



HOTEL *Roosevelt*
NEW YORK
HILTON HOTEL

THE *Maryflower*
WASHINGTON, D.C.

NEW YORK
STATLER

CONRAD HILTON
CHICAGO

Caribe
HILTON
PUERTO RICO



1954
ANNUAL
REPORT

Palmer House
CHICAGO

The Waldorf Astoria
NEW YORK

THE PLAYAS
New York

Hotel New Yorker

STATLER
HILTON

HILTON HOTELS
CORPORATION
around the world

LOS ANGELES
STATLER



AROUND THE WORLD



**HILTON HOTELS
CORPORATION**

720 South Michigan Avenue

Chicago 5, Illinois

1954 REPORT

TO SHAREHOLDERS

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BOARD OF DIRECTORS

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

DIRECTORS AND OFFICERS

OFFICERS

CONRAD N. HILTON, *President*
ROBERT P. WILLIFORD, *Executive Vice President*
JOSEPH P. BINNS, *Vice President*
HAROLD B. CALLIS, *Vice President*
HENRY CROWN, *Vice President*
SPEARL ELLISON, *Vice President*
CHARLES L. FLETCHER, *Vice President*
JOHN L. HENNESSY, *Vice President*
BARRON HILTON, *Vice President*
JOHN W. HOUSER, *Vice President*
JAMES H. McCABE, *Vice President*
LYNN H. MONTJOY, *Vice President*
WILLIAM J. FRIEDMAN, *Secretary*
HERBERT E. HOLT, *Treasurer and Comptroller*

TRANSFER AGENTS

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

REGISTRARS

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

COMMON STOCK

5% FIRST PREFERRED STOCK SERIES A
Manufacturers Trust Company, New York

Chemical Corn Exchange Bank, New York

4% FIRST PREFERRED STOCK SERIES B

Hilton Hotels Corporation, Chicago

Executive Offices HILTON HOTELS CORPORATION • 720 SOUTH MICHIGAN AVENUE • CHICAGO 5, ILLINOIS

HILTON HOTELS CORPORATION HIGHLIGHTS

1954 AT A GLANCE

YEARS ENDED DECEMBER 31	1954	1953	1952	1951	1950	1949
GROSS REVENUE	\$120,984,467	\$97,693,990	\$87,218,524	\$80,222,215	\$71,795,761	\$47,805,394
NET PROFIT						
(excluding minority interest)						
Before Other Additions or Deductions	\$ 4,954,853	\$ 4,218,450	\$ 4,004,939	\$ 4,186,300	\$ 4,792,725	\$ 4,288,205
After Other Additions or Deductions	\$ 5,738,073	\$ 6,414,000	\$ 4,521,415	\$ 3,940,815	\$ 4,855,333	\$ 4,131,673
EARNINGS PER COMMON SHARE						
Before Other Additions or Deductions	\$2.78	\$2.56	\$2.42	\$2.53	\$3.07	\$2.74
After Other Additions or Deductions	\$3.26	\$3.92	\$2.74	\$2.37	\$3.11	\$2.63
NET WORKING CAPITAL AT DECEMBER 31	\$ 16,736,838	\$10,797,942	\$ 8,289,896	\$ 7,154,309	\$ 6,021,555	\$ 4,200,894
EARNED SURPLUS						
(excluding surplus reserves)						
At December 31	\$ 24,697,177	\$21,647,725	\$17,187,648	\$14,447,174	\$12,664,299	\$ 9,614,750
OUTSTANDING STOCK AT DECEMBER 31						
First Preferred—Series A (Shares)	52,900	61,960	—	—	—	—
First Preferred—Series B (Shares)	38,000	—	—	—	—	—
Convertible Preference (Shares)	—	24,290	43,513	79,889	98,077	116,265
Common (Shares)	1,648,760	1,613,640	1,620,844	1,592,878	1,498,217	1,480,592

1954 HILTON ANNUAL REPORT

to our shareholders

On October 27, 1954, Hilton Hotels Corporation acquired control of the great Statler Hotel system, one of the world's leading hotel organizations. In consummating the largest real estate transaction in history, your management brought nine of America's leading hotels under Hilton management, as well as a 1,000 room hotel under construction in Dallas, Texas. The purchase increased the number of Hilton operated hotels here and abroad to twenty-eight, with a total of 27,062 guest rooms. The Statler acquisition further strengthened your Corporation's pre-eminent position in the hotel field and laid the basis for operations at higher and more profitable levels.

Revenues

Gross revenues of Hilton Hotels Corporation for 1954 were the highest in the Company's history, amounting to \$120,609,218 compared with the previous record of \$97,569,412 in 1953. Gross revenues for 1954 included a full year's sales of the Deshler Hilton and the Castellana Hilton, both acquired in July, 1953, and of the Hotel New Yorker, acquired in December, 1953. The revenues also include the gross sales of the Statler Hotels from November 1, 1954 to the end of the year. Revenues of the Town House, sold in October, 1953, and since operated under management contract, were not included in the 1954 figures.



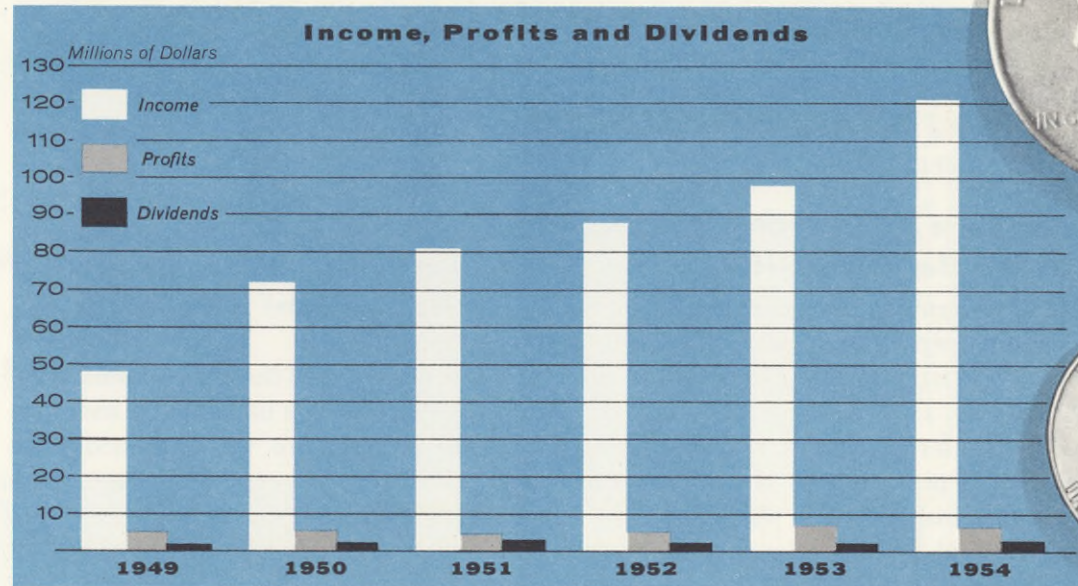
Of total 1954 revenues, room operations accounted for \$50,060,666, compared with \$39,307,529 in 1953; \$55,754,805 was derived from the sale of food and beverages, against \$45,301,690 a year earlier. Other operating departments contributed \$10,623,234 compared with \$9,649,254 in 1953, while \$1,797,463 was received from store rentals, against \$1,471,666 the year before. Other income amounted to \$2,373,050 in 1954, compared with \$1,839,273 in 1953.

Earnings

Consolidated net profit from operations of Hilton Hotels Corporation in 1954, after all charges and taxes, was \$4,954,853,

an increase of 17.5% over the \$4,218,450 realized from operations in 1953. During 1954 there was an increase in the amount of dividends paid on preferred stocks, additional shares of which were issued in connection with property additions, and an increase in the number of common shares resulting principally from conversion of convertible preference stock. Nevertheless the earnings from operations available for the 1,648,760 common shares outstanding at the end of the year were equal to \$2.78 per share as against \$2.56 per share upon the 1,613,640 shares outstanding at the end of 1953.

The Corporation's 1953 results also reflected substantial extraordinary profits arising largely from the sale of properties. Profits from property sales are allocated to each year in proportion to the percentage of the sales price received in such year. Income from sales of property and other nonrecurring items in 1953 yielded a profit of \$2,195,550, or \$1.36 per common share. Profits realized from this source in 1954, amounted to \$783,220, or 48 cents per share. Total consolidated net profit for Hilton Hotels Corporation for 1954, from all sources, was \$5,738,073, or \$3.26 per common share, compared with \$6,414,000, or \$3.92 per share in 1953.



