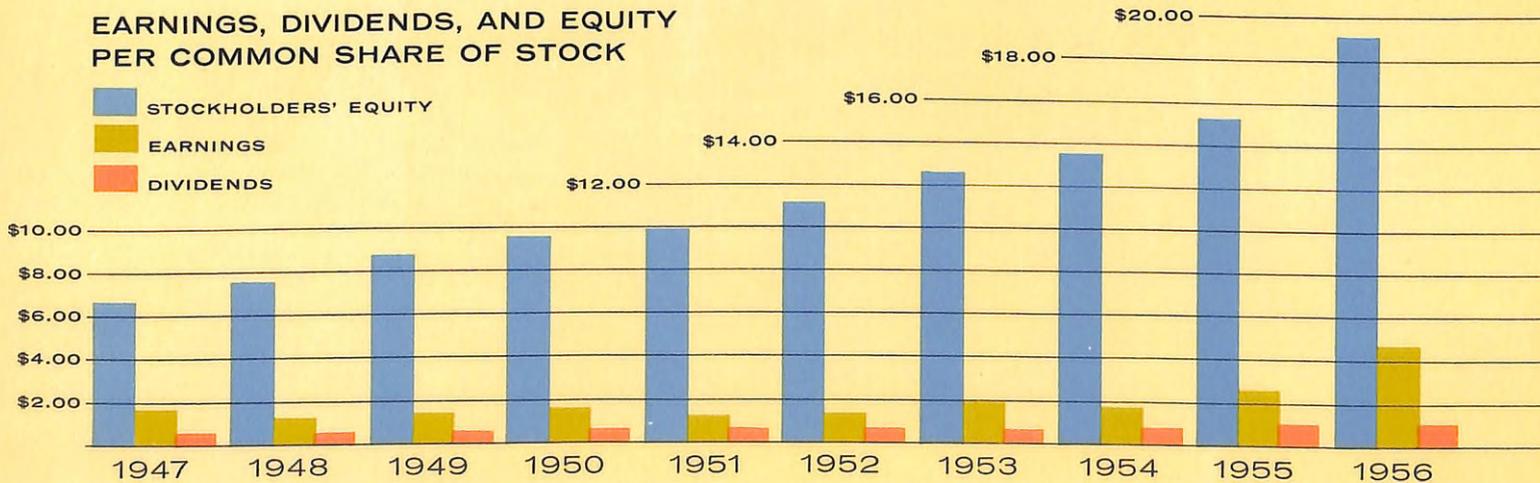
Rooms	42.8¢
Food	33.1
Beverages	11.8
Telephone	3.1
Other Departments	4.6
Store and Office Building Rentals	1.8
Other Income	2.8
	<u>\$1.00</u>



EXPENDITURES

Payroll and Related Expenses	38.7¢
Cost of Goods Sold	17.5
Other Expenses	14.0
Repairs and Maintenance (Excluding Payroll)	3.4
Real Estate and Personal Property Taxes	3.0
Lease Rentals	8.0
Interest on Borrowed Money	1.3
Income Taxes	5.2
Dividends	2.2
Depreciation	4.0
Reinvested in the Business	2.7
	<u>\$1.00</u>

EARNINGS, DIVIDENDS, AND EQUITY PER COMMON SHARE OF STOCK



ASSETS

	Dec. 31, 1956	Dec. 31, 1955
CURRENT ASSETS		
Cash	\$ 24,202,721.76	\$ 18,532,504.83
Marketable Securities—U.S. Treasury Bonds	\$ —	\$ 100,000.00
Accounts and Notes Receivable	\$ 13,606,545.02	\$ 12,783,267.20
Less: Reserve for Doubtful Accounts	359,512.01	348,960.95
	\$ 13,247,033.01	\$ 12,434,306.25
Inventories of Merchandise and Supplies—(At Cost)	\$ 3,434,699.47	\$ 3,382,775.99
Other Current Assets		
Cash in Banks for Payment of Income Taxes	\$ 224,482.56	\$ 224,482.56
Installment Sales Contract and Other Notes— Payments Receivable Within One Year— (Note 2)	2,882,257.34	2,902,181.50
Prepaid Expenses	1,813,291.62	1,791,984.03
Other	454,071.55	251,366.76
<i>Total</i>	\$ 5,374,103.07	\$ 5,170,014.85
<i>Total Current Assets</i>	\$ 46,258,557.31	\$ 39,619,601.92
INVESTMENTS—(Note 2)		
Capital Stocks	\$ 2,170,850.00	\$ 270,850.00
Installment Sales Contract and Other Notes	28,282,716.96	13,975,748.54
Securities and Indebtedness of Affiliates—Not Current	4,500,000.00	4,500,000.00
Other Investments	508,815.21	508,815.21
	\$ 35,462,382.17	\$ 19,255,413.75
Less: Amounts Due Within One Year—(Above)	2,882,257.34	2,902,181.50
<i>Total</i>	\$ 32,580,124.83	\$ 16,353,232.25
FIXED ASSETS—(Note 3)		
Land	\$ 11,866,473.63	\$ 13,466,645.01
Buildings	67,724,414.06	71,553,880.82
Furniture and Equipment	37,415,105.91	37,013,311.34
Leascholds and Improvements	21,170,587.98	22,342,311.27
	\$138,176,581.58	\$144,376,148.44
Less: Reserve for Depreciation and Amortization	41,807,511.99	41,657,105.90
	\$ 96,369,069.59	\$102,719,042.54
Rehabilitation, Revisions and Alterations	4,034,592.03	2,836,176.39
Operating Equipment	4,341,723.68	4,629,701.37
<i>Total</i>	\$104,745,385.30	\$110,184,920.30
OTHER ASSETS AND DEFERRED CHARGES		
Non-Operating Property—Land	\$ 324,416.27	\$ 391,968.17
Pre-Opening and Preliminary Investigation Expenses	1,754,443.09	1,711,009.27
Organization Expenses	381,113.32	345,804.37
Unamortized Mortgage and Loan Expenses	275,957.79	361,775.01
Other Assets and Deferred Charges	993,913.05	941,107.39
<i>Total</i>	\$ 3,729,843.52	\$ 3,751,664.21
TOTAL ASSETS	\$187,313,910.96	\$169,909,418.68

