



# 1955 ANNUAL REPORT

Hilton Hotels Corporation

*The  
Statler  
Hilton  
Dallas*

*The  
Beverly  
Hilton  
Beverly  
Hills*

*The  
Conrad  
Hilton  
Chicago*

*The  
Waldorf-  
Astoria  
New York*

*the*  
**BEVERLY HILTON**



1955

# Report to Shareholders

**HILTON HOTELS CORPORATION**  
720 South Michigan Ave., Chicago 5, Illinois



**COVER:**

## *The Statler Hilton*

Hilton Hotels Corporation newest hotel is the 1,001 room Statler Hilton in Dallas, Texas. Completely air-conditioned, it is the largest hotel in the southwestern United States.

## *The Beverly Hilton*

Acclaimed as the world's most luxurious hotel, the Beverly Hilton, Beverly Hills, California, has 416 ultra-modern rooms. Stores, specialty shops and swimming pool provide just some of the many guest conveniences.

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# Directors and Officers

## 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 Bank, Los Angeles

### COMMON STOCK

#### 5% FIRST PREFERRED STOCK SERIES A

Manufacturers Trust Company, New York      Chemical Corn Exchange Bank, New York

#### 4 3/4% FIRST PREFERRED STOCK SERIES B

Hilton Hotels Corporation, Chicago

### EXECUTIVE OFFICES

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

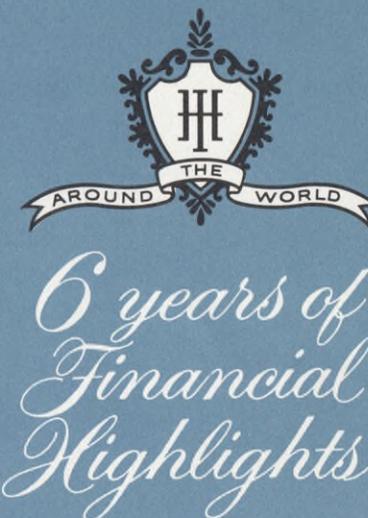
## BOARD OF DIRECTORS

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*  
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*  
SAM D. YOUNG, *President, El Paso National Bank, El Paso*

## OFFICERS

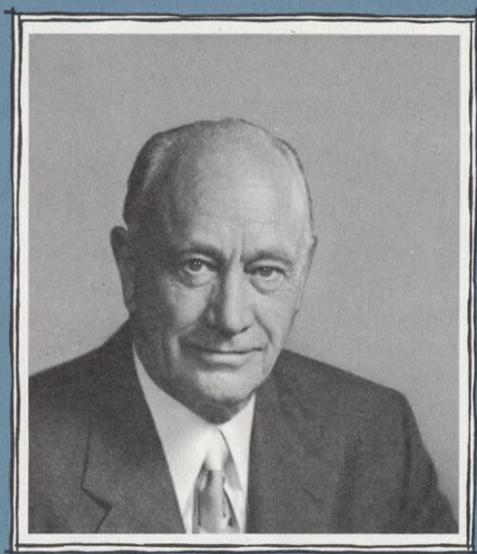
CONRAD N. HILTON, *President*  
ROBERT P. WILLIFORD, *Executive Vice President*  
JOSEPH P. BINNS, *Vice President*  
HENRY CROWN, *Vice President*  
SPEARL ELLISON, *Vice President*  
CHARLES L. FLETCHER, *Vice President*  
BARRON HILTON, *Vice President*  
JOHN W. HOUSER, *Vice President*  
JAMES H.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

YEARS ENDED DECEMBER 31	1955	1954	1953	1952	1951	1950
<b>GROSS REVENUE</b> .....	\$189,456,563	\$120,984,467	\$97,693,990	\$87,218,524	\$80,222,215	\$71,795,761
<b>NET PROFIT</b>						
(excluding minority interest)						
From Operations .....	\$ 8,002,259	\$ 4,822,070	\$ 4,135,290	\$ 4,251,170	\$ 3,940,815	\$ 4,855,333
From Sale of Properties .....	1,102,501	916,003	2,278,710	270,245	—	—
TOTAL .....	<u>\$ 9,104,760</u>	<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>
<b>EARNINGS PER COMMON SHARE</b>						
From Operations .....	\$ 4.40	\$ 2.71	\$ 2.51	\$ 2.57	\$ 2.37	\$ 3.11
From Sale of Properties .....	.64	.55	1.41	.17	—	—
TOTAL .....	<u>\$ 5.04</u>	<u>\$ 3.26</u>	<u>\$ 3.92</u>	<u>\$ 2.74</u>	<u>\$ 2.37</u>	<u>\$ 3.11</u>
<b>WORKING CAPITAL</b>						
AT DECEMBER 31 .....	\$ 10,146,953	\$ 16,736,838	\$10,797,942	\$ 8,289,896	\$ 7,154,309	\$ 6,021,555
<b>EARNED SURPLUS</b>						
AT DECEMBER 31						
(excluding surplus reserves) .....	\$ 29,966,364	\$ 24,697,177	\$21,647,725	\$17,187,648	\$14,447,174	\$12,664,299
<b>OUTSTANDING STOCK</b>						
AT DECEMBER 31						
(number of shares)						
First Preferred—Series A .....	52,900	52,900	61,960	—	—	—
First Preferred—Series B (convertible) ..	25,340	38,000	—	—	—	—
Convertible Preference .....	—	—	24,290	43,513	79,889	98,077
Common .....	1,720,239	1,648,760	1,613,640	1,620,844	1,592,878	1,498,217