Dividends

A quarterly dividend of 30 cents per share, the rate in effect since 1950, was paid on the common stock on March 1, 1954. This was increased to 35 cents per share, paid on June 1, September 1 and December 1, making a total of \$1.35 per share for the year. On January 28, 1955, the annual rate was raised to \$2.00 when the Board of Directors declared a quarterly dividend of 50 cents per share payable March 1.

Regular quarterly dividends of 50 cents a share, totaling \$1.50, were paid on the convertible preference stock up to September 1, 1954, on which date it was called and retired.

Dividends of \$1.25 a quarter were paid on the 5% First Preferred Stock and one dividend of 46 cents was paid on the 4¾% First Preferred Stock issued on October 27, 1954, for the fractional period it was outstanding.

Total payments on both preferred and

common stocks in 1954 amounted to \$2,555,621, or 44.5 per cent of earnings after all taxes and fixed charges. The remainder of net income, or \$3,182,452, was retained in the business.

GROWTH OF HILTON HOTELS ***The Statler Acquisition***

The most significant property acquisition in your Corporation's history was the Statler transaction consummated on October 27, 1954.

The Statler properties acquired comprised the nine Statler Hotels in New York, Washington, Los Angeles, Hartford, Boston, Buffalo, Cleveland, Detroit and St. Louis. A 1,000 room hotel, presently under construction in Dallas and to be known as the Statler Hilton Hotel, was included in the transaction, as were office buildings in Boston and Los Angeles.

Title to the land and buildings constituting the Statler Hotels was acquired by Statler Hotels Delaware Corporation, a newly organized affiliate of Hilton Hotels Corporation. The furniture, fixtures and operating equipment as well as the net working capital and inventories of the Statler properties were acquired by your Corporation. Statler Hotels Delaware Corporation then leased its hotel

properties, other than the Hartford hotel, to this Corporation for a period of 25 years at a graduated rental averaging \$6,000,000 per year for the first twelve years and at \$5,000,000 per year thereafter. Your Corporation holds options to renew the lease for an additional twenty-five years at an annual rate of \$3,000,000. The Hartford hotel is the subject of a separate lease.

The financing of the Statler transaction also set new marks in the hotel industry.

The largest sum was obtained from \$49,500,000 General Mortgage 4½% Sinking Fund Bonds, which were issued by Statler Hotels Delaware Corporation and sold at par to the Equitable Life Assurance Society of the United States. Statler Hotels Delaware Corporation sold its stock for a total of \$11,584,947, including stock sold to Hilton stockholders, each of whom was given the right to subscribe for one share of stock of the new corporation at a price of \$6.42 per share for each share of Hilton stock held. Statler Hotels Delaware Corporation also borrowed \$4,500,000 from this Corporation, evidenced by a 15 year 2% note. Hilton Hotels Corporation obtained a \$20,000,000 seven-year term loan from The First National Bank of Boston and associated

banks. In addition, this Corporation privately placed 38,000 shares of 4¾% First Preferred Stock (Convertible), Series B, for a total of \$3,667,000. The balance of the purchase price was represented by existing mortgages.

In February, 1955, the \$20,000,000 bank loan was reduced to \$12,000,000 by the application of proceeds from the issuance by Hilton Hotels Corporation of \$7,978,900 4½% 15 year convertible debentures due January 1, 1970, and \$240,200 4¾% 15 year debentures due January 1, 1970. These debentures were offered to the former stockholders of Hotels Statler Company, Inc.

Statler is a great name in hotel history, and the hotels brought under Hilton management will retain that name. The high reputation for exceptional guest service established by the Statler organization will be maintained.

Substantial economies in operating costs are already being effected as a result of the acquisition. Experience has shown that where Hilton Hotels Corporation has operated two or more hotels in one city, major cost reductions have been made by consolidating facilities to eliminate duplication. There are added cost advantages of large scale purchasing at

THE LARGEST REAL ESTATE TRANSACTION EVER MADE



Land,
Leasehold
Estates and
Buildings

**HOTELS STATLER
COMPANY, INC.**

ASSETS
\$111,000,000



Furniture,
Fixtures and
Operating
Equipment



ACQUIRED BY



ACQUIRED BY

**STATLER HOTELS
DELAWARE
CORPORATION**
Affiliate of
Hilton Hotels Corporation

**STATLER
PROPERTIES**
Leased to
**Hilton Hotels
Corporation**



**HILTON HOTELS
CORPORATION**





The Hilton Dollar

HOW WE EARNED IT

Rooms	41.4¢
Food	33.6¢
Beverage	12.6¢
Telephone	3.1¢
Other Departments	5.7¢
Store Rentals	1.5¢
Other Income	2.1¢
	<u>\$1.00</u>

HOW WE SPENT IT

Payroll and Related Expenses	35.4¢
Cost of Goods Sold	18.2¢
Other Expenses	18.2¢
Repairs and Maintenance (Excluding Payroll)	3.6¢
Real Estate and Personal Property Taxes	2.7¢
Lease Rentals	7.2¢
Interest on Borrowed Money	1.4¢
Income Taxes	4.8¢
Dividends	2.1¢
Depreciation	3.8¢
Reinvested in Business	2.6¢
	<u>\$1.00</u>



local and national levels. Integration of the Statler properties into the Hilton organization is proceeding smoothly and studies have been made and are continuing so that the maximum results may be obtained. Profit making opportunities for the combined operation are expected to arise out of greater efficiency from the pooling of managerial talents and experience, and increased revenues coming from patrons referred from one hotel to another. The addition of Statler hotels to the Hilton group will enable the

Corporation to serve the American people in many major cities not previously served by it.

Other New Properties

On November 12, 1954, your Corporation acquired from the Equitable Life Assurance Society of the United States its controlling stock interest and \$5,000,000 of bonds of McCarthy Center, Inc., which owns the Shamrock Hotel in Houston, Texas. Operation of this luxury hotel should contribute to the prestige and earnings of the Corporation.

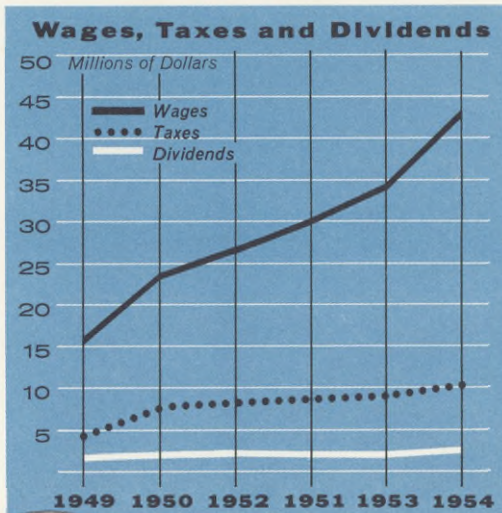
Two more Hilton hotels are under construction and nearing completion in the continental United States. The Beverly Hilton, in Beverly Hills, California, will be ready for business in mid-1955. This ultra-modern luxury hotel contains 450 rooms, the majority of which have a private balcony. Rentals from specialty shops and stores are expected to constitute an important portion of the hotel's revenues.

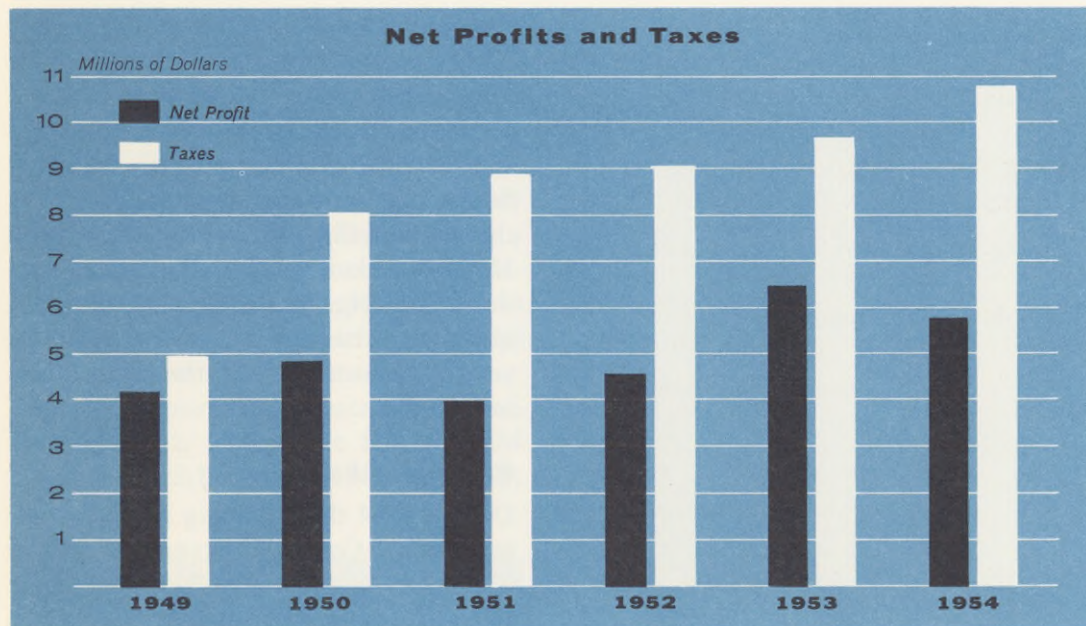
Slated for opening late in 1955 is the 1,000 room Statler Hilton Hotel in Dallas, Texas, previously mentioned. The hotel, which will fill a long felt need for a fine modern hotel in this great southwest metropolis, will be of glass and metal wall construction. It will be located in the heart of the downtown district, easily accessible to all forms of transportation.