Notes to Financial Statements form an integral part of this statement and should be considered in connection therewith.

Consolidated Balance Sheet

LIABILITIES

	Dec. 31, 1956	Dec. 31, 1955
CURRENT LIABILITIES		
Bank Loans Payable.....	\$ 155,250.00	\$ 235,547.88
Accounts Payable.....	5,946,169.17	8,435,546.23
Accrued Expenses and Charges.....	8,655,635.29	8,507,297.28
Long-Term Debt Due Within One Year.....	4,514,679.77	4,033,914.96
Other.....	662,438.76	635,423.96
<i>Total</i>	\$ 19,934,172.99	\$ 21,847,730.31
Estimated Federal, State, City, District and Foreign Taxes on Income— (Based on Separate Returns of the Consolidated Companies)—(Note 4).....	\$ 10,126,591.68	\$ 8,174,918.81
Less: U.S. Treasury Tax Notes—(At Cost).....	—	550,000.00
	\$ 10,126,591.68	\$ 7,624,918.81
<i>Total Current Liabilities</i>	\$ 30,060,764.67	\$ 29,472,649.12
LONG-TERM DEBT—(Notes 5 and 9)		
Mortgage Bonds and Notes.....	\$ 39,153,735.36	\$ 42,712,145.77
4% Debentures.....	4,826,000.00	4,920,000.00
2% Debentures.....	1,500,000.00	1,500,000.00
4½% Fifteen-Year Convertible Debentures.....	4,649,700.00	6,815,900.00
5% Sinking Fund Subordinated Income and Subordinated Debentures.....	—	1,688,768.80
Installment Purchase Agreements and Notes Payable.....	16,348,832.25	16,957,840.00
Contract Termination Settlements.....	301,750.00	427,791.66
	\$ 66,780,017.61	\$ 75,022,446.23
Less: Amounts Due Within One Year—(Above).....	4,514,679.77	4,033,914.96
	\$ 62,265,337.84	\$ 70,988,531.27
DEFERRED INCOME		
Unrealized Profit on Sale of Properties—(Note 2).....	\$ 19,092,517.55	\$ 8,586,918.68
Other.....	67,802.11	67,696.53
<i>Total</i>	\$ 19,160,319.66	\$ 8,654,615.21
RESERVES—SUNDRY	\$ 910,390.26	\$ 395,246.55
MINORITY INTEREST	\$ —	\$ 97,604.47
CAPITAL STOCK AND SURPLUS		
Capital Stock—(Notes 6 and 9)		
Cumulative First Preferred, Issuable in Series, Par \$100.00, Authorized 59,480 Shares at December 31, 1956 and 86,100 Shares at December 31, 1955—		
Issued and Outstanding:		
5% "Series A"—52,900 Shares.....	\$ 5,290,000.00	\$ 5,290,000.00
4¾% "Series B" (Convertible)—25,340 Shares.....	—	2,534,000.00
Common, Par Value \$2.50 per Share at December 31, 1956 and \$5.00 per Share at December 31, 1955—8,000,000 Shares Authorized at December 31, 1956 and 4,000,000 Shares at December 31, 1955—Issued 4,115,427 Shares at December 31, 1956 and 1,944,267 Shares at December 31, 1955 (Including 443,825 and 224,028 Shares in Treasury—See Below).....	10,288,567.50	9,721,335.00
Common Stock Scrip.....	55.79	151.89
<i>Total Capital Stock</i>	\$ 15,578,623.29	\$ 17,545,486.89
Surplus		
Capital Surplus.....	\$ 20,584,171.15	\$ 15,689,532.05
Earned Surplus—(Note 9).....	42,423,576.40	29,966,364.04
Reserve for Contingencies.....	500,000.00	500,000.00
<i>Total Surplus</i>	\$ 63,507,747.55	\$ 46,155,896.09
<i>Total Capital Stock and Surplus</i>	\$ 79,086,370.84	\$ 63,701,382.98
Deduct: Common Stock in Treasury—(At Cost)		
443,825 Shares (Par \$2.50) at December 31, 1956 and 224,028 Shares (Par \$5.00) at December 31, 1955.....	4,169,272.31	3,400,610.92
	\$ 74,917,098.53	\$ 60,300,772.06
COMMITMENTS AND CONTINGENT LIABILITIES—(Notes 7 and 8)		
TOTAL LIABILITIES	\$187,313,910.96	\$169,909,418.68