# 1955 Annual Report

to our shareholders



The year 1955 was one of eventful progress for Hilton Hotels Corporation. Consolidating its position as the world's leading operator of fine hotels, your Corporation opened two new hotels, one at home and another abroad, set in place the cornerstone of a new luxury hotel in Cairo and contracted for the operation of a new hotel in West Berlin, the first to be built in this city since World War II. As 1956 got underway, The Statler Hilton hotel was opened in Dallas, Texas and new arrangements were being made for the operation of hotels in Honolulu, Hawaii and Tokyo, Japan.

Much progress was made in 1955 in the integration of the Statler properties, which were acquired in October 1954. This has resulted in greater operating efficiency throughout the entire organization. The benefits of this greater efficiency are evident in the accompanying financial statements.

During the year, your Corporation continued its extensive modernization program. This program, designed to maintain and strengthen the Hilton reputation for pre-eminence in the hotel field, included the start of a large scale air-conditioning program as well as other major improvements. A new reservation system was established with great success in

New York and plans were made for its extension to other cities.

As in previous years, Hilton Hotels Corporation continued at all hotels its resourceful conversion of non-revenue space to income producing areas. Such procedures, coupled with aggressive merchandising of Hilton services and the prosperity enjoyed by the economy in general, served to make 1955 the best year in the Corporation's history from a fiscal standpoint. Revenues and earnings broke all previous records.

## Revenues

Gross revenues of Hilton Hotels Corporation in 1955 amounted to \$188,281,937. This is an increase of 56% over the previous record high volume of \$120,609,218 achieved in 1954. Gross revenues include sales of the Statler Hotels for the entire year. In 1954, the Corporation's gross revenues included sales of the Statler Hotels for the final two months of the year. Gross revenues for 1955 were increased by sales of the Istanbul Hilton opened in June 1955 and of The Beverly Hilton opened in August 1955.

Room operations last year accounted for \$81,566,520 of the total 1955 revenues, compared with \$50,060,666 in 1954. There was derived from the sale of food

and beverages \$84,832,829 against \$55,754,805 the year before. Other operating departments contributed \$15,059,221 to revenues, compared with \$10,623,234 in 1954. Store rentals accounted for \$2,460,510 of total revenues, compared with \$1,797,463 a year earlier. Other income in 1955 amounted to \$4,362,857 against \$2,373,050 in 1954.

### Earnings

After all charges and taxes, consolidated net profit of Hilton Hotels Corporation in 1955 totaled \$9,104,760. This is a gain of 59% over the \$5,738,073 consolidated net profit of 1954. After preferred dividend requirements, the 1955 net profit was equal to \$5.04 per share on the 1,720,239 shares of common stock outstanding at the year end. Net profit after preferred dividends in 1954 was equal to \$3.26 per common share on the 1,648,760 shares outstanding a year earlier.

Of your Corporation's consolidated net profit, \$8,002,259, or \$4.40 per common share after preferred dividend requirements, was derived from operations. This compares with \$4,822,070, or \$2.71 per common share derived from operations in 1954. Profits from the sale of properties accounted for \$1,102,501 of consolidated net profits in 1955. Amounting to 64