Foreign Expansion

One of our Government's basic aims has been to stimulate the flow of dollars abroad through a policy of trade, not aid. In this connection, the present administration has laid particular stress upon the value of foreign travel.

Foreign travel is dependent in large degree upon adequate hotel facilities abroad. Toward that end, Hilton Hotels Inter-





national, Inc., a wholly owned subsidiary of your Corporation, has been actively engaged for the past several years in providing superior hotel facilities in key cities outside of the United States. It is presently operating two hotels, the Caribe Hilton in San Juan, Puerto Rico, and the Castellana Hilton in Madrid, Spain.

Seven hotels are now planned or being built in various foreign nations. The next to open will be the Istanbul Hilton in

Istanbul, Turkey. This hotel, which is being constructed and will be owned by an agency of the Turkish government, will be operated by Hilton Hotels International under a contract similar to that in effect for the Caribe Hilton and the Castellana Hilton. Under the terms of these contracts, the hotels are built and owned by the governments or business interests of the countries, with Hilton Hotels International supplying the work-

ing capital and management skill, usually retaining one-third of the operating profit. This arrangement has the advantage of limiting risks and providing opportunities for substantial profits.

Hotels are also under construction in Mexico City and Acapulco, Mexico, in Havana, Cuba, and in Cairo, Egypt.

During 1954 contracts were signed for new hotels to be constructed in Montreal, Canada, and in Rome, Italy. The Montreal transaction is being carried out by Hilton of Canada, Ltd., a new wholly owned subsidiary of Hilton Hotels International, Inc., which, on November 8, 1954, entered into an agreement with Canadian National Railway Company and its wholly owned subsidiary, Canadian National Hotels, Limited, to operate the new \$24,000,000 Queen Elizabeth Hotel to be constructed in Montreal by Canadian National Railway Company. This hotel is scheduled for completion in 1957. An agreement also was signed in November for operation by Hilton Hotels International of the Albergo dei Cavalieri Hilton, a new \$7,000,000 hotel to be built in Rome, Italy, and finished in 1957. These hotels will add another 2,450 rooms to the total operated by Hilton Hotels Corporation at home and abroad.

ANALYSIS OF LONG TERM DEBT
HILTON HOTELS CORPORATION AND SUBSIDIARIES

	BALANCE DECEMBER 31, 1953	ADDITIONS DURING 1954	REDUCTIONS DURING 1954	BALANCE DECEMBER 31, 1954
FIRST MORTGAGE BONDS AND NOTES				
The Palmer House	\$13,920,000.00	\$ —	\$ 480,000.00	\$13,440,000.00
The Conrad Hilton	6,400,000.00	—	300,000.00	6,100,000.00
The Jefferson	1,901,524.26	—	67,737.16	1,833,787.10
Hotel New Yorker	5,326,429.47	1,065,769.97	192,199.44	6,200,000.00
The Mayflower	—	5,000,000.00	25,000.00	4,975,000.00
Waldorf-Astoria Laundry	275,052.16	—	15,479.30	259,572.86
DEBENTURES				
The Roosevelt	1,829,768.80	—	26,500.00	1,803,268.80
The Statler Hilton, Dallas	—	1,500,000.00	—	1,500,000.00
The Shamrock	—	5,000,000.00	—	5,000,000.00
OTHER NOTES				
Installment Purchase Contract	2,450,000.00	—	—	2,450,000.00
Waldorf-Astoria Laundry	722,780.00	—	40,720.00	682,060.00
The Waldorf-Astoria	2,500,000.00	—	350,000.00	2,150,000.00
Hilton Hotels International	500,000.00	—	91,097.39	408,902.61
The First National Bank of Boston	—	20,000,000.00	—	20,000,000.00
Sundry	276,289.49	544,359.90	251,539.49	569,109.90
TOTAL	\$36,101,844.18	\$33,110,129.87	\$ 1,840,272.78	\$67,371,701.27

Long Term Debt

As of December 31, 1954, the consolidated long term debt of Hilton Hotels Corporation was \$67,371,701, compared with \$36,101,844 outstanding a year earlier. A detailed analysis of the changes in the debt structure is contained in the table shown above.

A large part of the increase consists of the \$20,000,000 loan from the First National Bank of Boston for the purpose of financing the Statler transaction and the assumption of \$1,500,000 of debentures in connection with the Statler Hilton Hotel in Dallas, Texas. In addition, \$5,000,000 of debentures were issued in

the acquisition of the Shamrock Hotel. Also, long term debt outstanding on the Hotel New Yorker was consolidated and increased by \$873,571, and a mortgage of \$5,000,000 was placed upon the Mayflower Hotel in order to obtain funds for the construction of the Beverly Hilton Hotel, which is unencumbered. Reductions in mortgages on the Corporation's other properties were made during the year in accordance with the terms of the indentures.

Capital Changes

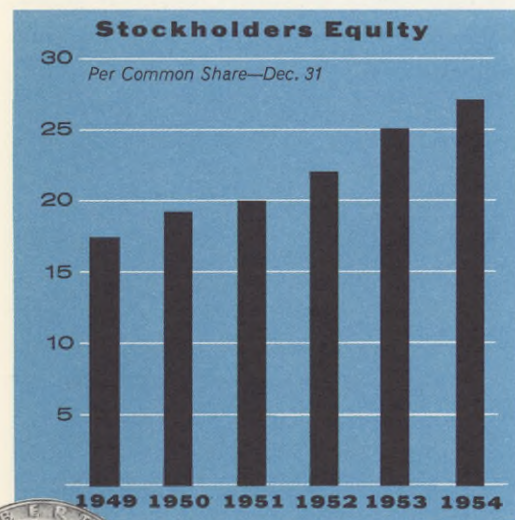
During 1954 the following changes were made in the Corporation's capital. 38,000 shares of 4¾% First Preferred Stock (Convertible) Series B, were issued in connection with the Statler transaction. This stock is convertible into Common Stock of the Corporation after May 1, 1955, at a price of \$40.00 per share.

Of the 24,290 shares of 4% Convertible Preference Stock outstanding at the beginning of the year, 20,647 shares were converted into 41,294 shares of Common Stock and 3,643 shares were purchased or redeemed, resulting in the complete retirement of this class of stock on September 1, 1954. The Corporation repurchased \$906,000 of First Preferred Stock

together with 7,311 shares of Common Stock, in December, pursuant to an existing agreement.

On December 31, 1954, issued and outstanding Common Stock amounted to 1,648,760 shares, exclusive of treasury stock, compared with 1,613,640 shares a year earlier. The book value of the Common Stock on December 31, 1954, was \$27.00 per share, compared with \$25.00 per share at the 1953 year end.

The Corporation's total assets on December 31, 1954, were \$150,405,624 compared with \$104,595,839 a year earlier.



Property Improvements

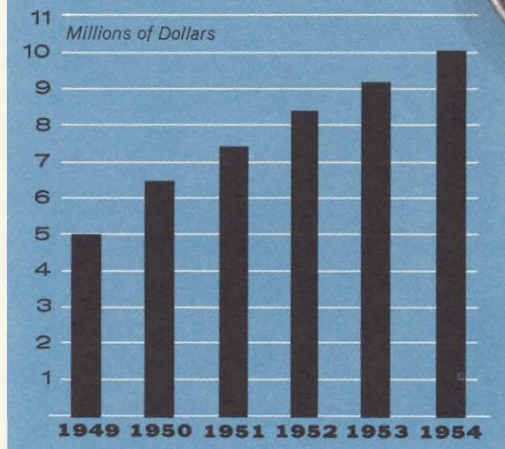
Since 1946 the Corporation has spent approximately \$62,000,000 on upkeep and improvements to its properties, with the result that the physical condition of the Corporation's hotels is excellent.

When a hotel which does not measure up to Hilton standards comes under the Corporation's management, plans are immediately drawn and executed to place the hotel, as quickly as possible, on a par with the rest of the Corporation's properties. Several such major rehabilitation programs are currently under way. When completed, the renovation projects are supported by the corporation's exacting maintenance policy.