AND SUBSIDIARIES

Comparative Statement of Consolidated Income

		Year Ended	
		Dec. 31, 1956	Dec. 31, 1955
GROSS OPERATING REVENUE	Rooms Department	\$ 85,082,755.35	\$ 81,566,520.60
	Food and Beverage Department	89,264,240.92	84,832,829.60
	Other Operated Departments	15,368,355.03	15,059,220.61
	Other Income	4,895,226.04	4,362,856.83
	Store Rentals	2,696,413.16	2,460,509.71
		<u>\$197,306,990.50</u>	<u>\$188,281,937.35</u>
OPERATING COSTS AND EXPENSES	Departmental Costs and Expenses	\$101,203,460.85	\$ 97,545,611.40
	Administrative and General Expenses	19,761,277.32	18,809,063.02
	Advertising and Business Promotion	4,630,761.16	4,238,618.26
	Heat, Light and Power	6,962,626.31	6,685,987.82
	Maintenance and Repairs	10,715,822.27	10,687,111.20
	Lease Rentals	15,947,004.02	15,603,606.30
	Real Estate and Personal Property Taxes	6,047,557.56	6,047,339.05
	Interest	2,675,214.43	3,116,942.32
	Depreciation and Amortization	8,002,589.44	7,728,291.54
	Corporate Expenses and Sundry Capital Charges	2,350,450.71	1,674,559.34
		<u>\$178,296,764.07</u>	<u>\$172,137,130.25</u>
	NET OPERATING PROFIT	<u>\$ 19,010,226.43</u>	<u>\$ 16,144,807.10</u>
ADDITIONS TO OR DEDUCTIONS* FROM INCOME	Interest on Investment Securities	\$ 643,855.97	\$ 218,431.51
	Profit from Office Buildings and Other Real Estate Operations	929,188.80	956,193.76
	Reimbursement by Lessor Under Lease Agreement	195,293.11	64,943.50
	Contribution to Pension Trust	962,900.00*	917,150.00*
	Property Tax Assessments or Refunds	103,656.72	76,635.12*
	Income from Royalties and Sale of Oil Leases	61,451.53	46,980.10
	Sundry—Other	93,575.86*	47,303.11
		<u>\$ 876,970.27</u>	<u>\$ 340,066.86</u>
	PROFIT BEFORE INCOME TAXES	<u>\$ 19,887,196.70</u>	<u>\$ 16,484,873.96</u>
PROVISION FOR INCOME TAXES	Federal Normal and Surtax	\$ 9,943,790.52	\$ 8,260,276.04
	State, City, District and Foreign Taxes	320,350.82	165,822.53
		<u>\$ 10,264,141.34</u>	<u>\$ 8,426,098.57</u>
	NET PROFIT BEFORE MINORITY INTEREST	<u>\$ 9,623,055.36</u>	<u>\$ 8,058,775.39</u>
	MINORITY INTEREST	35,840.74	56,516.20
	NET INCOME	<u>\$ 9,587,214.62</u>	<u>\$ 8,002,259.19</u>
REALIZED PROFIT ON SALE OF PROPERTIES		\$ 9,635,578.34	\$ 1,470,000.95
	LESS: Taxes Applicable Thereto	2,470,423.49	367,500.24
		<u>\$ 7,165,154.85</u>	<u>\$ 1,102,500.71</u>
	TOTAL NET INCOME AND PROFITS	<u>\$ 16,752,369.47</u>	<u>\$ 9,104,759.90</u>

*Denotes Red Figures.

Notes to Financial Statements form an integral part of this statement and should be considered in connection therewith.

CAPITAL SURPLUS

BALANCE—DECEMBER 31, 1955	\$15,689,532.05
ADD: Surplus Arising from Conversion of Cumulative First Preferred 4¾% (Convertible) "Series B" Stock into Common Stock in Accordance with Conversion Privileges.....	2,217,250.00
Surplus Arising from Conversion of 4½% Fifteen-Year Convertible Debentures into Common Stock in Accordance with Conversion Privileges.....	1,915,815.16
Surplus Arising from Exchange of 31,973 Shares of Treasury Common Stock for Assets of Plaza Company:	
31,973 Shares at \$45.25 per Share.....	\$1,446,778.25
Less: Cost of Shares Exchanged.....	685,178.94
	761,599.31
	\$20,584,196.52
DEDUCT: Adjustment of Surplus Arising from Exchange of Common Stock for Capital Stock of Hotel Waldorf-Astoria Corporation.....	25.37
Balance—December 31, 1956	\$20,584,171.15

EARNED SURPLUS

BALANCE—DECEMBER 31, 1955	\$29,966,364.04
ADD: Net Income and Profits for the Year Ended December 31, 1956.....	16,752,369.47
	\$46,718,733.51
DEDUCT: Dividends:	
Cumulative First Preferred Stock:	
5% Series "A".....	\$ 264,500.00
4¾% Series "B".....	47,345.64
Common Stock.....	3,983,311.47
	4,295,157.11
Balance—December 31, 1956	\$42,423,576.40

Statement of Consolidated Surplus

AND SUBSIDIARIES

Notes to Financial Statements

1—BASIS OF CONSOLIDATION

It is the policy of the Company to include in the consolidated financial statements the accounts of its subsidiaries, all of which were wholly-owned at December 31, 1956, and to reflect in consolidated income subsidiary operations from dates of acquisition of control. Consolidated earned surplus at December 31, 1956 included \$3,959,208.52 representing the combined undistributed net earnings of consolidated subsidiaries, less depreciation and amortization on a \$1,221,688.52 excess of cost of securities acquired over net assets thus acquired of the consolidated subsidiaries, which excess has been applied as additional cost of fixed assets in consolidation.

