



1952

ANNUAL REPORT

HILTON
HOTELS



BOARD OF DIRECTORS

HENRY CROWN, *Chairman, Material Service Corporation, Chicago*
SPEARL ELLISON, *Vice President*
Y. FRANK FREEMAN, *Executive Vice President, Paramount Pictures, Inc., Hollywood*
CONRAD N. HILTON, *President*
WILLARD W. KEITH, *President, Cosgrove and Company, Los Angeles*
LAWRENCE STEARN, *President, American National Bank & Trust Company of Chicago*
ROBERT P. WILLIFORD, *Executive Vice President*
CHARLES DEERE WIMAN, *President, Deere & Company, Chicago*
SAM D. YOUNG, *President, El Paso National Bank, El Paso*

OFFICERS

CONRAD N. HILTON, *President*
ROBERT P. WILLIFORD, *Executive Vice President*
JOSEPH P. BINNS, *Vice President*
HENRY CROWN, *Vice President*
SPEARL ELLISON, *Vice President*
CHARLES L. FLETCHER, *Vice President*
LYNN H. MONTJOY, *Vice President*
WILLIAM J. FRIEDMAN, *Secretary*
HERBERT E. HOLT, *Treasurer and Comptroller*

COMMON STOCK

Transfer Agents

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

Registrars

American National Bank and Trust Company
of Chicago
Chemical Bank & Trust Company
of Chicago
California Trust Company, Los Angeles

PREFERRED STOCK

Transfer Agents

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

Registrars

The Marine Midland Trust Company
of New York
American National Bank and Trust Company
of Chicago

EXECUTIVE OFFICES

HILTON HOTELS CORPORATION • THE CONRAD HILTON HOTEL • CHICAGO, ILLINOIS



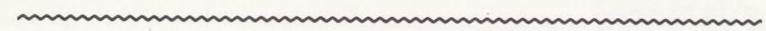
HILTON HOTELS CORPORATION

720 SOUTH MICHIGAN AVENUE, CHICAGO 5, ILLINOIS

1952

report to shareholders

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1952 *Annual Report*

to our SHAREHOLDERS

HILTON
HOTELS
CORPORATION
1952 and 1951
At a Glance

YEARS ENDED DECEMBER 31	1952	1951
Gross Revenue	\$87,218,524	\$80,222,215
Net Profit (excluding minority interest)		
Before Other Additions or Deductions	\$ 4,004,939	\$ 4,186,300
After Other Additions or Deductions	\$ 4,521,415	\$ 3,940,815
Earnings per Common Share		
Before Other Additions or Deductions	\$2.42	\$2.53
After Other Additions or Deductions	\$2.74	\$2.37
Net Working Capital—December 31	\$ 8,289,896	\$ 7,154,309
Earned Surplus (excluding surplus reserves)		
December 31	\$17,187,648	\$14,447,174
Outstanding Stock—December 31		
Convertible Preference (Shares)	43,513	79,889
Common (Shares)	1,620,844	1,592,878

The gross revenues of Hilton Hotels Corporation reached a new high in 1952. While the hotel industry as a whole enjoyed approximately a 5 per cent increase in room sales and a 5 to 6 per cent increase in food and beverage sales, the rate of increase in your Corporation's sales was substantially higher than the industry average. Despite increases in operating costs and wages, and the continued heavy tax burden, the net return from the business was more than \$200,000 in excess of that realized in 1951.

REVENUES

The new peak reached by the Corporation's gross revenues in 1952 amounted to \$87,155,372 as compared with \$80,173,380 in the previous year. Gross revenues were increased by the inclusion of the sales of the Hilton Hotel in Fort Worth, Texas, from February 1, 1952, as well as a full year's sales of the Arrowhead Springs Hotel, first leased in the spring of 1951. On the other hand the figure was reduced by the elimination of the sales of the Hilton Hotel in Lubbock, Texas, after May 1, 1952, when the property was sold.

EARNINGS AND TAXES

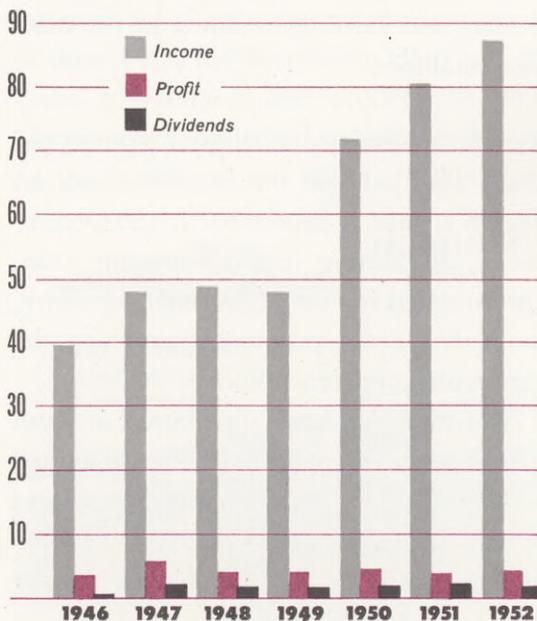
Net consolidated profit and adjustments to income, after all charges, including federal income and excess profits taxes, totaled \$4,521,415. This is equal, after preferred dividend requirements, to \$2.74 per share

on the 1,620,844 shares of common stock outstanding on December 31, 1952. Of the total, \$4,004,939, or \$2.42 per share, was derived from operations while \$516,476, or 32 cents per share, represented net profit from certain nonrecurring items and adjustments, including that portion of the profit on the sales of the Hilton Hotel in Lubbock and the Dayton Biltmore Hotel applicable to 1952. In 1951, consolidated net income totaled \$3,940,815. This was equal, after preferred dividend requirements, to \$2.37 a share on the 1,592,878 common shares outstanding at the close of that year.

Federal income and excess profits taxes in 1952 again took a major portion of your Corporation's income. Federal taxes for the year amounted to \$5,044,614, compared with \$5,040,986 in 1951. The tax bill was

INCOME, PROFITS AND DIVIDENDS

Millions of Dollars



THE HILTON DOLLAR

HOW WE EARNED IT

Rooms	39.4
Food	34.2
Beverage	12.8
Telephone	3.5
Other Departments	6.8
Store Rentals	1.5
Other Income	1.8

HOW WE SPENT IT

35.2	Payroll and Related Expenses
19.7	Cost of Goods Sold
21.4	Other Expenses
3.6	Repairs and Maintenance (excl. Payroll)
3.3	Real Estate and Personal Property Taxes
1.4	Interest on Borrowed Money
5.8	Federal Income Tax
2.3	Dividends
4.4	Depreciation
2.9	Reinvested in Business

100.00¢ ← TOTAL → 100.00¢

equivalent to \$3.11 per share of common stock, against \$3.16 per share the year before. Taxes for the year were considerably larger than dividend payments to stockholders and earnings retained in the business combined.

DIVIDENDS

Regular quarterly dividends of 30 cents per share were paid on the common stock on March 1, June 1, September 1, and December 1, amounting to \$1.20 for the year. Quarterly payments of 50 cents per share, or \$2.00 for the year, were made on the convertible preference stock.

The total dividends distributed on both the common and preferred stocks amounted to \$1,991,219.60, representing 44 per cent of net earnings. The balance of the net profit, amounting to \$2,530,195.71, was reinvested in the business.

DEPARTMENTAL REVENUE

1952 revenues from all operated departments, exclusive of commercial rentals, totaled \$85,820,858, compared with \$78,857,334 in 1951.

Despite a slight decline in average occupancy, in common with the industry as a whole, room sales in 1952 increased to \$34,331,105 as against \$31,350,484 in 1951.

Sales of food and beverages in 1952 totaled \$40,950,719. In 1951, food and beverage sales amounted to \$38,215,048.

Revenues of other operated departments in 1952 were \$8,983,416, compared with \$7,869,696 in 1951. Other income amounted to \$1,555,618, against \$1,422,105. Store rentals totaled \$1,334,514, compared with \$1,316,047.

THE NATIONAL POLITICAL CONVENTIONS

Conventions and group business of all kinds constitute an important part of our business. Most noteworthy last year, of course, were the national political conventions which were held in Chicago in July. Both The Conrad Hilton and Palmer House were completely sold out during the conventions and enjoyed correspondingly high food and beverage sales.

As you may know from watching the proceedings on television, both the Republicans and the Democrats chose The Conrad Hilton as their headquarters. Because it served as a base not only for the convention delegates, but for the 5,000 press, radio, television and newsreel men who combined to give the conventions the greatest news coverage in history, The Conrad Hilton became the focal point for the entire nation throughout the convention weeks.

Not only was business very good during the convention period, but we believe the manner in which our staffs handled the needs of our guests earned lasting good-will which should be favorably reflected in operating results in the years ahead.

MAYFLOWER MERGER

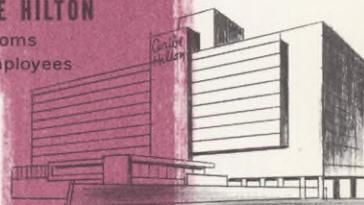
Our efforts to acquire the minority interest in the Mayflower Hotel, Washington, D. C., which have been carried on since the purchase of control in 1946, were successfully concluded in December by the merger of

Mayflower Hotel Corporation into the Corporation. The merger agreement, under which minority stockholders of the Mayflower were entitled to one share of Hilton common for each share of Mayflower, was approved by the stockholders of both corporations at meetings held last April. The Mayflower stockholders were also given the right to sell to Hilton Hotels Corporation the shares of Hilton common which they would receive at a price of \$19.10 per share. A small group of Mayflower stockholders filed an action in the Delaware courts to enjoin the merger on the grounds that they were not receiving fair value for their holdings and consummation of the merger was temporarily held up. In November, the Supreme Court of Delaware rendered its decision sustaining the fairness of the merger proposal and the merger was consummated shortly thereafter. As a result of these steps, the Mayflower Hotel has become a wholly owned property of your Corporation and its full earnings will inure to the benefit of the Hilton stockholders.