Deshler Hilton Hotel

At the Deshler Hilton Hotel in Columbus, Ohio, where a \$2,400,000 improvement program is taking place, a room renovation program was completed last year. This included the complete rehabilitation of 880 guest rooms and all private meeting rooms, the grand ballroom and all guest corridors. New executive offices were constructed on the mezzanine floor in what formerly was waste space, and the area formerly occupied by these offices was released for rental purposes. A

Maintenance and Modernization



\$200,000 dining room, named the Sky Room, was completed on the sixteenth floor. Glass-enclosed on three sides, it provides a striking panorama of Columbus. An existing cocktail lounge was completely rehabilitated and refurbished. The main dining room was completely redecorated and renamed the Victorian Room, a new kitchen was built, and many other improvements made. The major projects remaining of the original rehabilitation program are the installation of a new coffee shop and the air conditioning of 310 guest rooms and public space not now air conditioned.



Hotel New Yorker

At the Hotel New Yorker, the first phase of a multimillion dollar renovation and refurnishing project was completed during 1954. Plans for the second phase of the program were well advanced by the end of the year. The New Yorker lobby, front entrance, mezzanine, grand ballroom, north ballroom and ballroom foyers were all completely modernized last year and an escalator installed from the lobby to the coffee shop. On October 12, 1954, the New Yorker unveiled one of the latest of its innovations, the Lamp Post Corner, a \$175,000 restaurant-bar seating 175, which replaced the Empire Tea Room. In the next part of the rehabilitation project, guest rooms and restaurants will be renovated and air conditioning will be installed in many additional areas of the hotel.

The Conrad Hilton

Typical of the ingenuity that spells the difference between successful and unsuccessful hotel management was the construction at the Conrad Hilton Hotel of the 9,000 square foot Williford Room. In a very real sense, this useful space was created out of thin air. The Conrad Hilton badly needed more space for func-

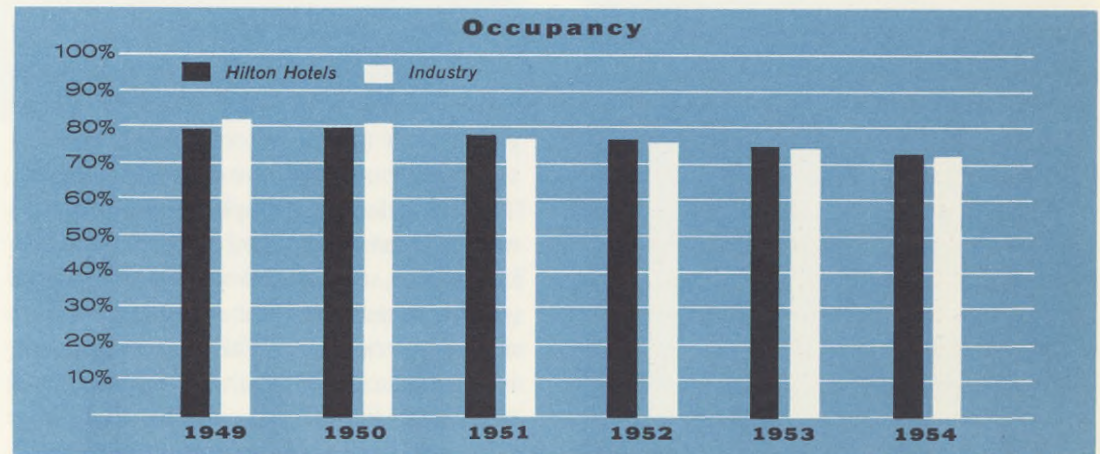
tions not large enough to justify use of the grand ballroom yet too large to be accommodated comfortably in the Waldorf Room. The problem was solved by dividing the Boulevard Room in half—horizontally—and constructing the Williford Room in the top half. To do this, a new floor was built between the floor of the Boulevard Room and its extremely high ceiling. Both the Boulevard Room and the new Williford Room were completed with ceilings approximately thirteen feet high. The new Williford Room was designed as an extremely functional and flexible space. It can be subdivided five different ways to accommodate any type

of function. It has three exits to the third floor and one to the mezzanine. In addition to the creation of the Williford Room, the Boulevard Room was completely refurnished and redecorated. From start to finish, the entire undertaking consumed only ten weeks.

Personnel

On May 13, Mr. Horace C. Flanigan was elected to Hilton Hotel Corporation's Board of Directors. The Corporation is most fortunate in having Mr. Flanigan, who is President of Manufacturers Trust Company, New York City, on its Board.

On the same date, Mr. John W. Houser,



Executive Vice President and General Manager of Hilton Hotels International, Inc., was elected a vice president of Hilton Hotels Corporation.

On November 16, Mr. Barron Hilton was elected vice president of Hilton Hotels Corporation. He has been in business in Los Angeles for several years.

On November 29, Mr. James H. McCabe was appointed assistant to the President of Hilton Hotels Corporation. Mr. McCabe was formerly a vice president of Hotels Statler Company, Inc.

Mr. McCabe was also elected a vice president of Hilton Hotels Corporation, along with Mr. Harold B. Callis and Mr. John L. Hennessy on January 28, 1955. Both Mr. Callis and Mr. Hennessy are directors of Statler Hotels Delaware Corporation. Mr. Callis directs engineering, design and decorating for the Hilton organization; Mr. Hennessy is in charge of food research.

Messrs. Robert J. Caverly, Richard L. Collison, Fred G. Guest and Joseph Sivewright were appointed assistant vice presidents. Mr. Collison is General Sales Manager for Hilton Hotels Corporation. Messrs. Sivewright and Guest are located in Chicago as assistants to the Executive Vice President. Mr. Caverly is assistant

to the Vice President of the Eastern Division.

Employees

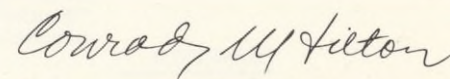
Throughout 1954, the Corporation continued to enjoy excellent labor relations with the approximately 21,000 persons who comprise the Hilton family. Without the cooperation of this loyal group of personnel, your Corporation's continued progress would be impossible. In recognition of this fact, there was established in 1951 an employees' pension plan, designed to assure financial independence for retired Hilton employees. Statler employees will automatically be covered by the plan. The Corporation's contribution to this plan covers its entire cost and amounted to \$603,000 during the year 1954.

Shareholders as Guests

Most of the major cities of the United States, to which shareholders may travel from time to time, are served by hotels of your Corporation. On such occasions we urge you to visit these properties for the finest in hotel accommodations. You will doubtless wish to utilize your Hilton-Statler credit card, which entitles you to charge and check cashing privileges.

Conclusion

The average occupancy rate in 1954 was approximately the same as in 1953. Motel competition, which has affected hotels in smaller cities, has not been a large factor in the great metropolitan areas where most of the Hilton and Statler hotels are located. Some of our new hotels now under construction will go into operation in 1955, adding to the Corporation's total earning potential. Operation of the Statler properties will produce substantially increased earnings as the economies resulting from their integration into the Hilton system are realized. In the light of these indications, we believe that the major actions taken in 1954 will result in substantial benefits to the Corporation and its shareholders in the years ahead.



Conrad N. Hilton, President
Hilton Hotels Corporation
March 4, 1955

CONSOLIDATED BALANCE SHEET

Hilton Hotels Corporation

ASSETS

CURRENT ASSETS	Cash	\$ 21,908,856.89
	Marketable Securities—U. S. Treasury Bonds	100,000.00
	Accounts and Notes Receivable	\$ 10,253,764.35
	Less: Reserve for Doubtful Accounts	<u>291,422.43</u>
		9,962,341.92
	Inventories of Merchandise and Supplies (At Cost)	3,415,258.48
	Other Current Assets	
	Cash in Banks for Payment of Income Taxes	\$ 1,775,000.00
	Investment Mortgage Note Payments Receivable Within One Year	1,456,931.88
	Due from Affiliated Companies	1,828,637.40
	Other	<u>2,620,470.82</u>
		7,681,040.10
	<i>Total Current Assets</i>	<u>\$ 43,067,497.39</u>
INVESTMENTS	Securities—Other than Marketable	\$ 281,832.00
	Installment Sales Contract Notes	10,701,644.89
	Securities and Indebtedness of Affiliates—Not Current	9,500,000.00
	Other Investments	<u>530,433.21</u>
		\$ 21,013,910.10
	Less: Amounts Due Within One Year—(Above)	<u>1,456,931.88</u>
	<i>Total</i>	19,556,978.22
FIXED ASSETS (Note 2)	Land	\$ 14,087,578.85
	Buildings	48,508,524.56
	Furniture and Equipment	29,343,652.61
	Leaseholds and Improvements	18,032,917.34
	Hotel Construction in Process	<u>5,738,076.87</u>
		\$115,710,750.23
	Less: Reserve for Depreciation and Amortization	<u>36,162,324.15</u>
		\$ 79,548,426.08
	Rehabilitation, Revisions and Alterations	3,061,976.07
	Operating Equipment	<u>3,716,854.38</u>
	<i>Total</i>	86,327,256.53
OTHER ASSETS AND DEFERRED CHARGES	Pre-Opening and Preliminary Investigation Expenses	\$ 221,058.70
	Organization Expenses	344,220.30
	Unamortized Mortgage and Loan Expense	282,999.53
	Other Assets and Deferred Charges	<u>605,613.79</u>
		1,453,892.32
TOTAL ASSETS		<u>\$150,405,624.46</u>