2—INVESTMENTS

Installment sales contract and other notes were received by the Company in connection with sales of various properties since 1952 and, with the exception of two notes totaling \$1,517,500 at December 31, 1956, security therefor was received in the form of either first, second, chattel or real estate leasehold mortgages. These notes require various periodic payments and their maturities range from December 29, 1957 to July 1, 1976. As at December 31, 1956, the required payments receivable for the next five years approximated \$2,882,260, 1957; \$2,587,630, 1958; \$2,611,270, 1959; \$2,440,330, 1960; and \$1,809,830, 1961.

It is the Company's policy to defer the profit on those sales that qualify as installment sales under Treasury regulations, taking into income that portion of the profit as applies to payments received on the installment sales contract in the year in which such payments are received. At December 31, 1956, \$19,092,518 of such profit was deferred, and, accordingly, during the next five years as the aforementioned payments are received, there will be included in income (taxable at the then effective long-term capital gains rate) the following: \$1,793,610, 1957; \$1,612,751, 1958; \$1,625,447, 1959; \$1,638,370, 1960; and \$1,312,724, 1961.

During the year 1956, three property sales were made that did not qualify as installment sales for tax purposes and the total profit, approximating \$2,764,800 was taken into income. Among other considerations in these sales, the Company received, in one instance, a 3% unsecured note, payable serially, for \$1,380,000 maturing March 1, 1960, paid down to \$1,205,000 at December 31, 1956, and in another instance,

received a 5% note, payable serially, secured by a second deed of trust and mortgage of chattels for \$450,000, paid down to \$448,875 at December 31, 1956.

The Company received a minority interest of 250,000 shares of common stock of another Hotel Company as part consideration for a property sale in 1956 and the value ascribed to such shares was \$1,500,000. The total market value, computed on the basis of the closing stock exchange price per share at December 31, 1956, was \$1,375,000. These shares are subject to and are limited by the terms and conditions of a voting trust agreement terminating on April 1, 1961.

The Board of Directors of the wholly-owned Subsidiary, Hilton Hotels International, Inc., which is included in the consolidated statements, approved a plan of recapitalization on October 25, 1956 whereby 2,000 shares of \$100 par value preferred stock and 700,000 shares of \$1.00 par value common stock outstanding at November 15, 1956 were changed and reclassified into 800,000 shares of \$5.00 par value common stock. In addition, the Board appraised the fair value of leases and contracts held by the Subsidiary at June 30, 1956 at an amount equal to the difference between the book value of the Corporation at that date and \$4,050,000, the excess of appraisal of \$1,583,665.39 being recorded on the Subsidiary's books, all of which was eliminated in consolidation.

3—FIXED ASSETS

Substantially, all of these assets are pledged to secure mortgages or other long-term debt of the consolidated companies. Furniture, furnishings and equipment owned by the Company in "Statler Units," under lease from an affiliate, Statler Hotels Delaware Corporation, are pledged as additional security under a mortgage of that Company. Fixed assets were carried at cost, or were carried over from predecessor companies together with related depreciation reserves at predecessor's basis, plus additions at cost.

4—FEDERAL TAXES ON INCOME

Federal income tax returns of the Company for the years 1951 through 1954 are presently under the usual review by the Internal Revenue Service. Returns of subsidiary and predecessor companies are subject to the usual review for 1953 in the earliest instances or for years subsequent thereto.

5—LONG-TERM DEBT

The 4½% fifteen-year convertible debentures maturing January 1, 1970 are convertible to and including January 1, 1958 at the option of the holders thereof, into common stock of the Company at the conversion price of \$22.25 per share. The trust indenture securing the debentures requires annual sinking fund payments on January 15 of each year in an amount sufficient to redeem at the principal amount and without premium, 3% for each of the years through 1962 and 4% for each of the years thereafter. The Company has complied with provision of the sinking fund.

The aggregate annual sinking fund and maturity requirements on the total long-term debt for each of the next five years ending December 31, follows: 1957, \$4,514,680; 1958, \$4,554,350; 1959, \$4,267,830; 1960, \$4,444,460; and, 1961, \$4,144,780.

6—CAPITAL STOCK

The 5% cumulative first preferred, Series "A" shares are subject to redemption, without premium, out of sinking fund payments, made on or before January 1st in each year in an amount sufficient to redeem 2% of the maximum number of such shares theretofore issued and outstanding. The Company has complied with sinking fund provisions.

On December 19, 1956, the shareholders of the Company approved a 500,000 share issue of \$25.00 par value preferred stock, issuable in series. The authorized amount of the initial series was designated as 278,733 shares of 5½% cumulative voting preferred stock, Series "A" which together with 278,733 shares of the Company's \$2.50 par value common stock were offered stockholders of Savoy-Plaza, Inc. in exchange for their holdings in that Company which consisted of 70,081 Class A and 22,830 Class B common shares outstanding. The basis of the exchange, as contained in a certain exchange agreement, dated November 8, 1956, was at the rate of three shares of Hilton 5½% cumulative voting preferred stock, Series "A", and three shares of Hilton common stock for each share of Class A or Class B \$1.00 par value common stock of Savoy-Plaza, Inc. The exchange became effective February 8, 1957 at which time 229,869 shares of 5½% cumulative voting preferred stock, Series "A" and 229,869 common shares were issued for 76,623 or approximately 82.4% of the outstanding common shares of Savoy-Plaza, Inc.