THE ROOSEVELT
1,100 Rooms
1,050 Employees



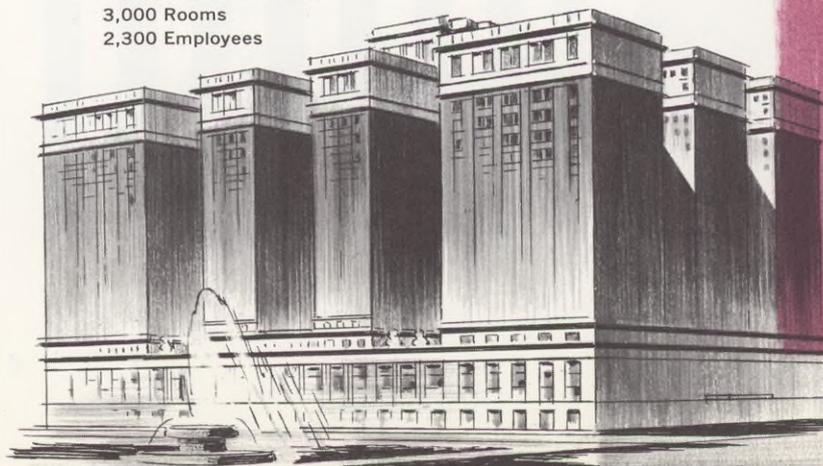
CARIBE HILTON
300 Rooms
500 Employees



THE MAYFLOWER
1,000 Rooms
1,000 Employees



THE CONRAD HILTON
3,000 Rooms
2,300 Employees



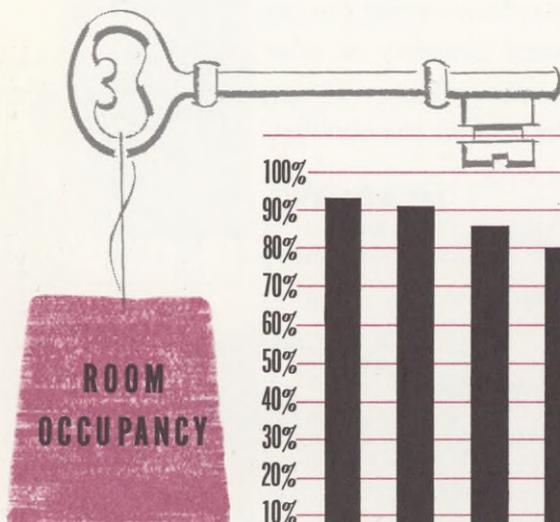
ACQUISITION OF ROOSEVELT HOTEL

Another major step during the year was the acquisition, through a wholly owned subsidiary, of the leasehold estate comprising the Roosevelt Hotel, New York. This property was being operated by Hilton Hotels Corporation under a management contract but was owned by a separate corporation, Roosevelt Hotel, Inc. In May, an agreement was entered into to purchase the assets and assume the liabilities of Roosevelt Hotel, Inc. A few minority stockholders of Roosevelt objected to the transaction and instituted a suit which was dismissed on our motion. In order to avoid the expense and delay of protracted litigation, a settlement was then negotiated under which an offer was made to the Roosevelt Hotel stockholders either to purchase their stock for \$21.15 per share or to exchange one and one-half shares of Hilton common for each share of Roosevelt. Hilton further agreed to repurchase any of its own common stock

issued in connection with this exchange at \$16.66 per share for a limited period. This offer was accepted by the holders of more than 95% of the outstanding stock of Roosevelt Hotel, Inc. and, on December 31, 1952, our subsidiary, Hotel Roosevelt Corporation, acquired all of the assets of Roosevelt Hotel, Inc., subject to its liabilities. Thereby the Roosevelt Hotel was integrated into the Corporation and its earnings also will inure to the benefit of our stockholders.

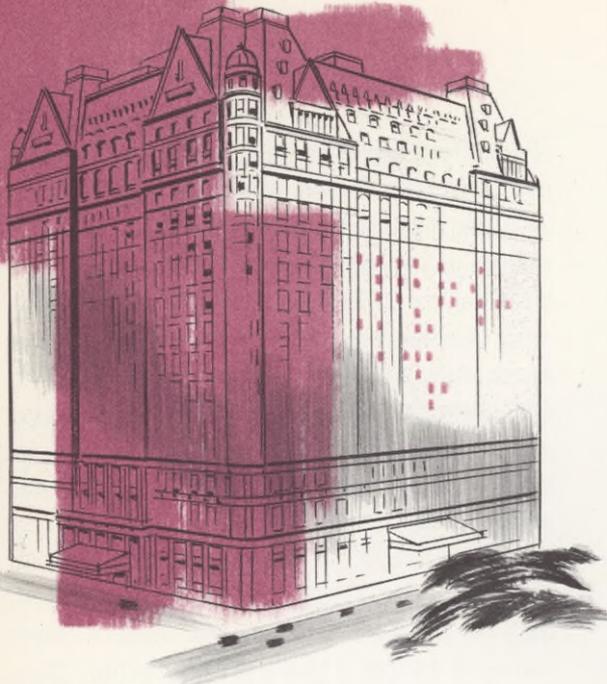
SALE OF LUBBOCK HILTON AND DAYTON BILTMORE

In May, the Hilton Hotel in Lubbock, Texas, was sold for \$1,450,000. Under the terms of the sale, Hilton received \$300,000 in cash and took back an installment note of \$1,150,000 secured by a mortgage upon the hotel and equipment. This sale resulted in a profit of \$792,602, subject to income taxes at the capital gains rate.



NET PROFIT AND TAXES





THE PLAZA
1,060 Rooms
1,200 Employees

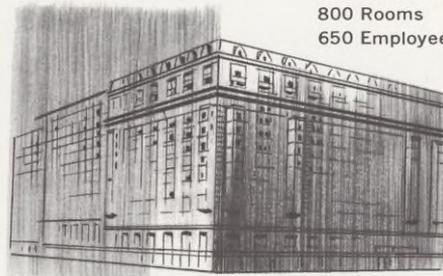
The taxes are payable only as the payments on the purchase price are received. After providing for taxes on the profit attributable to 1952 income, the net profit attributable to that year was \$123,192.

In December, the leasehold estate comprising the Dayton Biltmore Hotel, Dayton, Ohio, was sold under a "lease back" arrangement. The purchase price was \$3,300,000 of which \$250,000 was paid in cash and the balance of \$3,050,000 was represented by installment notes, of which \$1,900,000 was paid in January, 1953. The profit on this sale was \$2,623,116 which was also subject to income taxes at the capital gains rate, payable only as the payments on the purchase price are received. After providing for taxes, the profit attributable to 1952 income was \$147,053. Our lease agreement with the new owners provides for a rental of \$350,000 annually, as well as ground rent of \$105,000. The average income of this property during the past few years has been in excess of \$470,000.

LONG TERM DEBT

At the 1952 year end, consolidated long term debt amounted to \$36,478,295, an increase of \$984,665 over the \$35,493,630 debt on December 31, 1951. A detailed statement of changes appears in the accompanying table.

A new mortgage of \$2,000,000 was placed on the Jefferson Hotel and the old first and second mortgages totaling \$1,170,007 were

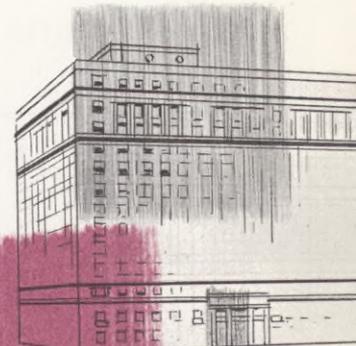


HOTEL JEFFERSON
800 Rooms
650 Employees

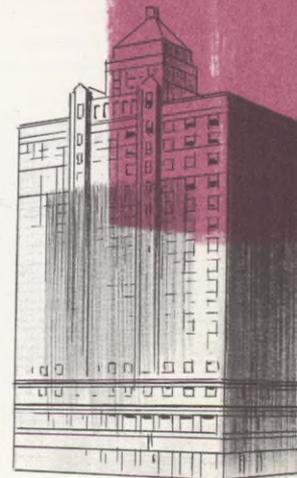
retired. With the acquisition of the Hotel Roosevelt, the debentures of \$1,836,558 issued by the Roosevelt Hotel, Inc., and assumed by our subsidiary were included in the consolidated figure. Mortgages on The Conrad Hilton, Palmer House and Plaza and the note on The Mayflower were reduced by prepayments called for under terms of the loan agreements. The Hotel Waldorf-Astoria Corporation retired \$885,000 of its debentures through operation of the sinking fund. The Mayflower note was completely retired shortly after January 1, 1953.

CAPITAL CHANGES

The Corporation authorized the issuance of 65,526 shares of common stock to effect the merger with Mayflower Hotel Corporation.