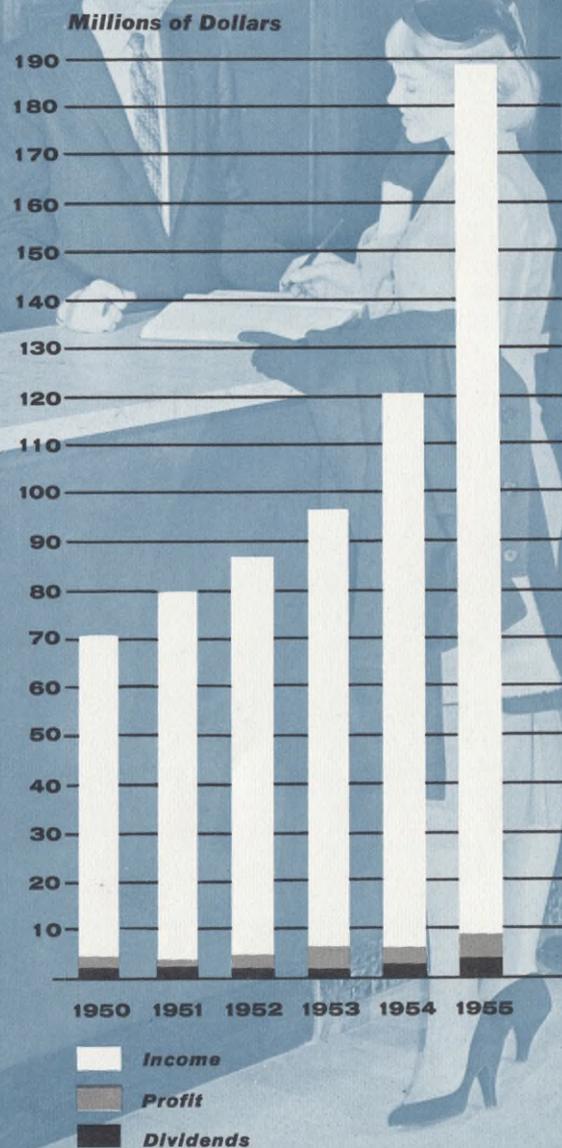
cents per common share, this profit compares with \$916,003, or 55 cents per common share, realized from the sale of properties in 1954.

On December 29, 1955, your Corporation sold The Jefferson Hotel in St. Louis, Missouri, for \$7,500,000. Your Corporation realized a profit on this sale, after taxes at the capital gains rate, of \$2,619,294. Of this amount, \$457,037 has been included in 1955 net profit and the balance will be applied to the income account of future years.

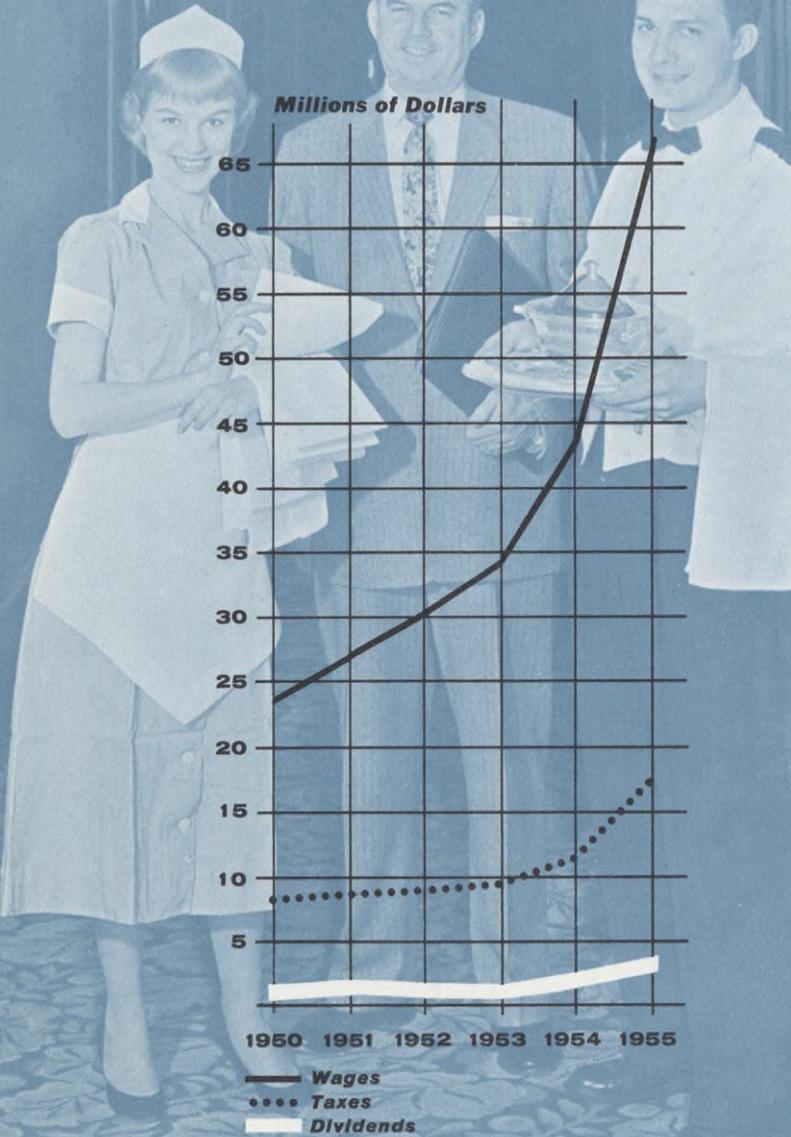
After the close of the year your Corporation entered into a contract for the sale of all the capital stock of Hotel Roosevelt Corporation to Hotel Corporation of America for the sum of \$2,130,000, of which \$750,000 was paid in cash at the closing on March 1, 1956, and the balance is represented by a note guaranteed by Hotel Corporation of America, payable in seven semi-annual installments of \$175,000 each, with a final payment of \$155,000 in 1960. Dividends received prior to closing and other adjustments of current assets will produce an additional \$650,000. The profit on this sale after taxes is estimated at \$1,850,000.