By action of the Board of Directors, and as approved by the

shareholders at a special meeting held September 17, 1956, the certificate of incorporation was amended by changing the Company's authorized common stock from 4,000,000 shares, of a par value of \$5.00 per share to 8,000,000 shares, of a par value of \$2.50 per share. As a result of such amendment, each share of old common stock was converted into two shares of new common stock.

7—COMMITMENTS AND CONTINGENT LIABILITIES

Contract commitments in connection with air-conditioning and other projects approximated \$3,590,000 at December 31, 1956.

The Company has subscribed for and agreed to purchase from its wholly-owned subsidiary, Hilton Hotels International, Inc. at par, \$2,000,000 aggregate principal amount of 5% subordinated (sinking fund) debentures and 400,000 shares of \$5.00 par value common stock to be issued from time to time at the option of the subsidiary. The commitment is irrevocable for a period of four years from November 27, 1956, but shall expire prior thereto if and when such securities in these amounts have been purchased by the Company. As at December 31, 1956, Hilton Hotels Corporation, in connection with the subscription commitment, had purchased 40,000 shares of the common stock for \$200,000 and in January 1957 purchased an additional 20,000 shares for \$100,000.

The Company is guarantor under a long-term note payable of a wholly-owned subsidiary amounting to \$750,000 at December 31, 1956.

8—LONG-TERM LEASES

The Company and its subsidiaries operate certain properties under leases ranging from three years and three months to twenty-five years, from December 31, 1956, with option to renew for various periods in some instances. The total minimum annual fixed or basic rentals payable (exclusive of real estate taxes, insurance and other occupancy charges) under all long-term leases for each of the next five years ending December 31, follows: 1957, \$11,641,800; 1958, \$11,296,000; 1959, \$11,096,000; 1960, \$9,925,200; and 1961, \$9,112,700.

The wholly-owned Subsidiary, Hilton Hotels International, Inc. has entered into leases and preliminary leases, contracts, or undertakings ranging from fifteen to twenty years, subject to certain conditions for the operation of hotels under construction or to be constructed in eighteen cities outside the continental United States. This Subsidiary had a commitment, subject to certain conditions, to invest 500,000 pounds (\$1,393,-

000 at the exchange rate of \$2.786 per pound at December 31, 1956) in connection with one of these projects. In general, "International" or its Subsidiaries is required to furnish initial inventories and to maintain sufficient working capital, except in the case of one lease, which specifies that not less than \$250,000 shall be furnished for these purposes, to be maintained for the first five years of the lease. The terms of the leases commence either on actual occupancy or within ten days of receipt of architect's certificate of occupancy. The leases basically provide for a rental based on a percentage of gross operating profit, with certain specific rental obligations.

9—LIMITATIONS AND RESTRICTIONS

Under the most restrictive covenants of certain indentures relating to long-term debt, the Company and certain Subsidiaries on a consolidated basis is, (a) required to maintain working capital of \$7,000,000 and a ratio of current assets to current liabilities of 133½% to June 30, 1957 and 150% thereafter; (b) prohibited from declaring dividends or distributions on its capital stock or making certain acquisitions or redemptions of any of its capital stock unless 60% of the consolidated net income (as defined) shall be greater than the aggregate of all such dividends or payments. The maximum amount of earned surplus so restricted was \$41,445,081 at December 31, 1956.

The wholly-owned Subsidiary, Hotel Waldorf-Astoria Corporation, is restricted under the terms of a certain note payable, from payment of cash dividends without the written consent of the holder and/or holders, if any, of at least two-thirds of the principal amount of the note outstanding which at December 31, 1956 was \$750,000. Earnings so restricted at December 31, 1956 amounted to \$3,350,000.

The wholly-owned Subsidiary, Hilton Hotels International, Inc., is restricted under the terms of a note payable amounting to \$346,712.25 at December 31, 1956 from lending money to the Parent or any Affiliates, except wholly-owned Subsidiaries, purchasing, redeeming, or retiring any of its outstanding capital stock, or paying any dividends in cash or property except after (1) payment in full of all installments of principal and interest on the note (\$50,000. principal per annum), (2) full compliance with other provisions aforementioned, in which event dividends payable in cash or property shall be limited to the aggregate of the amount of payments made in such year on the note.

HARRIS, KERR, FORSTER & COMPANY
ACCOUNTANTS AND AUDITORS

To the Board of Directors and Shareholders of
Hilton Hotels Corporation

We have examined the consolidated balance sheet of Hilton Hotels Corporation and its Subsidiaries at December 31, 1956 and the related consolidated surplus and income statements for the year then ended.

These consolidated statements have been prepared from financial statements of the operating units of Hilton Hotels Corporation and its Subsidiaries which were either audited by us or by another firm of independent accountants, which firm has submitted to us a certificate concerning the underlying statements examined by them.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, based upon our examination and upon the opinion expressed in the certificate of another firm of independent accountants pertaining to the operating units and companies examined by them, the accompanying consolidated balance sheet and related statements of consolidated surplus and income, together with explanatory notes thereto, present fairly the financial position of Hilton Hotels Corporation and its Subsidiaries at December 31, 1956 and the results of operations for the year then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Chicago, Illinois
March 1, 1957