THE TOWN HOUSE
400 Rooms
250 Employees



EL PASO HILTON
350 Rooms
235 Employees

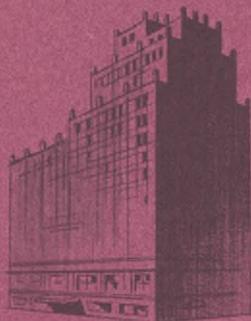
PALMER HOUSE

2,268 Rooms
2,200 Employees



FORT WORTH HILTON

300 Rooms
200 Employees



THE WALDORF-ASTORIA

1,900 Rooms
2,100 Employees



DAYTON BILTMORE

500 Rooms
320 Employees



Including shares repurchased in connection with the Mayflower and Roosevelt transactions, the Corporation repurchased 37,560 shares of its common stock during the year at a cost of \$594,566. As of the close of the year there were 1,620,844 shares of common stock outstanding as compared with 1,592,878 shares on December 31, 1951. Pursuant to the offer to Mayflower stockholders, an additional 31,729 shares were purchased within the first few weeks of 1953 at a cost of \$606,023.90. The common shares on December 31, 1952, had a book value of \$22.14 per share compared with a book value of \$19.88 a share a year earlier. During the year, the balance of the convertible preference stock under option to the Corporation, 36,376 shares, were acquired at the option price of \$40 per share. This stock will be held for future sinking fund use. The \$246,654 reserved for dividends during the term of the option was added to surplus.

EXPANSION ABROAD

During the year our subsidiary, Hilton Hotels International, Inc., continued its foreign expansion program on financial terms similar to those originally established with the Caribe Hilton Hotel in San Juan, Puerto Rico. Under these terms, Hilton Hotels International has entered into leases or operating agreements for hotels to be financed and built by foreign interests. The obligation of the lessee is to operate the property and pay the owner a percentage of the operating profit. Our investment in those projects is ordinarily limited to providing supplies and working capital.

Work was nearly completed during 1952

on construction of the Castellana Hilton in Madrid, Spain, one of the most beautiful hotels in Spain and the first Hilton hotel in Europe. Each of the 300 rooms contains a private bath, telephone and radio, and many have air conditioning and terraces.

The Turkish Pension Fund, which is building a hotel in Istanbul, Turkey, for operation by Hilton Hotels International, has let the construction contract and actual work on the building was under way by the end of the year.

IMPROVEMENTS

Though the majority of your Corporation's hotels are twenty or more years old, they are in excellent condition due to the extensive modernization and rehabilitation program which we have carried out. As a result, their competitive position in their respective communities is better than when the hotels were new. During the past seven years the Corporation has invested \$19,734,549 toward that end.

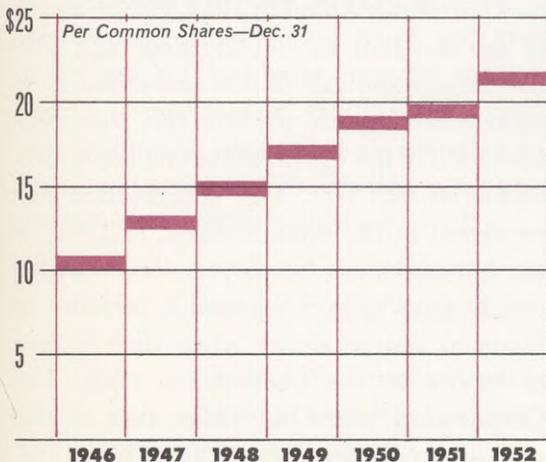
The largest improvement program in 1952 centered about the Jefferson Hotel in St. Louis. The hotel, when acquired in 1951, was below Hilton standards and required extensive renovation. Despite the handicap of Government restrictions on the use of materials necessary to remodeling, work progressed steadily.

A completely new lobby has been installed in the Jefferson Hotel, redesigned and redecorated in every detail. Airline waiting rooms have been consolidated and the areas formerly occupied by them converted into valuable street front space available for commercial rental. The entrance and first floor exterior of the hotel have also been completely modernized.

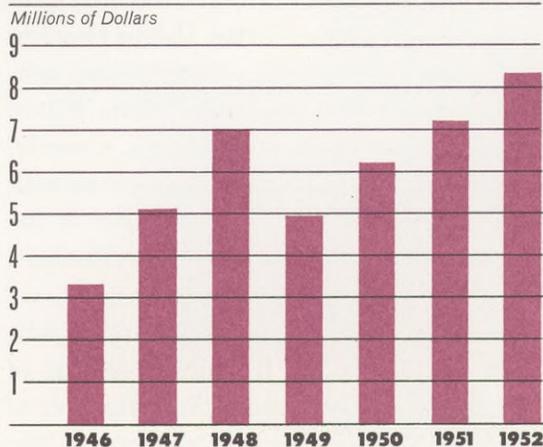
During the year, a number of changes were made in the executive roster of the Corporation. On April 19, 1952, Charles L. Fletcher, formerly a partner of Harris, Kerr, Forster and Company, was elected as vice president. At the same time, Herbert E. Holt, formerly assistant treasurer and comptroller, was elected treasurer and comptroller.

PERSONNEL

STOCKHOLDERS EQUITY



MAINTENANCE AND MODERNIZATION



ANALYSIS OF LONG TERM DEBT

*Hilton Hotels Corporation
and Subsidiaries*

	Balance December 31, 1951	Additions During 1952	Payments During 1952	Balance December 31, 1952
FIRST MORTGAGE BONDS AND NOTES				
The Palmer House	\$14,720,000.00	\$ —	\$ 320,000.00	\$14,400,000.00
The Conrad Hilton	7,000,000.00	—	300,000.00	6,700,000.00
The Plaza	5,202,365.46	—	233,945.47	4,968,419.99
The Jefferson	1,075,651.03	—	1,075,651.03	—
The Jefferson	—	2,000,000.00	32,090.09	1,967,909.91
Waldorf-Astoria Laundry	371,200.00	—	371,200.00	—
Waldorf-Astoria Laundry	—	300,000.00	10,148.39	289,851.61
SECOND MORTGAGE				
The Jefferson	94,356.32	—	94,356.32	—
DEBENTURES				
The Waldorf-Astoria	3,202,500.00	—	885,000.00	2,317,500.00
The Roosevelt	—	1,836,558.80	—	1,836,558.80
OTHER NOTES				
Installment Purchase Contract	2,450,000.00	—	—	2,450,000.00
The Mayflower	400,000.00	—	100,000.00	300,000.00
Waldorf-Astoria Laundry Purchase Notes	804,220.00	—	40,720.00	763,500.00
Sundry	173,337.55	393,847.00	82,629.00	484,555.55
	<u>\$35,493,630.36</u>	<u>\$4,530,405.80</u>	<u>\$3,545,740.30</u>	<u>\$36,478,295.86</u>

In May, Dean Carpenter, a vice president and a director of Hilton Hotels International, Inc., was appointed as special European representative for Hilton Hotels Corporation. Mr. Carpenter had been general manager of the Plaza Hotel since May 1, 1951, and general manager of the Hotel Roosevelt prior to that.

Also in May, John W. Houser was elected executive vice president of Hilton Hotels International, Inc. Mr. Houser had served as general manager, vice president, and director of that corporation since its formation in 1948.

In July, Arthur E. Elmiger, formerly general manager of the Caribe Hilton Hotel in San Juan, Puerto Rico, was appointed general manager of the new Castellana Hilton Hotel in Madrid, Spain. Robert J. Caverly, vice president of Hilton Hotels International, was appointed as general manager of the Caribe Hilton, to succeed Mr. Elmiger.

At the beginning of the new year, we suffered a great loss in the death of Mr. James B. Herndon, Jr., vice president of Hilton Hotels Corporation and treasurer of the Hotel Waldorf-Astoria Corporation. Mr.

Herndon, who had been ill for six months, died in New York on January 4, 1953.

His passing is deeply felt not only by the officers, directors and employees of the Hilton Hotels organization with whom he had been associated since 1929, but by his many friends and associates throughout the country, including members of the American Hotel Association and Williamsburg Restoration, Inc., for whom, at the time of his death, he was, respectively, board chairman and trustee.

Relations with the 12,000 employees of the Hilton Hotels organization continued on a harmonious basis in 1952. We are aware of the fact that the loyalty and high performance standards of our employees have contributed much toward the successful operation of the Corporation and are appreciative of that fact. This appreciation was expressed in the establishment, in 1951, of the Hilton Hotels Employees Pension Plan which gives Hilton workers a measure of financial independence when their period of service to the Corporation ends. The Corporation bears the entire cost of this plan and contributed \$400,000 to it in 1952.

THE SHAREHOLDER AS A GUEST

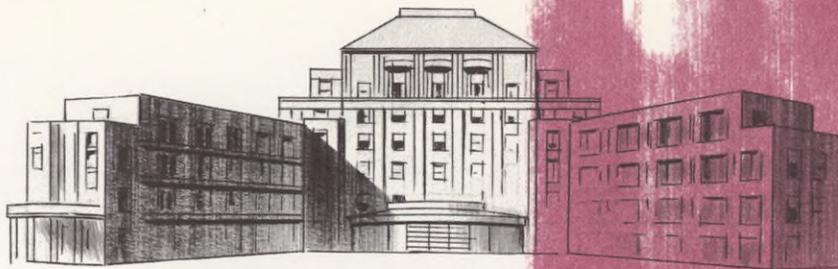
When travel for business or pleasure takes Hilton Hotels Corporation shareholders to cities in which we have properties, it may be convenient to utilize a Hilton credit card, entitling the holder to the usual benefits of charging hotel bills and cashing moderate checks. Such a card yields an accurate record of expenses for tax purposes. Applications for credit cards may be obtained by writing to the Corporation. This service is open to everyone, a fact which might be of interest to the shareholder's friends and acquaintances. There are at the present time more than 250,000 such card holders.

CONCLUSION

To conclude, in 1952, we attained a record level of sales and realized satisfactory net earnings from our operations. The integration of the Mayflower and Roosevelt hotels as full members of the Hilton family simplified our corporate problems and will contribute to the earnings available to our stockholders. We are always striving to improve the condition of all of our properties and to continue to serve our guests in the finest traditions of Hilton service. With the continued support of its shareholders and employees, Hilton Hotels Corporation looks forward with confidence to 1953.