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



LIABILITIES

CURRENT LIABILITIES

Bank Loans Payable		\$ 76,977.45	
Accounts Payable		7,643,934.65	
Accrued Expenses and Charges		7,409,523.68	
Long-Term Debt Due Within One Year		3,622,326.09	
Estimated Federal, State, City, District and Foreign Taxes on Income— (Based on Separate Returns of the Consolidated Companies) (Note 3)	\$ 9,253,149.48		
Less: U. S. Treasury Tax Notes—(At Cost)	2,790,000.00		
			6,463,149.48
Other			1,114,747.97
<i>Total Current Liabilities</i>			<u>\$ 26,330,659.32</u>

LONG-TERM DEBT

Mortgage Bonds and Notes	\$ 32,808,359.96		
4% Debentures	5,000,000.00		
2% Debentures	1,500,000.00		
5% Sinking Fund Subordinated Income and Subordinated Debentures,			
Net of Debentures in Treasury	1,803,268.80		
Installment Purchase Agreements and Notes Payable	25,895,712.61		
Contract Termination Settlements	364,359.90		
	\$ 67,371,701.27		
Less: Amounts Due Within One Year—(Above)	3,622,326.09		
<i>Total</i>			63,749,375.18

DEFERRED INCOME

Unrealized Profit on Sale of Properties	\$ 6,564,527.12		
Other	19,165.51		
<i>Total</i>			6,583,692.63

RESERVES

Sundry			54,669.59
			74,518.93

MINORITY INTEREST

CAPITAL STOCK AND SURPLUS

Capital Stock—(Note 4)			
Cumulative First Preferred, Issuable in Series, Par \$100.00; 100,000 Shares Authorized; Issued and Outstanding:			
52,900 Shares 5% "Series A", Excluding 9,060 Shares Held in Treasury	\$ 5,290,000.00		
38,000 Shares 4¾% (Convertible), "Series B"	3,800,000.00		
Common, Par \$5.00; 4,000,000 Shares Authorized; 95,000 Shares Reserved for Conversion Privileges of 4¾% First Preferred Stock (Convertible) "Series B", at Rate of Two and One-half for One; 1,872,788 Shares Outstanding (Including 224,028 Shares in Treasury—See Below)		9,363,940.00	
<i>Total Capital Stock</i>		<u>\$ 18,453,940.00</u>	
Surplus			
Capital Surplus	\$ 13,125,131.60		
Earned Surplus	24,697,177.34		
Reserve for Contingencies	500,000.00		
<i>Total Surplus</i>		<u>\$ 38,322,308.94</u>	
<i>Total Capital Stock and Surplus</i>		<u>\$ 56,776,248.94</u>	
Deduct: Common Stock in Treasury—224,028 Shares—(At Cost)		3,163,540.13	
			<u>53,612,708.81</u>

COMMITMENTS AND CONTINGENT LIABILITIES Notes (5 and 6)

TOTAL LIABILITIES

			<u>\$150,405,624.46</u>
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COMPARATIVE STATEMENT OF CONSOLIDATED INCOME

Hilton Hotels Corporation

		<i>Year Ended</i>	
		<i>Dec. 31, 1954</i>	<i>Dec. 31, 1953</i>
GROSS OPERATING REVENUE	Rooms Department	\$ 50,060,666.10	\$39,307,528.68
	Food and Beverage Department	55,754,804.63	45,301,690.32
	Other Operated Departments	10,623,234.40	9,649,253.66
	Other Income	2,373,049.91	1,839,273.51
	Store Rentals	1,797,462.61	1,471,665.77
		<u>\$120,609,217.65</u>	<u>\$97,569,411.94</u>
OPERATING COSTS AND EXPENSES	Departmental Costs and Expenses	\$ 64,529,240.89	\$53,265,104.04
	Administrative and General Expenses	12,420,434.02	9,572,412.47
	Advertising and Business Promotion	2,955,152.55	2,115,632.32
	Heat, Light and Power	4,134,903.88	3,076,722.99
	Maintenance and Repairs	6,833,118.79	6,519,117.18
	Lease Rentals	8,660,280.22	4,687,983.69
	Real Estate and Personal Property Taxes	3,701,375.64	3,053,159.27
	Interest	1,685,551.22	1,296,506.98
	Depreciation and Amortization	4,627,951.84	3,996,446.58
	Corporate Expenses and Sundry Capital Charges	1,208,860.31	792,819.04
		<u>\$110,756,869.36</u>	<u>\$88,375,904.56</u>
NET OPERATING PROFIT		<u>\$ 9,852,348.29</u>	<u>\$ 9,193,507.38</u>
ADDITIONS TO OR DEDUCTIONS* FROM INCOME	Interest on Investment Securities	\$ 224,848.65	\$ 124,578.36
	Interest on Income Tax Assessments and Refunds	2,114.88	44,594.25*
	Reimbursement by Lessor Under Lease Agreement	142,408.39	82,973.60
	Contribution to Pension Trust	603,000.00*	500,000.00*
	Property Tax Refunds, Less: Fees and Expenses	451,807.25	—
	Realized Profit on Sale of Properties	1,237,841.85	3,079,338.29
	Sundry—Other	103,365.60	213,782.48*
		<u>\$ 1,559,386.62</u>	<u>\$ 2,528,513.52</u>
PROFIT BEFORE INCOME TAXES		<u>\$ 11,411,734.91</u>	<u>\$11,722,020.90</u>
PROVISION FOR INCOME TAXES	Federal Normal and Surtax	\$ 5,687,310.89	\$ 5,201,584.70
	Federal Excess Profits Taxes	—	67,854.95
	State, City, District and Foreign Taxes	64,689.84	40,134.04
		<u>\$ 5,752,000.73</u>	<u>\$ 5,309,573.69</u>
NET PROFIT MINORITY INTEREST		<u>\$ 5,659,734.18</u>	<u>\$ 6,412,447.21</u>
NET PROFIT FOR THE YEAR		<u>8,946.80</u>	<u>89,596.70</u>
INCOME OR LOSS*—SPECIAL ITEMS		<u>\$ 5,650,787.38</u>	<u>\$ 6,322,850.51</u>
	From Retirement of Debentures (Net of Bond Discount and Expense)	\$ —	\$ 7,371.79*
	Assessments and Adjustments of Prior Years' Taxes on Income	87,285.58	68,135.25*
	Adjustments of Fixed Assets and Depreciation Reserves to Conform with Income Tax Settlements	—	166,656.49
		<u>\$ 87,285.58</u>	<u>\$ 91,149.45</u>
NET INCOME AND SPECIAL ITEMS		<u>\$ 5,738,072.96</u>	<u>\$ 6,413,999.96</u>

*Denotes Red Figures.