Harris, Kerr, Forster & Company



*Certificate
Independent
Public
Accountants*

Statement of Financial Condition

	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947
CURRENT ASSETS										
Cash	\$ 24,202,722	\$ 18,532,505	\$ 21,908,857	\$10,412,986	\$ 7,148,506	\$ 7,289,412	\$ 6,996,985	\$ 5,582,394	\$ 4,620,363	\$ 5,888,368
Marketable Securities	—	100,000	100,000	260,000	710,000	710,000	710,000	200,000	200,799	449,299
Receivables (Net)	13,247,033	12,434,306	9,962,342	6,718,052	6,071,986	4,923,736	4,351,549	1,568,672	1,584,243	1,921,137
Inventories	3,434,699	3,382,776	3,415,258	2,393,548	2,475,939	2,246,847	1,976,791	1,031,642	1,320,663	1,680,393
Other	5,374,103	5,170,015	7,681,040	5,536,449	4,071,527	2,846,274	2,355,500	1,742,648	878,464	809,886
TOTAL CURRENT ASSETS	\$ 46,258,557	\$ 39,619,602	\$ 43,067,497	\$25,321,035	\$20,477,958	\$18,016,269	\$16,390,825	\$10,125,356	\$ 8,604,532	\$10,749,083
CURRENT LIABILITIES										
Accounts Payable	\$ 5,946,169	\$ 8,435,546	\$ 7,643,935	\$ 4,180,202	\$ 3,173,815	\$ 3,069,809	\$ 2,692,845	\$ 1,590,354	\$ 2,182,510	\$ 1,956,963
Accrued Liabilities	8,655,635	8,507,297	7,409,524	4,832,164	4,438,829	3,682,449	3,440,643	2,400,262	2,368,039	2,367,052
Provision for Income Taxes	10,126,592	7,624,919	6,463,149	2,876,234	2,806,156	2,650,443	2,868,528	1,232,434	153,232	426,124
Payment of Funded Debt and Long Term Liabilities Due within One Year	4,514,680	4,033,915	3,622,326	1,628,680	1,308,687	1,136,496	1,016,087	549,778	704,144	614,363
Other	817,689	870,972	1,191,725	1,005,813	460,575	322,763	351,167	151,634	152,459	157,062
TOTAL CURRENT LIABILITIES	\$ 30,060,765	\$ 29,472,649	\$ 26,330,659	\$14,523,093	\$12,188,062	\$10,861,960	\$10,369,270	\$ 5,924,462	\$ 5,560,384	\$ 5,521,564
WORKING CAPITAL	\$ 16,197,792	\$ 10,146,953	\$ 16,736,838	\$10,797,942	\$ 8,289,896	\$ 7,154,309	\$ 6,021,555	\$ 4,200,894	\$ 3,044,148	\$ 5,227,519
OTHER ASSETS										
Non-Current Receivables and Investments	32,580,125	16,353,232	19,556,978	11,565,530	5,663,295	3,656,893	3,995,749	3,167,227	1,357,529	2,686,642
Fixed Assets (Net)	104,745,385	110,184,920	86,327,257	66,609,020	62,489,425	61,174,428	59,625,808	49,292,601	51,042,925	47,600,347
Deferred Charges	3,729,844	3,751,664	1,453,892	1,100,254	871,302	800,128	802,462	596,537	454,329	425,091
TOTAL	\$157,253,146	\$140,436,769	\$124,074,965	\$90,072,746	\$77,313,918	\$72,785,758	\$70,445,574	\$57,257,259	\$55,898,931	\$55,939,599
OTHER LIABILITIES, DEFERRED INCOME AND RESERVES										
Funded Debt and Long Term Liabilities (less payments due within one year)	\$ 62,265,338	\$ 70,988,531	\$ 63,749,375	\$34,473,165	\$35,169,609	\$34,357,135	\$32,933,501	\$24,208,252	\$23,958,030	\$23,719,388
Deferred Income	19,160,320	8,654,615	6,583,693	7,821,708	3,067,461	—	—	—	—	—
Sundry Reserves	910,390	395,247	54,670	28,048	114,456	365,889	402,655	142,914	8,275	13,209
TOTAL	\$ 82,336,048	\$ 80,038,393	\$ 70,387,738	\$42,322,921	\$38,351,526	\$34,723,024	\$33,336,156	\$24,351,166	\$23,966,305	\$23,732,597
NET ASSETS	\$ 74,917,098	\$ 60,398,376	\$ 53,687,227	\$47,749,825	\$38,962,392	\$38,062,734	\$37,109,418	\$32,906,093	\$31,932,626	\$32,207,002
NET ASSETS REPRESENTED IN										
First Preferred Stock—Series A	\$ 5,290,000	\$ 5,290,000	\$ 5,290,000	\$ 6,196,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
First Preferred Stock—Series B	—	2,534,000	3,800,000	—	—	—	—	—	—	—
Convertible Preference Stock	—	—	—	1,214,500	2,175,650	3,994,450	4,903,850	5,813,250	6,723,150	9,870,068
Common Stock (less treasury shares at cost)	6,119,351	6,320,876	6,200,400	6,131,549	7,244,584	7,511,521	7,038,215	6,956,281	7,742,308	8,092,890
Surplus Reserves	500,000	500,000	500,000	500,000	500,000	500,000	1,700,000	1,820,000	1,820,000	1,820,000
Capital Surplus	20,584,171	15,689,532	13,125,131	12,060,051	10,952,473	9,202,137	7,301,090	7,340,447	7,091,924	6,137,230
Earnings Retained in the Business	42,423,576	29,966,364	24,697,177	21,647,725	17,187,648	14,447,174	12,664,299	9,614,750	7,271,896	5,062,687
Minority Interest	—	97,604	74,519	—	902,037	2,407,452	3,501,964	1,361,365	1,283,348	1,224,127
TOTAL AS ABOVE	\$ 74,917,098	\$ 60,398,376	\$ 53,687,227	\$47,749,825	\$38,962,392	\$38,062,734	\$37,109,418	\$32,906,093	\$31,932,626	\$32,207,002
Book Value per Common Share	\$ 18.96	\$ 15.25	\$ 13.50	\$ 12.50	\$ 11.07	\$ 9.94	\$ 9.58	\$ 8.69	\$ 7.55	\$ 6.52