Conrad N. Hilton

Conrad N. Hilton, President
Hilton Hotels Corporation
March 5, 1953



ARROWHEAD SPRINGS

200 Rooms
150 Employees

PALACIO HILTON CHIHUAHUA, MEXICO

130 Rooms
100 Employees



ALBUQUERQUE HILTON

200 Rooms
200 Employees



COMPARATIVE CONSOLIDATED BALANCE SHEET

H I L T O N H O T

ASSETS		
	<i>Dec. 31, 1952</i>	<i>Dec. 31, 1951</i>
CURRENT AND WORKING ASSETS		
Cash	\$ 7,148,506.31	\$ 7,289,411.55
Marketable Securities—U.S. Treasury Bonds	\$ 710,000.00	\$ 710,000.00
Accounts and Notes Receivable	\$ 6,259,093.06	\$ 5,052,491.73
Less: Reserve for Doubtful Accounts	187,107.31	128,755.32
	<u>\$ 6,071,985.75</u>	<u>\$ 4,923,736.41</u>
Inventories of Merchandise and Supplies (At Cost)	\$ 2,475,939.32	\$ 2,246,847.42
Other Current Assets		
Cash in Banks for Payment of Income Taxes	\$ 1,365,589.94	\$ 1,775,156.22
Investment Mortgage Notes and Leasehold Sales Agreement Payments Receivable Within One Year (Note 2)	1,979,747.98	372,000.00
Other	726,188.77	699,117.89
	<u>\$ 4,071,526.69</u>	<u>\$ 2,846,274.11</u>
<i>Total Current Assets</i>	<u>\$ 20,477,958.07</u>	<u>\$ 18,016,269.49</u>
 RESTRICTED CASH—R.F.C. ESCROW CASH ACCOUNT		
	\$ —	\$ 13,325.01
INVESTMENTS—(Note 2)		
Bermuda Development Company, Ltd.	\$ 265,832.00	\$ 265,832.00
Installment Sales Contract Note	46,000.00	372,000.00
First Mortgage Real Estate Installment Note	889,591.33	—
Chattel Mortgage Installment Note	216,358.03	—
Leasehold Sales Agreement	3,050,000.00	—
Other	1,200.00	26,200.00
	<u>\$ 4,468,981.36</u>	<u>\$ 664,032.00</u>
Less: Amounts Due Within One Year (Above)	1,979,747.98	372,000.00
<i>Total</i>	<u>\$ 2,489,233.38</u>	<u>\$ 292,032.00</u>
 FIXED ASSETS—(Note 3)		
Land	\$ 13,908,433.59	\$ 14,179,155.86
Buildings	54,611,303.54	52,944,188.99
Furniture and Equipment	13,576,235.42	13,310,315.81
Leaseholds and Improvements	18,784,962.15	15,982,220.97
	<u>\$ 100,880,934.70</u>	<u>\$ 96,415,881.63</u>
Less: Reserve for Depreciation and Amortization	44,181,839.12	40,309,350.48
	<u>\$ 56,699,095.58</u>	<u>\$ 56,106,531.15</u>
Rehabilitation, Revisions and Alterations	3,718,996.67	3,041,100.36
Operating Equipment	2,071,332.94	2,026,796.67
<i>Total</i>	<u>\$ 62,489,425.19</u>	<u>\$ 61,174,428.18</u>
 OTHER ASSETS AND DEFERRED CHARGES		
Non-Operating Property—Beverly Hills, California—Land	\$ 3,012,117.62	\$ 3,012,117.62
Development Costs—Beverly Hills, California	136,809.93	—
Security Deposits Under Leases	25,134.30	339,418.72
Pre-Opening Expenses	38,959.59	55,979.36
Organization Expenses	320,769.07	282,800.40
Other Assets and Deferred Charges	511,572.74	461,346.72
<i>Total</i>	<u>\$ 4,045,363.25</u>	<u>\$ 4,151,662.82</u>
TOTAL ASSETS	<u>\$ 89,501,979.89</u>	<u>\$ 83,647,717.50</u>

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



LIABILITIES

	Dec. 31, 1952	Dec. 31, 1951
CURRENT LIABILITIES		
Bank Loans Payable	\$ 64,082.86	\$ 23,166.66
Accounts Payable	3,173,814.67	3,069,809.31
Accrued Expenses and Charges	4,438,828.80	3,682,449.41
Long-Term Debt—Due Within One Year	1,308,687.27	1,136,495.53
Other	396,492.21	299,596.42
	<u>\$ 9,381,905.81</u>	<u>\$ 8,211,517.33</u>
Federal, State, City, District and Foreign Taxes on Income (Note 4)	\$ 5,156,156.18	\$ 5,040,442.68
Less: U. S. Treasury Tax Notes—(At Cost)	2,350,000.00	2,390,000.00
	<u>\$ 2,806,156.18</u>	<u>\$ 2,650,442.68</u>
<i>Total Current Liabilities</i>	<u>\$12,188,061.99</u>	<u>\$10,861,960.01</u>
LONG-TERM DEBT		
Mortgage Bonds and Notes	\$28,326,181.51	\$28,463,572.81
5% Sinking Fund Income, Subordinated Income, and Subordinated Debentures Net of Debentures in Treasury	4,154,058.80	3,202,500.00
Installment Purchase Agreements and Notes Payable	3,998,055.55	3,827,557.55
	<u>\$36,478,295.86</u>	<u>\$35,493,630.36</u>
Less: Amounts Due Within One Year (Above)	1,308,687.27	1,136,495.53
<i>Total</i>	<u>\$35,169,608.59</u>	<u>\$34,357,134.83</u>
DEFERRED INCOME		
Unrealized Profit on Sale of Properties (Note 2)	\$ 3,050,522.22	\$ —
Other	16,939.06	—
<i>Total</i>	<u>\$ 3,067,461.28</u>	<u>\$ —</u>
RESERVES		
Dividends Payable on Convertible Preference Stock Under Option	\$ —	\$ 210,278.00
For Debenture Interest Withheld (Note 7)	105,789.24	146,186.65
Other	8,666.52	9,424.18
<i>Total</i>	<u>\$ 114,455.76</u>	<u>\$ 365,888.83</u>
MINORITY INTEREST		
	<u>\$ 902,037.49</u>	<u>\$ 2,407,452.09</u>
CAPITAL STOCK AND SURPLUS		
	<i>Shares</i>	
Capital Stock—(Note 5)	<i>Dec. 31, 1952</i>	<i>Dec. 31, 1951</i>
First Preferred—Par \$100.00		
Authorized and Unissued	100,000.00	100,000.00
Convertible Preference—		
Par \$50.00, Authorized	353,507.03	359,723.03
Less: Unissued	133,069.03	133,069.03
Treasury Stock	176,925.00	146,765.00
	<u>309,994.03</u>	<u>279,834.03</u>
Outstanding	43,513.00	79,889.00
	<u>\$ 2,175,650.00</u>	<u>\$ 3,994,450.00</u>
Common—Par \$5.00 Authorized	4,000,000.00	4,000,000.00
Less: Reserved for Conversion Privileges of Convertible Preference Stock	440,876.00	453,308.00
Unreserved	1,803,317.00	1,856,411.00
	<u>2,244,193.00</u>	<u>2,309,719.00</u>
Outstanding	1,755,807.00	1,690,281.00
	<u>\$ 8,779,035.00</u>	<u>\$ 8,451,405.00</u>
<i>Total Capital Stock</i>	<u>\$10,954,685.00</u>	<u>\$12,445,855.00</u>
Surplus		
Capital Surplus	\$10,952,472.74	\$ 9,202,136.98
Earned Surplus	17,187,647.79	14,447,174.08
Reserve for Contingencies—(Note 6)	500,000.00	500,000.00
<i>Total Surplus</i>	<u>\$28,640,120.53</u>	<u>\$24,149,311.06</u>
<i>Total Capital Stock and Surplus</i>	<u>\$39,594,805.53</u>	<u>\$36,595,166.06</u>
Deduct: Common Stock in Treasury—(At Cost)		
134,963 Shares at December 31, 1952 and		
97,403 Shares at December 31, 1951	1,534,450.75	939,884.32
	<u>\$38,060,354.78</u>	<u>\$35,655,281.74</u>
TOTAL LIABILITIES	<u>\$89,501,979.89</u>	<u>\$83,647,717.50</u>