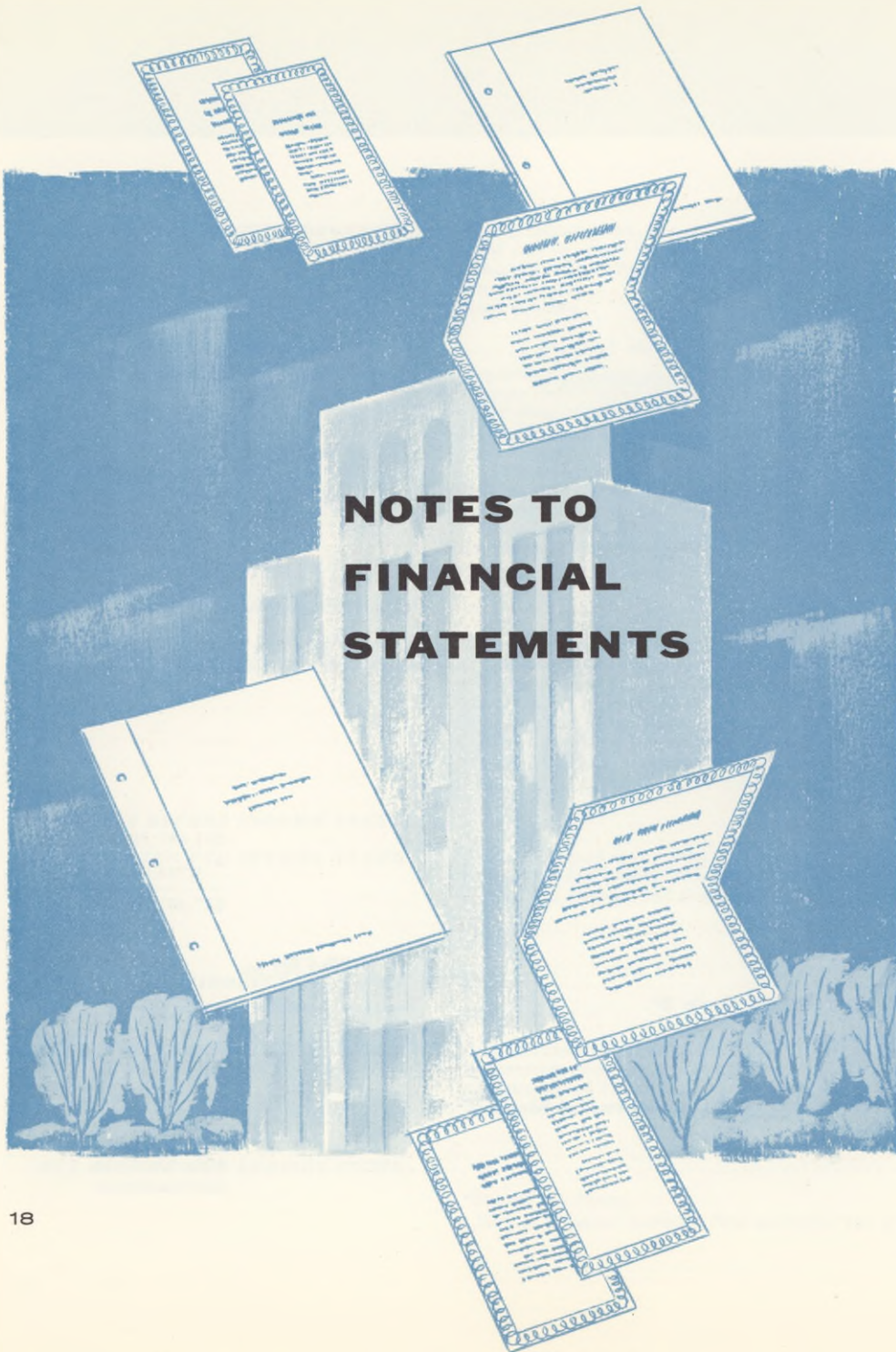
Notes to Financial Statements form an integral part of this statement and should be considered in connection therewith.

CAPITAL SURPLUS

BALANCE—DECEMBER 31, 1953		\$12,060,050.63
ADD: Discount on Convertible Preference Stock Purchased for the Treasury	\$ 4,898.40	
Surplus Arising from Exchange of Common Stock for Capital Stock of Hotel Waldorf-Astoria Corporation	22,865.00	
Surplus Arising from Conversion of Convertible Preference Stock into Common Stock in Accordance with Conversion Privileges	825,880.00	
Surplus Arising from Purchase of 5% Cumulative First Preferred Stock—"Series A" and Common Stock for the Treasury, Pursuant to Option Agreements	211,437.57	
		<u>1,065,080.97</u>
Balance—December 31, 1954		<u>\$13,125,131.60</u>

EARNED SURPLUS

BALANCE—DECEMBER 31, 1953		\$21,647,725.48
ADD: Net Income and Special Items for the Year Ended December 31, 1954		<u>5,738,072.96</u>
		\$27,385,798.44
DEDUCT: Dividends		
First Preferred Stock—5% "Series A"	\$ 307,941.20	
4¾% (Convertible) "Series B"	17,480.00	
4% Convertible Preference Stock	24,765.00	
Common Stock	2,205,434.90	
Discount on Issuance of First Preferred Stock—4¾% (Convertible) "Series B"	133,000.00	
		<u>2,688,621.10</u>
Balance—December 31, 1954		<u>\$24,697,177.34</u>



NOTES TO FINANCIAL STATEMENTS

(1) Companies Included in Consolidation

The consolidated statements include the accounts of majority-owned and wholly-owned subsidiaries at December 31, 1954, except for one company, the securities of which are carried as an investment in consolidation inasmuch as the purchase of the securities was subject to the rights of the former owner to regain ownership of the securities under certain conditions.

(2) Fixed Assets

Substantially all of the real estate and furniture, furnishings and equipment is 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.

(3) Federal Taxes on Income

Federal income and excess profits tax returns of the companies have been examined and settled through the year 1950 in certain instances and through the year

1951 in others, except in the case of the predecessor owner of Hotel New Yorker, whose returns have been examined and settled through the year 1947. The Company has assumed the liability, if any, which may arise through the review of the returns of the predecessor owner of Hotel New Yorker.

(4) 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 beginning with January 1, 1955, in an amount sufficient to redeem 2% of the maximum number of such shares theretofore issued and outstanding. Sinking fund requirements have been complied with.

The 4¾% Cumulative First Preferred (convertible), "Series B" shares are subject to redemption at \$104.00 per share, plus accrued and unpaid dividends, if redeemed after May 1, 1955 and prior to November 1, 1955, and, at a price of \$102.00 per share, plus accrued and unpaid dividends if redeemed on or after November 1, 1955. The shares are also subject to redemption through the operation of a sinking fund at par without any premium commencing with the year 1956

to the extent of 2% of the maximum number of such shares theretofore issued and outstanding.

(5) Commitments and Contingent Liabilities

Under the terms of an agreement dated October 7, 1954, the Company, on October 27, 1954, purchased certain assets and assumed the liabilities, other than mortgage encumbrances, of Hotels Statler Company, Inc. The balance sheet does not reflect such liabilities as may arise, if any, in connection with this transaction. Federal income tax returns of the latter company have been examined and settled through December 31, 1950.

Contract commitments in connection with the construction and furnishing of the Beverly Hilton Hotel and the hotel under construction in Dallas, Texas, to be known as Statler Hilton Hotel, approximated \$13,000,000.00 at December 31, 1954.

The Company is committed under the terms of an agreement with certain stockholders made in connection with the "Statler Transaction" to reacquire 7,591 shares of its common stock at a price of \$50.00 per share at the option of the holders thereof, or at the option of the Company during the period July 1, 1955 to and including September 30, 1955.

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 the wholly-owned subsidiary, 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.

The Agreement of Merger between Hotel Waldorf-Astoria Corporation (old company) and the Company provided that stockholders of Hotel Waldorf-Astoria Corporation (old company) other than Hilton would receive 1¼ shares of the Company's stock for each share of "Waldorf" stock held by them. The holders of 20,121 shares of such stock requested appraisal and payment in cash for their shares pursuant to the provisions of the New York Statutes. Appraisal proceedings in which the petitioners contended that their stock had a value in excess of \$18.50 per share have been had before an appraiser appointed by the court and the matter is now pending. It is not believed by the Company's counsel that these proceedings will materially or adversely affect the Company and, accordingly, no provision has been made in the consolidated

statements for any awards or expenses in connection with the appraisal proceedings.

The Company is guarantor under two long-term notes payable of wholly-owned subsidiaries in the total amount of \$2,323,250.00 at December 31, 1954.

(6) Long-Term Leases

Certain properties are operated by the Company and its Subsidiaries under long-term leases ranging from one year and three months to twenty-four years and ten months, from December 31, 1954, with option to renew for various periods in certain instances. Total minimum annual fixed or basic rentals payable under such leases approximated \$11,600,000.00 at December 31, 1954.

The wholly-owned subsidiary, Hilton Hotels International, Inc., has entered into preliminary leases ranging from ten to twenty years, subject to certain conditions, for the operation of hotels under construction, or to be constructed, in Istanbul, Turkey; Havana, Cuba; Cairo, Egypt; Mexico, and Montreal, Canada. In general, Hilton Hotels International, Inc., is required to furnish initial operating inventories and to maintain sufficient working capital, except in the case of the Cuban property lease, which specifies that not less than \$250,000.00 shall be

furnished for these purposes to be maintained for the first five years of the lease. Hilton Hotels Corporation, by Board action, has limited any additional investment by it in Hilton Hotels International, Inc., not to exceed \$500,000.00 of which not to exceed \$100,000.00 shall be used for any one hotel project, such sum to be used for working capital and expenses.

(7) Limitations and Restrictions

The Company is prohibited under the terms of certain loan agreements from declaring dividends or distributions on its capital stock or making certain acquisitions or redemptions of any of its capital stock after January 1, 1955 in excess of 60% of the consolidated net income of the Company and certain subsidiaries.