AT THE CLOSE OF YEARS 1947 TO 1956 INCLUSIVE

10 years Summary of Consolidated Earnings

	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947
GROSS REVENUE										
Rooms Department	\$ 85,082,755	\$ 81,566,520	\$ 50,060,666	\$39,307,529	\$34,331,105	\$31,350,484	\$28,248,855	\$19,624,629	\$19,672,728	\$18,564,498
Food and Beverage Department	89,264,241	84,832,829	55,754,805	45,301,690	40,950,719	38,215,048	33,822,503	21,079,609	22,023,068	22,379,960
Other Operated Departments	15,368,355	15,059,221	10,623,234	9,649,254	8,983,416	7,869,696	7,088,476	5,424,123	5,154,361	4,979,440
Other Income	4,895,226	4,362,857	2,373,050	1,839,273	1,555,618	1,422,105	1,311,652	681,677	782,324	796,945
Store Rentals	2,696,413	2,460,510	1,797,463	1,471,666	1,334,514	1,316,047	1,270,166	953,719	1,025,976	1,057,184
Office Building Rentals	929,189	956,194	150,401	—	—	—	—	—	—	—
Interest on Investments	643,856	218,432	224,848	124,578	63,152	48,835	54,109	41,637	67,512	64,695
TOTAL GROSS REVENUE	\$198,880,035	\$189,456,563	\$120,984,467	\$97,693,990	\$87,218,524	\$80,222,215	\$71,795,761	\$47,805,394	\$48,725,969	\$47,842,722
EXPENSES										
Operated Departments	\$101,203,461	\$ 97,545,612	\$ 64,529,241	\$53,265,104	\$47,683,216	\$44,052,000	\$39,017,530	\$26,444,235	\$27,085,245	\$26,786,617
Administrative and General	19,761,277	18,809,063	12,420,434	9,572,412	8,275,935	7,276,940	6,236,809	3,646,620	3,724,578	3,417,913
Advertising and Business Promotion	4,630,761	4,238,618	2,955,153	2,115,632	1,802,294	1,578,280	1,289,375	934,372	750,881	763,302
Heat, Light and Power	6,962,626	6,685,988	4,134,904	3,076,723	2,671,729	2,454,960	2,157,643	1,530,851	1,711,635	1,491,277
Maintenance and Repairs	10,715,822	10,687,111	6,833,119	6,519,117	5,063,585	4,328,086	3,456,026	2,470,581	3,096,300	2,290,151
Lease Rentals	15,947,004	15,603,606	8,660,280	4,687,984	3,351,809	2,706,456	2,388,943	182,599	179,866	179,866
Real Estate and Personal Property Taxes	5,943,901	6,123,974	3,249,568	3,053,159	2,926,238	2,574,738	2,328,134	1,717,022	1,401,121	1,511,503
Depreciation and Amortization	8,002,590	7,728,292	4,627,952	3,996,447	3,835,806	3,445,779	3,082,458	2,539,522	2,653,882	2,297,290
Interest	2,675,215	3,116,942	1,685,551	1,296,507	1,230,910	1,236,834	1,147,080	845,834	850,844	855,737
Other Operating Costs	—	—	47,035	216,834	276,205	14,108	—	—	—	—
Other Capital Charges	2,350,451	1,674,560	1,208,860	792,819	760,855	625,977	658,751	232,864	267,748	301,023
TOTAL EXPENSES	\$178,193,108	\$172,213,766	\$110,352,097	\$88,592,738	\$77,878,582	\$70,294,158	\$61,762,749	\$40,544,500	\$41,722,100	\$39,894,679
PROFIT BEFORE OTHER ADDITIONS OR DEDUCTIONS	\$ 20,686,927	\$ 17,242,797	\$ 10,632,370	\$ 9,101,252	\$ 9,339,942	\$ 9,928,057	\$10,033,012	\$ 7,260,894	\$ 7,003,869	\$ 7,948,043
OTHER ADDITIONS OR (DEDUCTIONS)										
Contribution to Pension Trust	\$ (962,900)	\$ (917,150)	\$ (603,000)	\$ (500,000)	\$ (400,000)	\$ (400,000)	\$ —	\$ —	\$ —	\$ —
Adjustments for Prior Years	—	113,684	87,286	98,521	380,272	—	—	—	—	—
Sundry Others—Net	163,169	159,227	144,523	34,060	125,455	(139,527)	116,312	43,260	(110,687)	(262,370)
Provision for Income Taxes	(10,264,141)	(8,539,783)	(5,430,162)	(4,508,946)	(5,013,025)	(5,104,223)	(4,688,437)	(2,866,245)	(2,711,984)	(2,965,362)
TOTAL OTHER ADDITIONS OR (DEDUCTIONS)	\$(11,063,872)	\$(9,184,022)	\$(5,801,353)	\$(4,876,365)	\$(4,907,298)	\$(5,643,750)	\$(4,572,125)	\$(2,822,985)	\$(2,822,671)	\$(3,227,732)
NET PROFIT FROM OPERATIONS	\$ 9,623,055	\$ 8,058,775	\$ 4,831,017	\$ 4,224,887	\$ 4,432,644	\$ 4,284,307	\$ 5,460,887	\$ 4,437,909	\$ 4,181,198	\$ 4,720,311
SALE OF PROPERTIES										
Gain or (Loss) on Sale of Properties	\$ 9,635,578	\$ 1,470,001	\$ 1,237,842	\$ 3,079,338	\$ 365,196	\$ —	\$ —	\$ (295,731)	\$ —	\$ 1,491,512
Provision for Capital Gains Tax	2,470,423	367,500	321,839	800,628	94,951	—	—	(112,378)	—	376,686
NET PROFIT OR (LOSS) ON SALE OF PROPERTIES	\$ 7,165,155	\$ 1,102,501	\$ 916,003	\$ 2,278,710	\$ 270,245	\$ —	\$ —	\$(183,353)	\$ —	\$ 1,114,826
TOTAL NET PROFIT	\$ 16,788,210	\$ 9,161,276	\$ 5,747,020	\$ 6,503,597	\$ 4,702,889	\$ 4,284,307	\$ 5,460,887	\$ 4,254,556	\$ 4,181,198	\$ 5,835,137
Deduct Minority Interest	35,841	56,516	8,947	89,597	181,474	343,492	605,554	122,883	125,996	135,403
NET PROFIT	\$ 16,752,369	\$ 9,104,760	\$ 5,738,073	\$ 6,414,000	\$ 4,521,415	\$ 3,940,815	\$ 4,855,333	\$ 4,131,673	\$ 4,055,202	\$ 5,699,734