CONSOLIDATED INCOME

	<i>Year Ended</i>	
	<i>Dec. 31, 1952</i>	<i>Dec. 31, 1951</i>
GROSS OPERATING REVENUE		
Rooms Department	\$34,331,105.38	\$31,350,484.24
Food and Beverage Department	40,950,719.15	38,215,048.41
Other Operated Departments	8,983,416.01	7,869,696.39
Other Income	1,555,617.96	1,422,104.55
Store Rentals	1,334,513.81	1,316,046.87
	<u>\$87,155,372.31</u>	<u>\$80,173,380.46</u>
OPERATING COSTS AND EXPENSES		
Departmental Costs and Expenses	\$47,683,216.30	\$44,051,999.65
Administrative and General Expenses	8,275,934.79	7,276,939.88
Advertising and Business Promotion	1,802,293.88	1,578,280.22
Heat, Light and Power	2,671,729.46	2,454,960.37
Maintenance and Repairs	5,063,584.64	4,328,085.74
Lease Rentals	3,351,809.05	2,706,455.55
Real Estate and Personal Property Taxes	2,926,238.43	2,574,738.41
Interest	1,230,909.67	1,236,834.09
Depreciation and Amortization	3,835,805.94	3,445,778.89
Corporate Expenses and Sundry Capital Charges	760,854.51	625,976.94
	<u>\$77,602,376.67</u>	<u>\$70,280,049.74</u>
NET OPERATING PROFIT	<u>\$ 9,552,995.64</u>	<u>\$ 9,893,330.72</u>
ADDITIONS TO OR DEDUCTIONS* FROM INCOME		
Interest on Investment Securities	\$ 63,151.79	\$ 48,834.63
Interest on Income Tax Assessments and Refunds	23,738.22*	305,945.24*
Loss* on Sale or Abandonments of Capital Assets	30,894.86*	1,339.39*
Reimbursement by Lessor Under Lease Agreement	62,002.51	53,113.41
Contribution to Pension Trust	400,000.00*	400,000.00*
Property Tax Refunds, Less: Fees and Expenses	125,877.84	88,055.40
Realized Profit on Sale of Properties	365,196.02	—
Sundry—Other	276,205.44*	14,108.31*
	<u>\$ 114,610.36*</u>	<u>\$ 531,389.50*</u>
PROFIT BEFORE INCOME TAXES	<u>\$ 9,438,385.28</u>	<u>\$ 9,361,941.22</u>
PROVISION FOR INCOME TAXES		
Federal Normal and Surtax	\$ 4,822,558.51	\$ 4,770,240.67
Federal Excess Profits Tax	222,055.29	270,745.60
State, City, District and Foreign Taxes	63,362.27	63,236.56
<i>Total</i>	<u>\$ 5,107,976.07</u>	<u>\$ 5,104,222.83</u>
NET PROFIT	<u>\$ 4,330,409.21</u>	<u>\$ 4,257,718.39</u>
MINORITY INTEREST	181,473.71	343,491.96
NET PROFIT FOR THE YEAR	<u>\$ 4,148,935.50</u>	<u>\$ 3,914,226.43</u>
INCOME OR LOSS*—SPECIAL ITEMS		
From Retirement of Debentures (Net of Bond Discount and Expense)	\$ 3,446.16*	\$ 26,289.19
From Cancellation of Securities (Net of Bond Discount and Expense)	—	299.25
Premium on Redemption of Preferred Stock	4,346.25*	—
Assessments and Adjustments of Prior Years' Taxes on Income	74,734.67*	—
Adjustments to Conform with Income Tax Settlement for the Period June 1, 1946 to December 31, 1948:		
Items Expensed June 1, 1946 to December 31, 1948 which were Capitalized	132,540.54	—
Reduction in Depreciation June 1, 1946 to December 31, 1951	322,466.35	—
	<u>\$ 372,479.81</u>	<u>\$ 26,588.44</u>
NET PROFIT AND SPECIAL ITEMS	<u>\$ 4,521,415.31</u>	<u>\$ 3,940,814.87</u>

*Denotes Red Figures.

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



CONSOLIDATED SURPLUS

CAPITAL SURPLUS

BALANCE—BEGINNING OF YEAR.....		\$ 9,202,136.98
ADD:		
Discount on Convertible Preference Stock		
Purchased for the Treasury.....	\$ 363,760.00	
Surplus Arising from Exchange of Common Stock for		
Capital Stock of Mayflower Hotel Corporation.....	923,916.60	
Surplus Arising from Adjustment of Reserves for		
Depreciation of Conrad Hilton Hotel at		
Date of Merger (June 1, 1946) to Conform		
with Income Tax Settlement.....	79,044.63	
Surplus Arising from Adjustment of Assets and		
Related Depreciation Reserves of Mayflower		
Hotel Corporation to Tax Basis:		
Fixed Assets (Net).....	367,620.47	
Unamortized Loan Expense.....	13,837.24	
Reorganization Expense.....	<u>2,156.82</u>	
		<u>1,750,335.76</u>
BALANCE—END OF YEAR.....		<u>\$10,952,472.74</u>

EARNED SURPLUS

BALANCE—BEGINNING OF YEAR.....		\$14,447,174.08
ADD:		
Cancellation of 1951 Reserve for Dividends Payable		
on 36,376 Shares of Convertible Preference Stock		
Purchased During 1952 per Option Agreements.....	\$ 210,278.00	
Consolidated Net Income for the		
Year Ended December 31, 1952.....	<u>4,521,415.31</u>	
		<u>4,731,693.31</u>
		\$19,178,867.39
DEDUCT:		
Dividends—Convertible Preference Stock.....	\$ 87,026.00	
Dividends—Common Stock.....	<u>1,904,193.60</u>	
		<u>1,991,219.60</u>
BALANCE—END OF YEAR.....		<u>\$17,187,647.79</u>

NOTES TO FINANCIAL STATEMENTS

H I L T O N H O T E L S

(1) BASIS OF CONSOLIDATION

It is the policy of the Corporation to include in the consolidated financial statements all wholly-owned and majority-owned subsidiaries and to reflect in consolidated income subsidiary operations from dates of acquisition of control. In consolidation, the intercompany accounts and transactions are eliminated.

New to the consolidation this year are the wholly-owned subsidiaries Hotel Roosevelt Corporation organized November 13, 1951 which acquired control of Roosevelt Hotel, Inc. (operating Hotel Roosevelt, New York, under lease), as of October 16, 1952 which latter company was merged with its parent immediately after the close of business, December 31, 1952; Hotel Blackstone Corporation, organized January 16, 1952 and operating The Hilton Hotel, Fort Worth, under lease since February 1, 1952; Hilton Hotel Drug Co., organized January 23, 1952 and operating since February 10, 1952 under lease of space in The El Paso Hilton Hotel, an operating unit of the Corporation; The Palmer House Drug Store, Inc., and Palmer House Fountain Luncheonette, Inc., both organized on January 11, 1952 and both operating since February 1, 1952 under lease of space in The Palmer House, Chicago, an operating unit of the Corporation; and The Jefferson Drug Company, organized March 22, 1952 and operating since July 1, 1952 under lease of space in The Jefferson Hotel, St. Louis, an operating unit of the Corporation.

The Mayflower Hotel Corporation carried in consolidation last year as a majority-owned subsidiary was merged with the Corporation as of December 1, 1952 thereby becoming an operating unit of Hilton Hotels Corporation.

There continues to be carried in the consolidated financial statements the wholly-owned Hilton Hotels International, Inc., and the majority-owned Hotel Waldorf-Astoria Corporation in which Hilton Hotels Corporation had an 83.88% interest at December 31, 1952. A former operating unit, Lubbock Hilton Hotel was sold as of the close of business April 30, 1952 and, accordingly, the income accounts reflect only four months operations of this unit for 1952. On December 11, 1952 the Corporation sold its interest in the ninety-nine year lease of The Dayton Biltmore Hotel together with certain assets that were related to it and at about the same time acquired a sub-lease from the purchaser. Accordingly, the income accounts contain a full year's operations of this Unit as in prior years.

(2) INVESTMENTS

Included under this caption is a real estate and a chattel mortgage installment note both maturing April 30, 1960 in the original respective amounts of \$925,000.00 and \$225,000.00, paid down to \$889,591.33 and \$216,358.03, respectively at December 31, 1952. These notes were received in connection with the sale of The Lubbock Hilton Hotel property under which terms of sale the Corporation received \$300,000.00 in cash and the balance in notes as aforementioned. The profit of \$792,602.05 on the sale was deferred and is being taken into income in the year payments are made. Accordingly, the income accounts for the year ended December 31, 1952 included \$166,475.10 of realized profit included in the 1952 payment of \$344,050.64.

The leasehold sales agreement included under this caption in the original amount of \$3,300,000.00 paid down to \$3,050,000.00 at December 31, 1952 was entered into in connection with the sale of The Dayton Biltmore leasehold and certain related assets. On January 7, 1953 a further payment of \$1,900,000.00 was made to the Corporation in accordance with the agreement and there was received in addition thereto a promissory installment note for the balance of \$1,150,000.00 secured by a real estate leasehold mortgage maturing January 5, 1965. The profit of \$2,623,116.19 on the sale was deferred and is being taken into income in the year payments are made. Accordingly, the income accounts for the year ended December 31, 1952 included \$198,720.92 of realized profit included in the 1952 payment of \$250,000.00.

(3) FIXED ASSETS

The properties included under fixed assets at December 31, 1952 were the same as in the preceding year except as mentioned in Note 1. Such asset values were carried at cost or were carried over from the predecessor companies together with related depreciation reserves at predecessors' basis, plus additions at cost.

The cost of securities of Roosevelt Hotel, Inc., held by the wholly-owned subsidiary, Hotel Roosevelt Corporation at December 31, 1952 and the cost of securities of Hotel Waldorf-Astoria Corporation, majority-owned subsidiary were acquired at \$1,880,326.30 more than the book values of the equities thus acquired. The difference has been treated in consolidation as additional cost of leaseholds. Amortization of leaseholds is accordingly stated herein at \$148,617.83 more than is shown by the subsidiaries of which \$60,048.28 has been charged against consolidated income this year.

The investment in Mayflower Hotel Corporation, which was merged with the Parent as of December 1, 1952, was acquired at \$1,376,797.15 more than the book value of the equity thus acquired. The difference has been treated as additional cost of fixed assets and allocated on a pro-rata basis to the respective assets and depreciated accordingly. In addition, the basis of fixed assets and related depreciation reserves were adjusted to conform with the tax basis of property which in net was \$367,640.47 higher than the adjusted basis in merger.

(4) FEDERAL TAXES ON INCOME

Provision has been made for all Federal Income Taxes based on separate returns of the companies.

Federal Income Tax returns have been examined and settled through 1948, for Hilton Hotels Corporation, through 1949 for Hotel Waldorf-Astoria Corporation and through 1950 for Mayflower Hotel Corporation.