At the same time a contract was entered into between your Corporation and Hotel Corporation of America for the

### Income profits and dividends



## Wages, Taxes, and Dividends



sale of The Mayflower Hotel, Washington, D. C., for \$12,800,000, plus adjustments for current assets. At the closing, which will take place on April 2, 1956, your Corporation will receive \$1,000,000 in cash, 250,000 shares of the capital stock of Hotel Corporation of America at a price of \$6 per share, now quoted on the New York Stock Exchange at \$7.375 per share. The purchaser will assume the first mortgage of \$4,850,000 and the balance of the purchase price will be represented by a note, secured by a second mortgage payable in installments over a period of ten years. Your Corporation will realize a profit of approximately \$5,800,000 on this sale after taxes at capital gains rates.

Your Corporation has also entered into an agreement extending the lease of The Plaza Hotel for an additional period of four years at substantially the same rental as is being paid under the existing lease.

### Dividends

On January 28, 1955, the quarterly dividend rate on your Corporation's common stock was raised from 35 cents to 50 cents per share. Dividends at the new rate were paid on March 1, June 1, September 1 and December 1, 1955.

Regular quarterly dividends of \$1.25 per share on the 5% first preferred stock

Series A and \$1.1875 per share on the 4 $\frac{3}{4}$ % first preferred stock (convertible) Series B, were also paid.

Dividend payments on both preferred and common stocks in 1955 totaled \$3,780,749. The balance of the net profit, totaling \$5,324,011, was retained for use in the business.

### Long Term Debt

On December 31, 1955, the outstanding consolidated long term debt of Hilton Hotels Corporation was \$75,022,446, compared with \$80,326,701 a year earlier. Analysis of the changes is shown in the accompanying table.

Significant among the changes was the issuance of \$7,978,900 of 4 $\frac{1}{2}$ % fifteen year convertible debentures through an offering of rights issued to former stockholders of Hotels Statler Company, Inc. The funds derived from the sale of these debentures were applied toward reducing the \$20,000,000 loan from The First National Bank of Boston by \$8,000,000. With the sale of The Jefferson Hotel on December 29, 1955, the hotel's indebtedness, then amounting to \$1,768,964 was assumed by the purchaser.

In addition to the required payment of \$350,000, an extra payment of \$350,000 was made in 1955 on the outstanding

Waldorf-Astoria loan, reducing it to \$1,450,000 at the year-end.

### Capital Changes

During 1955, your Corporation's outstanding common stock increased by 31,649 shares through the conversion of 12,660 shares of first preferred stock 4 $\frac{3}{4}$ % Series B (convertible). In addition, 27,348 shares of common were issued upon the conversion of \$1,163,000 principal amount of 4 $\frac{1}{2}$ % fifteen year convertible debentures. Also, 12,621 shares of Hilton Hotels Corporation common stock were issued in settlement of the claims of certain stockholders of Hotel Waldorf-Astoria Corporation who had requested appraisal of their stock in lieu of accepting the terms of the merger. The settlement was on the basis of  $\frac{5}{8}$  of a share of Hilton for each share of Waldorf, instead of 1 $\frac{1}{4}$  shares of Hilton for each share of Waldorf as provided in the agreement of merger.

In accordance with the sinking fund provisions, 1,240 shares of first preferred 5% Series A stock were retired out of 9,060 shares purchased in 1954 and held in the treasury for that purpose.

Common stock issued and outstanding on December 31, 1955, amounted to 1,720,239 shares, exclusive of treasury stock, compared with 1,648,760 shares

the year before. The Corporation's common stock had a book value at the 1955 year-end of \$30.50 per share, against \$27.00 per share twelve months earlier. Total assets on December 31, 1955 were \$169,909,419 compared with \$150,405,624 the year before.