The wholly-owned subsidiary, Hilton Hotels International, Inc., is restricted under the terms of a certain note payable in the amount of \$408,902.61 at December 31, 1954 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 (\$50,000.00 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.

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, 1954 was \$2,150,000.00. Earnings so restricted at December 31, 1954 amounted to \$350,000.00. However, pursuant to consents of the landlord of Hotel Waldorf-Astoria Corporation and the holder of said note, a dividend of \$6,000,000.00, of which \$800,000.00 was in cash and \$5,200,000.00 in subordinated debentures, due December 31, 1964, was declared and paid in December 1954 and eliminated in consolidation.

(8) Events Subsequent to December 31, 1954

On February 14, 1955 the Company completed the sale of \$7,978,900.00 4½% Fifteen-Year Convertible Debentures and \$240,200.00 4¾% Fifteen-Year Debentures, both due January 1, 1970. The 4½% Fifteen-Year Convertible Deben-

tures are convertible on and after January 1, 1955 and to and including January 1, 1958, unless previously redeemed, at the option of the holders thereof, into Common Stock of the Company. The conversion price per share of Common Stock is \$42.50 up to and including January 1, 1956, \$43.50 thereafter and to and including January 1, 1957, \$44.50 thereafter to and including January 1, 1958, and the said conversion prices are subject to adjustment under the event of certain happenings so as to prevent dilution of the conversion privilege.

The Trust Indenture securing the debentures requires annual sinking fund payments on January 15th of each year beginning January 15, 1956, for each sinking fund, in an amount sufficient to redeem at the principal amount and without premium, 3%, for each of the years 1956 to and including 1962, and 4% for each of the years thereafter, of the largest principal amount of debentures for which such sinking fund is established at anytime outstanding.

On February 25, 1955 the Company prepaid \$8,000,000.00 on a \$20,000,000.00 bank loan made in connection with the acquisition of certain assets of Hotels Statler Company, Inc., on October 27, 1954.

Certificate of Independent Public Accountants

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, 1954 and the related statements of consolidated income and surplus for the year then ended.

These 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 which were 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 income and surplus present fairly the financial position of Hilton Hotels Corporation and its Subsidiaries at December 31, 1954 and the results of operations for the year then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Chicago, Illinois
February 25, 1955

HARRIS, KERR, FORSTER & COMPANY

STATEMENT OF FINANCIAL CONDITION

as at the close of years 1949 to 1954 inclusive

Hilton Hotels Corporation

	1954	1953	1952	1951	1950	1949
CURRENT ASSETS						
Cash	\$ 21,908,857	\$10,412,986	\$ 7,148,506	\$ 7,289,412	\$ 6,996,985	\$ 5,582,394
Marketable Securities	100,000	260,000	710,000	710,000	710,000	200,000
Receivables (net)	9,962,342	6,718,052	6,071,986	4,923,736	4,351,549	1,568,672
Inventories	3,415,258	2,393,548	2,475,939	2,246,847	1,976,791	1,031,642
Other	7,681,040	5,536,449	4,071,527	2,846,274	2,355,500	1,742,648
TOTAL CURRENT ASSETS	\$ 43,067,497	\$25,321,035	\$20,477,958	\$18,016,269	\$16,390,825	\$10,125,356
CURRENT LIABILITIES						
Accounts Payable	\$ 7,643,935	\$ 4,180,202	\$ 3,173,815	\$ 3,069,809	\$ 2,692,845	\$ 1,590,354
Accrued Liabilities	7,409,524	4,832,164	4,438,829	3,682,449	3,440,643	2,400,262
Provision for Income Taxes	6,463,149	2,876,234	2,806,156	2,650,443	2,868,528	1,232,434
Payment of Funded Debt and Long Term Liabilities Due within One Year	3,622,326	1,628,680	1,308,687	1,136,496	1,016,087	549,778
Other	1,191,725	1,005,813	460,575	322,763	351,167	151,634
TOTAL CURRENT LIABILITIES	\$ 26,330,659	\$14,523,093	\$12,188,062	\$10,861,960	\$10,369,270	\$ 5,924,462
WORKING CAPITAL	\$ 16,736,838	\$10,797,942	\$ 8,289,896	\$ 7,154,309	\$ 6,021,555	\$ 4,200,894
OTHER ASSETS						
Non-current Receivables and Investments	19,556,978	11,565,530	5,663,295	3,656,893	3,995,749	3,167,227
Fixed Assets (net)	86,327,257	66,609,020	62,489,425	61,174,428	59,625,808	49,292,601
Deferred Charges	1,453,892	1,100,254	871,302	800,128	802,462	596,537
TOTAL	\$124,074,965	\$90,072,746	\$77,313,918	\$72,785,758	\$70,445,574	\$57,257,259
OTHER LIABILITIES, DEFERRED INCOME AND RESERVES						
Funded Debt and Long Term Liabilities (less payments due within one year)	\$ 63,749,375	\$34,473,165	\$35,169,609	\$34,357,135	\$32,933,501	\$24,208,252
Deferred Income	6,583,693	7,821,708	3,067,461	—	—	—
Sundry Reserves	54,670	28,048	114,456	365,889	402,655	142,914
TOTAL	\$ 70,387,738	\$42,322,921	\$38,351,526	\$34,723,024	\$33,336,156	\$24,351,166
NET ASSETS	\$ 53,687,227	\$47,749,825	\$38,962,392	\$38,062,734	\$37,109,418	\$32,906,093
NET ASSETS REPRESENTED IN						
First Preferred Stock—Series A	\$ 5,290,000	\$ 6,196,000	\$ —	\$ —	\$ —	\$ —
First Preferred Stock—Series B	3,800,000	—	—	—	—	—
Convertible Preference Stock	—	1,214,500	2,175,650	3,994,450	4,903,850	5,813,250
Common Stock (less treasury shares at cost)	6,200,400	6,131,549	7,244,584	7,511,521	7,038,215	6,956,281
Surplus Reserves	500,000	500,000	500,000	500,000	1,700,000	1,820,000
Capital Surplus	13,125,131	12,060,051	10,952,473	9,202,137	7,301,090	7,340,447
Earnings Retained in the Business	24,697,177	21,647,725	17,187,648	14,447,174	12,664,299	9,614,750
Minority Interest	74,519	—	902,037	2,407,452	3,501,964	1,361,365
TOTAL AS ABOVE	\$ 53,687,227	\$47,749,825	\$38,962,392	\$38,062,734	\$37,109,418	\$32,906,093
Book Value per Common Share	\$ 27.00	\$ 25.00	\$ 22.14	\$ 19.88	\$ 19.16	\$ 17.38