The Bureau of Internal Revenue has examined the Federal Income Tax return of Roosevelt Hotel, Inc. for the year 1944 and in connection therewith has proposed a deficiency of approximately \$46,000.00 based on the disallowance as a deduction, of interest expense relating to the 5% Subordinated Income Debentures due May 1, 1964. The company contested the proposed deficiency and the case has been tried in the Tax Court of the United States but no decision has been rendered. If the Tax Court should uphold the findings of the Bureau of Internal Revenue, the total Federal Income Tax liability (including interest) at December 31, 1952 would be approximately \$482,000.00 for the



years 1944 to 1952 inclusive. Additional New York State Franchise Tax resulting therefrom, for the same period would approximate \$44,000.00. No provision has been made in the consolidated accounts for either of these contingent liabilities. Tax returns of Roosevelt Hotel, Inc. for the years 1945 to 1950, inclusive are presently under examination by the Bureau of Internal Revenue.

(5) COMMON STOCK

Common shares have been reserved for the conversion of convertible preference shares at the option of the holders thereof at the rate of two shares of common stock for each share of convertible preference stock.

(6) RESERVE FOR CONTINGENCIES

The Board of Directors established as of December 31, 1951 a reserve for contingencies of \$500,000.00 to cover claims which may be asserted under various Federal and State statutes and regulations, including claims for taxes on the Corporation's income for prior years, such reserve so created being deemed by the Board of Directors to be reasonably adequate to cover all such contingencies.

(7) DIVIDEND RESTRICTIONS

The Trust Agreement securing the outstanding debentures of Hotel Waldorf-Astoria Corporation provides among other things that no dividends may be paid nor other distributions made in respect of the outstanding capital stock until all accrued interest and sinking fund payments have been made.

(8) SINKING FUND PAYMENTS

Two subsidiaries are required, under the terms of indentures covering their long term indebtedness, to pay into a sinking fund a portion of their earnings for the retirement of such indebtedness. No provision has been made in the consolidated statements for such sinking fund payments which amounted in total to \$571,568.05 at December 31, 1952 of which \$422,468.05 is due on March 1, 1953 and \$149,100.00 is due on or before April 1, 1953.

(9) LONG TERM LEASES

Certain properties are occupied by the Corporation and its subsidiaries under long term leases ranging from 3 years, with option to renew for 21 years, to 26 years from December 31, 1952. At December 31, 1952, the total minimum annual fixed or basic rentals payable under such leases was approximately \$2,000,000.00.

GENERAL

The wholly-owned subsidiary, Hilton Hotels International, Inc. has entered into preliminary leases, subject to certain conditions, for the operation of Hotels under construction each in Madrid, Spain and Istanbul, Turkey. A preliminary lease agreement was entered into, subject to certain conditions, for the operation of a proposed hotel in Havana, Cuba. In addition, negotiations were in progress for leasing of hotels in Athens, Greece; London, England; Rome, Italy; Paris, France; Mexico City, Mexico and Toronto, Canada. According to the minutes of Director's meetings, the Company has limited its investment in working capital and expenses to \$100,000.00 for any one hotel project.

The Supreme Court of New York County has ruled in favor of Hotel Waldorf-Astoria Corporation in the litigation to reduce real estate tax assessments for the tax years 1951-1952 and 1952-1953. However, since the decision is being appealed by the City of New York, no provision has been made in the income accounts for the pending net proceeds to the Company of approximately \$267,000.00 of which amount, \$183,000.00 would be applicable to the Company at December 31, 1952.

There is not reflected in the consolidated statements any liability that may result in the event of an unsuccessful defense of an action brought against Hotel Waldorf-Astoria Corporation by a former employee. In the opinion of counsel for the Company, good defenses exist to the action, which has not yet been brought to trial.

AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Hilton Hotels Corporation
Chicago 5, Illinois

We have examined the consolidated balance sheet of Hilton Hotels Corporation and its Subsidiaries at December 31, 1952 and the related statements of consolidated income and surplus 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 other independent accountants who have submitted to us their certificates concerning the underlying statements which were examined by them.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the account-

ing records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, based upon our examination and upon the opinions expressed in the reports of other independent accountants pertaining to the operating units and companies examined by them, the accompanying consolidated balance sheet and related statements of consolidated income and surplus, together with notes pertaining thereto, present fairly the financial position of Hilton Hotels Corporation and its Subsidiaries at December 31, 1952 and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

STATEMENT OF FINANCIAL CONDITION

H I L T O N H O T

As at the close of years 1947 to 1952 inclusive

	1952	1951	1950	1949	1948	1947
Current Assets:						
Cash.....	\$ 7,148,506	\$ 7,289,412	\$ 6,996,985	\$ 5,582,394	\$ 4,620,363	\$ 5,888,368
Marketable Securities.....	710,000	710,000	710,000	200,000	200,799	449,299
Receivables (Net).....	6,071,986	4,923,736	4,351,549	1,568,672	1,584,243	1,921,137
Inventories.....	2,475,939	2,246,847	1,976,791	1,031,642	1,320,663	1,680,393
Other.....	4,071,527	2,846,274	2,355,500	1,742,648	878,464	809,886
Total Current Assets.....	\$20,477,958	\$18,016,269	\$16,390,825	\$10,125,356	\$ 8,604,532	\$10,749,083
Current Liabilities:						
Accounts Payable.....	\$ 3,173,815	\$ 3,069,809	\$ 2,692,845	\$ 1,590,354	\$ 2,182,510	\$ 1,956,963
Accrued Liabilities.....	4,438,829	3,682,449	3,440,643	2,400,262	2,368,039	2,367,052
Provision for Income Taxes...	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.....	1,308,687	1,136,496	1,016,087	549,778	704,144	614,363
Other.....	460,575	322,763	351,167	151,634	152,459	157,062
Total Current Liabilities....	\$12,188,062	\$10,861,960	\$10,369,270	\$ 5,924,462	\$ 5,560,384	\$ 5,521,564
Working Capital.....	\$ 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.....	\$ 5,663,295	\$ 3,656,893	\$ 3,995,749	\$ 3,167,227	\$ 1,357,529	\$ 2,686,642
Fixed Assets (Net).....	62,489,425	61,174,428	59,625,808	49,492,601	51,042,925	47,600,347
Deferred Charges.....	871,302	800,128	802,462	596,537	454,329	425,091
Total.....	\$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).....	\$35,169,609	\$34,357,135	\$32,933,501	\$24,208,252	\$23,958,030	\$23,719,388
Deferred Income.....	3,067,461	—	—	—	—	—
Sundry Reserves.....	114,456	365,889	402,655	142,914	8,275	13,209
Total.....	\$38,351,526	\$34,723,024	\$33,336,156	\$24,351,166	\$23,966,305	\$23,732,597
Net Assets.....	\$38,962,392	\$38,062,734	\$37,109,418	\$32,906,093	\$31,932,626	\$32,207,002
Net Assets Represented In—						
Convertible Preference Stock..	\$ 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).....	7,244,584	7,511,521	7,038,215	6,956,281	7,742,308	8,092,890
Surplus Reserves.....	500,000	500,000	1,700,000	1,820,000	1,820,000	1,820,000
Capital Surplus.....	10,952,473	9,202,137	7,301,090	7,340,447	7,091,924	6,137,230
Earnings Retained in the Business.....	17,187,648	14,447,174	12,664,299	9,614,750	7,271,896	5,062,687
Minority Interest.....	902,037	2,407,452	3,501,964	1,361,365	1,283,348	1,224,127
As above.....	\$38,962,392	\$38,062,734	\$37,109,418	\$32,906,093	\$31,932,626	\$32,207,002
Book Value per Common Share.....	\$22.14	\$19.88	\$19.16	\$17.38	\$15.11	\$13.04



SUMMARY OF CONSOLIDATED EARNINGS

For the Six Years Ended December 31, 1952

	1952	1951	1950	1949	1948	1947
Gross Revenue:						
Rooms Department	\$34,331,105	\$31,350,484	\$28,248,855	\$19,624,629	\$19,672,728	\$18,564,498
Food and Beverage Department	40,950,719	38,215,048	33,822,503	21,079,609	22,023,068	22,379,960
Other Operated Departments	8,983,416	7,869,696	7,088,476	5,424,123	5,154,361	4,979,440
Other Income	1,555,618	1,422,105	1,311,652	681,677	782,324	796,945
Store Rentals	1,334,514	1,316,047	1,270,166	953,719	1,025,976	1,057,184
Interest on Securities	63,152	48,835	54,109	41,637	67,512	64,695
Total Gross Revenue	\$87,218,524	\$80,222,215	\$71,795,761	\$47,805,394	\$48,725,969	\$47,842,722
Expenses:						
Operated Departments	\$47,683,216	\$44,052,000	\$39,017,530	\$26,444,235	\$27,085,245	\$26,786,617
Administrative and General	8,275,935	7,276,940	6,236,809	3,646,620	3,724,578	3,417,913
Advertising and Business Promotion	1,802,294	1,578,280	1,289,375	934,372	750,881	763,302
Heat, Light and Power	2,671,729	2,454,960	2,157,643	1,530,851	1,711,635	1,491,277
Maintenance and Repairs	5,063,585	4,328,086	3,456,026	2,470,581	3,096,300	2,290,151
Lease Rentals	3,351,809	2,706,456	2,388,943	182,599	179,866	179,866
Real Estate and Personal Property Taxes	2,926,238	2,574,738	2,328,134	1,717,022	1,401,121	1,511,503
Depreciation and Amortization	3,835,806	3,445,779	3,082,458	2,539,522	2,653,882	2,297,290
Interest	1,230,910	1,236,834	1,147,080	845,834	850,844	855,737
Other Operating Costs	276,205	14,108	—	—	—	—
Provision for Income Taxes	5,153,529	5,398,265	4,634,733	2,849,806	2,753,745	3,062,414
Other Capital Charges	760,855	625,977	658,751	232,864	267,748	301,023
Total Expenses	\$83,032,111	\$75,692,423	\$66,397,482	\$43,394,306	\$44,475,845	\$42,957,093
Net Profit Before Other Additions or Deductions	\$ 4,186,413	\$ 4,529,792	\$ 5,398,279	\$ 4,411,088	\$ 4,250,124	\$ 4,885,629
Other Additions or [Deductions] From Income						
Gain or Loss on Sale or Abandonments of Capital Assets	\$ 334,301	\$ [1,339]	\$ [796]	\$ [273,415]	\$ [127,498]	\$ 1,294,999
Contribution to Pension Trust	[400,000]	[400,000]	—	—	—	—
Sundry Others Net	156,350	[138,188]	117,108	20,944	16,811	[65,857]
Provision for Applicable Taxes	45,553	294,042	[53,704]	95,939	41,761	[279,634]
Adjustments for Prior Years	380,272	—	—	—	—	—
Total Other Additions or [Deductions]	\$ 516,476	\$ [245,485]	\$ 62,608	\$ [156,532]	\$ [68,926]	\$ 949,508
Total Net Profit	\$ 4,702,889	\$ 4,284,307	\$ 5,460,887	\$ 4,254,556	\$ 4,181,198	\$ 5,835,137
Deduct Minority Interest	181,474	343,492	605,554	122,883	125,996	135,403
Net Profit	\$ 4,521,415	\$ 3,940,815	\$ 4,855,333	\$ 4,131,673	\$ 4,055,202	\$ 5,699,734