FOR THE TEN YEARS ENDED DECEMBER 31, 1956

AND SUBSIDIARIES

On The Horizon

Thus far in 1957, conditions which helped to make 1956 the best year in our history are continuing. Despite some soft spots in the economy, national prosperity is at an all-time peak, and hotels should benefit from this high volume of activity.

With the continuing population increase in all areas of the nation, and America's growing ability and willingness to travel, the long-term outlook for the hotel industry is brighter than ever before—particularly in the large metropolitan areas where your Corporation's operations are concentrated.

Continued attention is being devoted in 1957 to reducing costs, wherever possible, by combining facilities and avoiding duplication, and by purchasing many goods and services necessary for hotel operations through a central department. The results of expanded sales and progressive promotional activities—such as the unique Hilton reservation system, which accepts and immediately confirms telephone or telegraph reservations for any of our hotels—have been gratifying. Our guests not only expect the best when they register at a Hilton Hotel, but will continue to receive the best in the coming years.

We feel that the decade to come will witness a further and still firmer identification of "Hilton" with "service" in the eyes of the public, which, in turn should bring ever-increasing patronage on the part of guests. It is our aim to so establish guest loyalties that those who enjoy our accommodations will regard our establishments as a second home, and will give first choice to the Hilton Family of Hotels because it has so much to offer in facilities, service, friendliness, and pleasure.

Your management finds ample basis for confidence in viewing the months and years ahead.

Conrad N. Hilton



Hilton guests can ignore heat waves or oppressive outdoor humidity. A flick of a convenient control and climate a la carte is theirs, adjustable to individual preference. Cool, comfortable air conditioning is just one of many services enjoyed by Hilton guests, who expect, and receive the best when they register at Hilton Hotels.



EASTERN DIVISION

HOTEL STATLER, *Boston, Massachusetts*
HOTEL STATLER, *Hartford, Connecticut*
HOTEL STATLER, *Buffalo, New York*
THE WALDORF-ASTORIA, *New York, New York*
THE PLAZA, *New York, New York*
HOTEL STATLER, *New York, New York*
THE SAVOY-PLAZA, *New York, New York*
HOTEL STATLER, *Washington, D.C.*

CENTRAL DIVISION

HOTEL STATLER, *Cleveland, Ohio*
HOTEL STATLER, *Detroit, Michigan*
DESHLER HILTON, *Columbus, Ohio*
THE DAYTON BILTMORE, *Dayton, Ohio*
NETHERLAND HILTON, *Cincinnati, Ohio*
TERRACE HILTON, *Cincinnati, Ohio*
THE CONRAD HILTON, *Chicago, Illinois*
PALMER HOUSE, *Chicago, Illinois*
HOTEL STATLER, *St. Louis, Missouri*

WESTERN DIVISION

THE STATLER HILTON, *Dallas, Texas*
HILTON HOTEL, *Fort Worth, Texas*
THE SHAMROCK HILTON, *Houston, Texas*
HILTON HOTEL, *San Antonio, Texas*
HILTON HOTEL, *El Paso, Texas*
HILTON HOTEL, *Albuquerque, New Mexico*
HOTEL STATLER, *Los Angeles, California*
THE BEVERLY HILTON, *Beverly Hills, California*

INTERNATIONAL DIVISION

CARIBE HILTON, *San Juan, Puerto Rico*
CONTINENTAL HILTON, *Mexico City, Mexico*
CASTELLANA HILTON, *Madrid, Spain*
ISTANBUL HILTON, *Istanbul, Turkey*



CORPORATION
Conrad N. Hilton, President

EXECUTIVE OFFICES • 720 SOUTH MICHIGAN AVENUE

CHICAGO 5, ILLINOIS