SUMMARY OF CONSOLIDATED EARNINGS

for the six years ended December 31, 1954

	1954	1953	1952	1951	1950	1949
GROSS REVENUE						
Rooms Department	\$ 50,060,666	\$39,307,529	\$34,331,105	\$31,350,484	\$28,248,855	\$19,624,629
Food and Beverage Department	55,754,805	45,301,690	40,950,719	38,215,048	33,822,503	21,079,609
Other Operated Departments	10,623,234	9,649,254	8,983,416	7,869,696	7,088,476	5,424,123
Other Income	2,373,050	1,839,273	1,555,618	1,422,105	1,311,652	681,677
Store Rentals	1,797,463	1,471,666	1,334,514	1,316,047	1,270,166	953,719
Office Building Rentals (net)	150,401	—	—	—	—	—
Interest on Investments	224,848	124,578	63,152	48,835	54,109	41,637
TOTAL GROSS REVENUE	<u>\$120,984,467</u>	<u>\$97,693,990</u>	<u>\$87,218,524</u>	<u>\$80,222,215</u>	<u>\$71,795,761</u>	<u>\$47,805,394</u>
EXPENSES						
Operated Departments	\$ 64,529,241	\$53,265,104	\$47,683,216	\$44,052,000	\$39,017,530	\$26,444,235
Administrative and General	12,420,434	9,572,412	8,275,935	7,276,940	6,236,809	3,646,620
Advertising and Business Promotion	2,955,153	2,115,632	1,802,294	1,578,280	1,289,375	934,372
Heat, Light and Power	4,134,904	3,076,723	2,671,729	2,454,960	2,157,643	1,530,851
Maintenance and Repairs	6,833,119	6,519,117	5,063,585	4,328,086	3,456,026	2,470,581
Lease Rentals	8,660,280	4,687,984	3,351,809	2,706,456	2,388,943	182,599
Real Estate and Personal Property Taxes	3,249,568	3,053,159	2,926,238	2,574,738	2,328,134	1,717,022
Depreciation and Amortization	4,627,952	3,996,447	3,835,806	3,445,779	3,082,458	2,539,522
Interest	1,685,551	1,296,507	1,230,910	1,236,834	1,147,080	845,834
Other Operating Costs	47,035	216,834	276,205	14,108	—	—
Provision for Income Taxes	5,668,570	4,793,205	5,153,529	5,398,265	4,634,733	2,849,806
Other Capital Charges	1,208,860	792,819	760,855	625,977	658,751	232,864
TOTAL EXPENSES	<u>\$116,020,667</u>	<u>\$93,385,943</u>	<u>\$83,032,111</u>	<u>\$75,692,423</u>	<u>\$66,397,482</u>	<u>\$43,394,306</u>
NET PROFIT BEFORE OTHER ADDITIONS OR DEDUCTIONS	\$ 4,963,800	\$ 4,308,047	\$ 4,186,413	\$ 4,529,792	\$ 5,398,279	\$ 4,411,088
OTHER ADDITIONS OR (DEDUCTIONS)						
Gain or (Loss) on Sales or Abandonment of Capital Assets	\$ 1,237,842	\$ 3,081,562	\$ 334,301	\$ (1,339)	\$ (796)	\$ (273,415)
Contribution to Pension Trust	(603,000)	(500,000)	(400,000)	(400,000)	—	—
Sundry Others Net	144,523	31,836	156,350	(138,188)	117,108	20,944
Provision for Applicable Taxes	(83,431)	(516,369)	45,553	294,042	(53,704)	95,939
Adjustments for Prior Years	87,286	98,521	380,272	—	—	—
TOTAL OTHER ADDITIONS OR DEDUCTIONS	<u>\$ 783,220</u>	<u>\$ 2,195,550</u>	<u>\$ 516,476</u>	<u>\$ (245,485)</u>	<u>\$ 62,608</u>	<u>\$ (156,532)</u>
TOTAL NET PROFIT	<u>\$ 5,747,020</u>	<u>\$ 6,503,597</u>	<u>\$ 4,702,889</u>	<u>\$ 4,284,307</u>	<u>\$ 5,460,887</u>	<u>\$ 4,254,556</u>
Deduct Minority Interest	8,947	89,597	181,474	343,492	605,554	122,883
NET PROFIT	<u>\$ 5,738,073</u>	<u>\$ 6,414,000</u>	<u>\$ 4,521,415</u>	<u>\$ 3,940,815</u>	<u>\$ 4,855,333</u>	<u>\$ 4,131,673</u>

A RECORD OF OUR GROWTH...

THE
PROPERTIES
WE OPERATE



HOTEL
Location

ROOMS
Date Acquired

ALBUQUERQUE HILTON
Albuquerque, New Mexico

167
6/1/46

THE CONRAD HILTON
Chicago, Illinois

2671
6/1/46

DAYTON BILTMORE
Dayton, Ohio

472
6/1/46

EL PASO HILTON
El Paso, Texas

293
6/1/46

PALMER HOUSE
Chicago, Illinois

2237
6/1/46

THE PLAZA
New York, New York

1017
6/1/46

THE MAYFLOWER
Washington, D. C.

869
12/18/46

WALDORF-ASTORIA
New York, New York

1813
10/13/49

CARIBE HILTON
San Juan, Puerto Rico

307
12/9/49

THE JEFFERSON
St. Louis, Missouri

741
11/29/50

FORT WORTH HILTON
Fort Worth, Texas

278
2/1/52

THE ROOSEVELT
New York, New York

1055
10/16/52

DESHLER HILTON
Columbus, Ohio

889
7/1/53

CASTELLANA HILTON
Madrid, Spain

338
7/17/53

THE NEW YORKER
New York, New York

2106
12/3/53

BOSTON STATLER
Boston, Massachusetts

1224
10/27/54

BUFFALO STATLER
Buffalo, New York

1065
10/27/54

CLEVELAND STATLER
Cleveland, Ohio

901
10/27/54

DETROIT STATLER

Detroit, Michigan

941
10/27/54

HARTFORD STATLER

Hartford, Connecticut

455
10/27/54

LOS ANGELES STATLER

Los Angeles, California

1275
10/27/54

NEW YORK STATLER

New York, New York

2027
10/27/54

ST. LOUIS STATLER

St. Louis, Missouri

602
10/27/54

WASHINGTON STATLER

Washington, D. C.

837
10/27/54

THE SHAMROCK

Houston, Texas

743
11/12/54

BEVERLY HILTON

Beverly Hills, California

438
Under Construction

ISTANBUL HILTON

Istanbul, Turkey

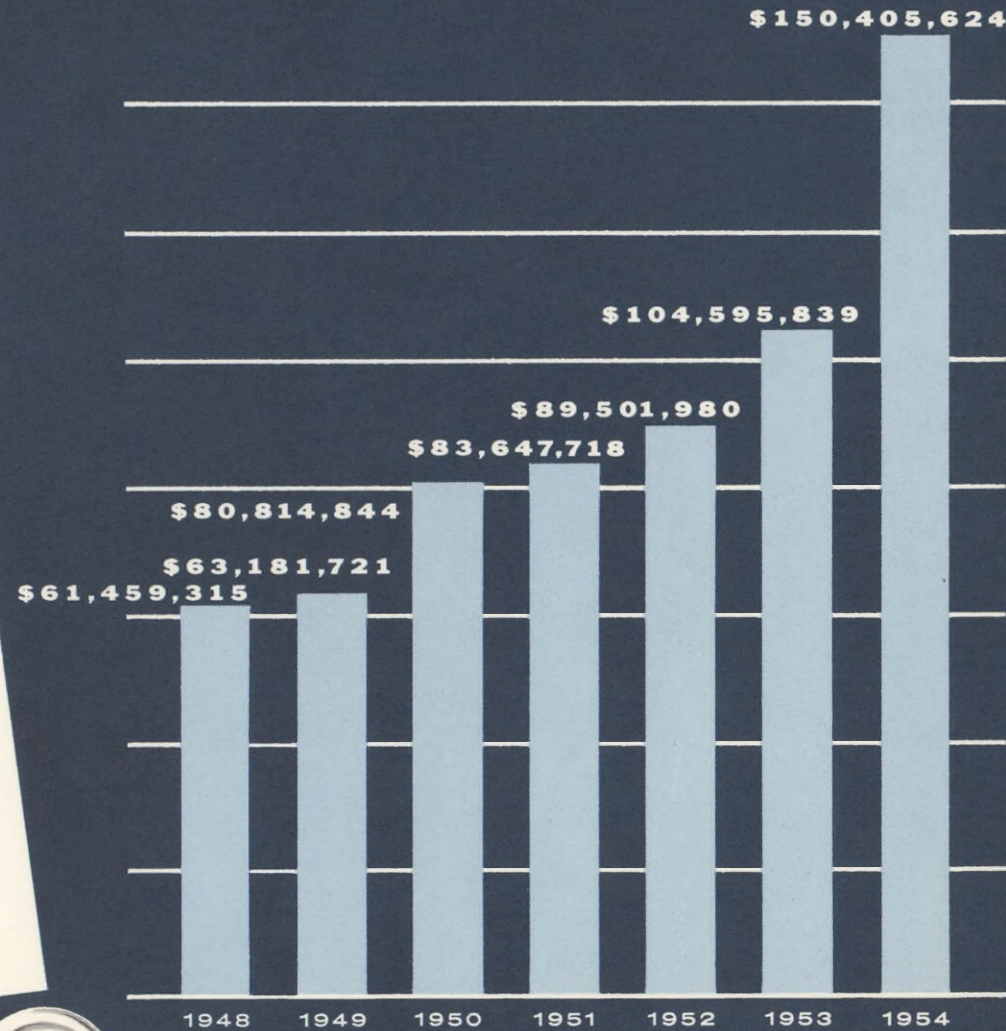
300
Under Construction

STATLER HILTON

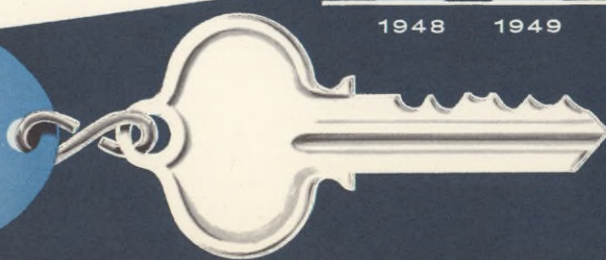
Dallas, Texas

1001
Under Construction

OUR ASSETS



TOTAL
27,062
ROOMS





Hilton Hotels



AROUND THE WORLD

CORPORATION

Conrad N. Hilton, president

EXECUTIVE OFFICES • THE CONRAD HILTON • CHICAGO 5, ILLINOIS