NATIONAL CONVENTIONS 1952

When both major political parties met in Chicago last July to choose Presidential candidates, the event was of great importance to the nation in general and to your Company in particular. Our Chicago Hotels were host to thousands of visitors to these greatest of all conventions. The Conrad Hilton Hotel, largest in the world, had the pleasure, as well as the problems, of serving as official headquarters for both conventions, and for the more than 5,000 members of television, radio, newsreel and press crews assigned to cover them. The sheer magnitude of this undertaking was something unique in hotel experience.

More than 300 rooms of the hotel had to be completely stripped of their usual furnishings and equipped with desks and other appurtenances for reception rooms, office space and radio and television studios. Apart from the difficulty in effecting the transition, there was created one of the largest storage problems the hotel had ever faced.

Some idea of the physical effort required to accommodate the working press is evidenced by the fact that some 2,500,000 feet of extra wiring for telephone, teletype, radio and television service was added prior to the conventions. The Conrad Hilton Hotel became the center for 80

radio channels, 15 audio TV channels and 18 visual channels connecting the hotel with the various networks. Three microwave relay stations were erected on the roof of the hotel to carry television signals to and from the International Amphitheatre, where the conventions took place, and downtown video stations.

The Exhibition Hall, on the ground floor of the Hotel, was set up as press headquarters. The room's 32,000 square feet were divided into some 30 separate units of various sizes to accommodate all those needing space. Temporary rooms were built with wooden partitions and draperies. Desks and typewriters were moved in, along with teleprinters and telephoto machines. Special platforms were constructed in a section of the hall set aside as a press conference room, one as a stage for visiting dignitaries and others for television and newsreel cameramen. For the first time in convention history, provision was made for the interviewed to seek the interviewers, rather than the other way around. This helped make convention coverage complete and up-to-the-minute.

Many difficult problems arose during the frenzied confusion which marked the conventions. The most serious of these was the advent of the National Jewelry Fair, for which space



The task of dismantling press headquarters in the Exhibition Hall and moving them to the Oak Grill Room was managed swiftly by hotel employees.



Presidential candidate Eisenhower being interviewed in the Press Auditorium which had been improvised in the Exhibition Hall.

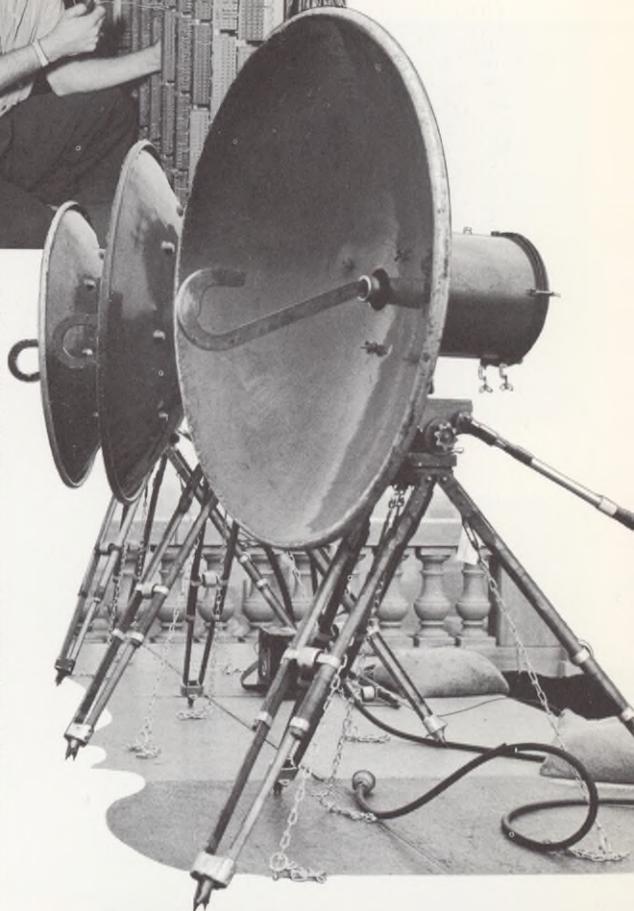
had been booked in the hotel a year before it had been chosen for the conventions, and which was scheduled to open on the heels of the Democratic convention. As the week dragged on, and a candidate had not been picked, the possibility of a conflict became a major concern. The show manager for the Fair had checked in early to supervise setting up jeweler's booths—all of which had been contracted for—in the Exhibition Hall, which was then being used by the press. When, by Friday evening, the Fair was less than 36 hours away and a Democratic nominee had still to be chosen, the Hotel decided to act. Press headquarters, which had taken months to install, were moved complete with wiring, equipment and other paraphernalia to the Oak Grill Room on the floor above and the Exhibition Hall converted overnight into a jeweler's show room.

Such efficiency and tact characterized the dealing by The Conrad Hilton management and employees with many less severe crises. It earned the respect of all, especially of the hard working men and women whose job it was to bring the convention story to the American public. As a result, The Conrad Hilton received credit in countless newspaper stories, radio and television programs and became the world's most publicized hotel.



In the five months prior to the actual opening of the Republican convention, Illinois Bell Telephone Company workmen installed approximately 2,500,000 feet of temporary wiring.

These microwave "dishes" located on top of the hotel, carried television signals to and from the International Amphitheatre and also downtown video stations. Note sandbags on cables to hold them in position.



The Conrad Hilton operating on a tight schedule that didn't plan on the Democratic National Convention lasting as long as it did, moved the press from the Exhibition Hall to the Oak Grill Room.



Members of the press turning out feature material in their headquarters in the Exhibition Hall of The Conrad Hilton.

HOW CONVENTION DEPARTMENTS OPERATE

Sales meetings are held regularly. At this time each salesman presents any problem he may have, and the business on which he is currently working.



Each convention, dinner, meeting or other function is entered in this huge book for easy reference by staff members who may be booking future business.



A variety of problems cross the sales managers desk, for each convention has its own specifications which must be met.



When there is an overlap due to unforeseen incidents, the Sales Department staff pitches in to assist the others in set up work.



The Convention or Sales Department is busy 52 weeks a year developing its future business . . . for it is their function to keep the hotel completely filled at all times. Each of our large convention hotels maintains several thousand files on group business. These files are reviewed at least once a year by sales representatives, and where advisable, each organization is contacted.

In addition to association conventions, the sales staff solicits business from corporations who anticipate holding sales meetings of their own. The staff reads newspapers very carefully and follows through on announcements of weddings or testimonial dinners.

Some conventions are more valuable to the hotel because they use many of the facilities offered. A group that has a number of food functions and uses Exhibition Hall space, as well as filling guest rooms, is obviously more profitable than those who utilize only the guest rooms.

Once a convention is booked, the Sales Department works very closely with the secretary of the association in setting up his program. In most instances, the secretary knows just what he needs, however the department does assist him in obtaining special decorations, music and other entertainment. If the group has any extraordinary construction demands, the Sales Department calls in the head carpenter, head electrician, and drapery man to meet with the secretary, so that all the staff will understand exactly what is wanted.

While the convention is in the hotel, the Sales Department is in constant touch with the executive of the convening convention to be certain that everything is going as he wishes and that last minute changes are carefully performed. The department acts as a liaison between this executive and every department in the hotel.

Before a convention adjourns and leaves the hotel, the sales manager contacts the executive in charge to ascertain where they will meet the following year and if it is a Hilton city, every effort is made immediately to secure it for the Hilton Hotel.



JEFFERSON MODERNIZATION

Upon the purchase of The Jefferson Hotel in January 1951 immediate steps were taken to determine what changes should be made in the property to bring it into line with our operating ideas and policies.

A series of traffic surveys gave a complete picture of pedestrian activity and clearly indicated the importance of the hotel's two frontages. This was one factor, but there were others that had to be known . . . what was the traffic pattern inside the lobby? . . . did it conform to present-day conception of operation? Did aisle space carry guests to front office desk, dining rooms, etc., with the least possible confusion? Were traffic lanes placed and spaced to get maximum merchandising value from revenue producing ground floor areas? In rebuilding where should food rooms be located?

When these surveys were charted, management had a clear picture of what needed to be done. Working plans were formulated to transform the old layout into a modern, high income producing area completely fitting all conditions known to exist at the present time.

The main entrance to the hotel was moved to the center of the building and aisles created that would distribute traffic without interference. The main traffic lane in the lobby now leads direct from the entrance to the entrance of the main dining room. This room has been completely converted into a modern theatre-type dining room, and is constructed on four levels affording good visibility from all parts of the room.

It was decided that a high grade drug store, with limited food service facilities operated by the hotel, and open for business 24 hours every day, would be an asset to the hotel and provide an operation that could take full advantage of the high traffic count of the corner space. The 28-stool soda fountain and lunch counter is an important part of the drug store.

All that is retained of the old coffee shop is the location and size. Among other things, service lanes and table arrangements were given careful study and now the coffee shop is laid out to meet today's competitive conditions.

BEFORE



AFTER





The storing of sofas and chairs is always a problem, but it has been solved by redesigning them so they can be stacked one on the other as seen in the photo. They are set on dollies for easy movement.



Radio repairs are handled in the hotel's own shop by experienced technicians, thus keeping the instrument always in the best of condition.

Upholstery is fastened to the frame by means of an ingenious clip to make for easier cleaning of the fabric, saving time and labor.



MAINTENANCE IS AN IMPORTANT FUNCTION

A yearly survey of rooms is made by each hotel, and an inspection report filled out. This report shows the condition of walls, ceiling, carpet, radio, upholstery, spread, drapes, blinds, lamps and pictures. A tally is taken of the rooms and a program of work is laid out for the entire year in order that all rooms be kept in excellent condition. Work is planned a floor at a time to keep the moving of equipment at a minimum.

An inventory is kept of each room for easy reference . . . as to when the room was last painted, when the carpets were laid, new pictures hung, etc.

The housekeeper on each floor reports any needed repairs to the Rehabilitation Department who sees that it is immediately taken care of. A report is also made of all finished work. In this way the department functions smoothly and everything taken care of in the least amount of time.

The Rehabilitation Department not only services the rooms but it originates ideas to save time and money. A new method of upholstery has been developed and shown on this page . . . drapery patterns have been designed so that there is no waste in cutting and they are made of washable material to save dry cleaning costs

. . . furniture frames are purchased and the upholstery done in the hotel's own shop, enabling the hotel to use fabrics otherwise not available in the chair styles desired . . . the decor of the rooms have been so planned that furnishings are interchangeable . . . tables and chairs for convention functions have been so designed that they can be conveniently stacked and save valuable storage space.

Any idea developed at one hotel is shared with the remaining Hilton Hotels. In addition, information of any tests made on paints, fabrics or the like, are also passed on.

The Rehabilitation Department is often called upon for many special services by convening conventions. The recent political conventions held at The Conrad Hilton are an illustration . . . when several hundred rooms had to be converted from guest rooms into reception rooms, office space, radio and television studios. In many cases special construction work had to be done to meet specific requirements.

Another service of the department is the rental of draperies and furniture to exhibitors . . . all of which are maintained and stored in the hotel for easy accessibility.

EXPERIENCED PERSONNEL IS A VALUABLE ASSET

Since approximately 85% of our employees come in contact with our guests to some degree, each Hilton Hotel is constantly striving to assemble a closely-knit, efficient working staff. This, of course, will reflect in a better run hotel with superior services.

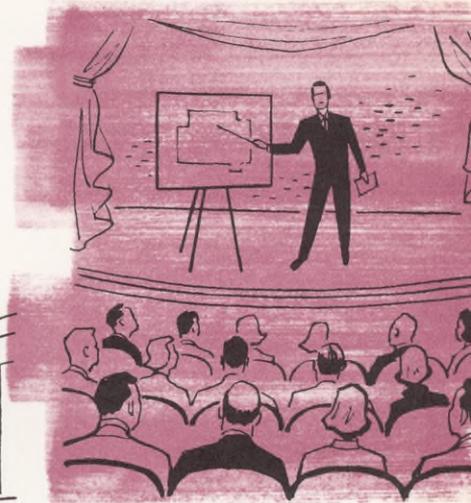
The Personnel Department is very careful in its selection of employees. It is part of their job to recruit, select and place employees in their respective hotels. Employees are recruited through local newspapers and schools. They are selected with a specific position in mind for the department tries to match the individual to the job, and this has been done with notable success.

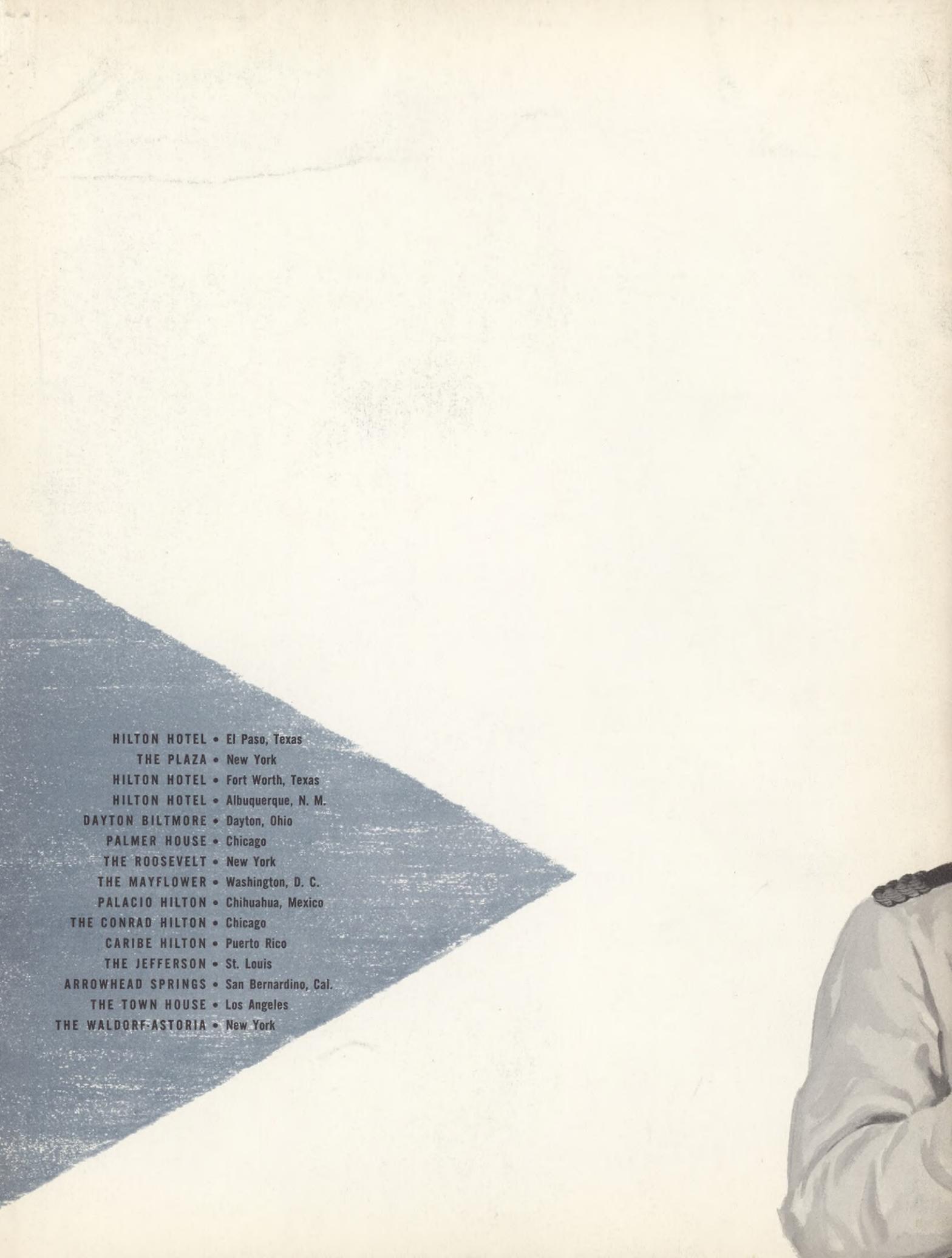
On the job training is conducted by department heads and supervisors who at all times can call on the Training Department for advice. This training is supplemented by orientation films, training films, job manuals, procedure manuals, safety and accident prevention instructions. A library of technical books on hotel operation is made available to employees interested in furthering their knowledge.

Sales and operational meetings are held for all supervisory personnel at which time pertinent information is disseminated and suggestions for the improvement of supervision is advanced. For it is the friendly cooperation and understanding between the supervisor and employee that aid in the smooth functioning of a department.

History records are kept on all employees . . . what type of work they have been doing . . . their references . . . salary paid to them . . . and in the case of certain positions, a merit rating on their performance of their work. Since it has always been the policy of our corporation to promote from within our organization, a check is kept as to an employee's potential, interest in work and ability for advancement.

Although not reflected on the balance sheet, the accumulated experience and skills of our employees are very valuable assets to our corporation. With a loyal devoted staff we have the kind of organization who can meet with confidence any change the future may bring.





HILTON HOTEL • El Paso, Texas
THE PLAZA • New York
HILTON HOTEL • Fort Worth, Texas
HILTON HOTEL • Albuquerque, N. M.
DAYTON BILTMORE • Dayton, Ohio
PALMER HOUSE • Chicago
THE ROOSEVELT • New York
THE MAYFLOWER • Washington, D. C.
PALACIO HILTON • Chihuahua, Mexico
THE CONRAD HILTON • Chicago
CARIBE HILTON • Puerto Rico
THE JEFFERSON • St. Louis
ARROWHEAD SPRINGS • San Bernardino, Cal.
THE TOWN HOUSE • Los Angeles
THE WALDORF-ASTORIA • New York