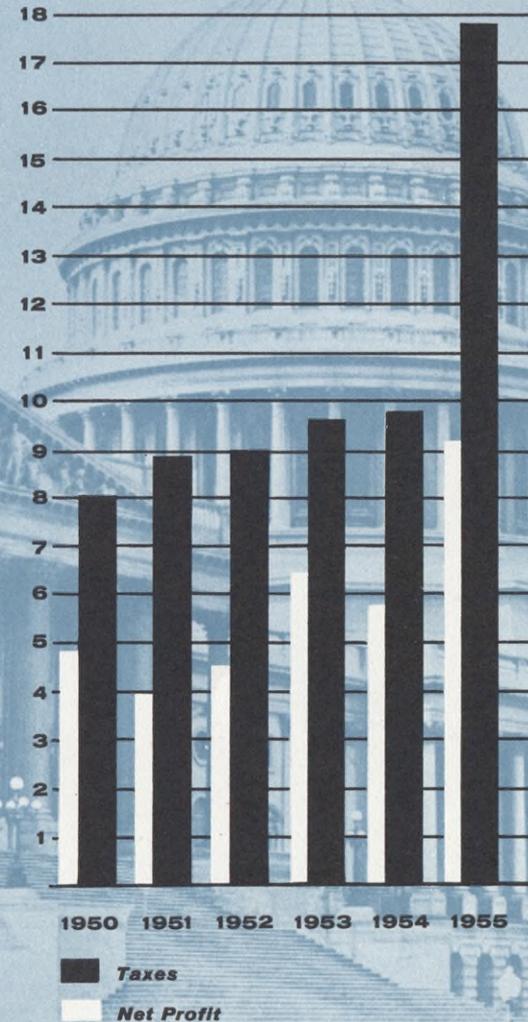
### Hilton Hotels International

Operating in the foreign field, your Corporation's wholly owned subsidiary, Hilton Hotels International, made further progress in 1955. An outstanding achievement was the opening in June of the Istanbul Hilton in Istanbul, Turkey. This 277-room hotel, which filled a pressing need for such facilities in Turkey, served 16,343 guests in its first seven months of operation. Turkish officials have expressed great satisfaction at the number of visitors the hotel has attracted to their country.

Following the pattern developed for the operation of other Hilton hotels abroad, the Istanbul Hilton was built and is owned by local interests, in this case, the Turkish Government Pension Fund. Hilton Hotels International supplies the working capital and management in return for a share of the operating profits. The Istanbul Hilton joined the Caribe Hilton and Castellana Hilton already being operated by your Corpora-

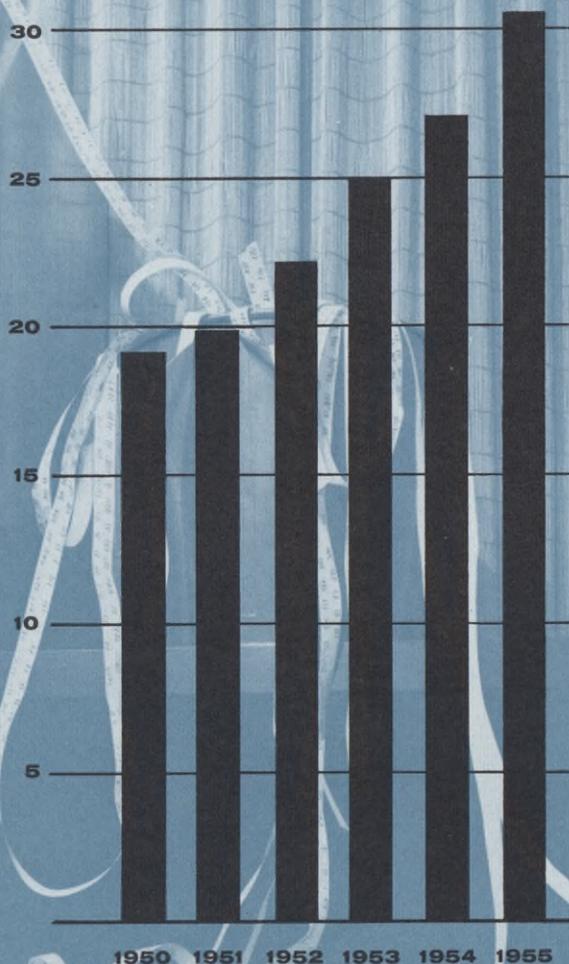
## Net profits and taxes

Millions of Dollars



## Stockholders equity

Per Common Share Dec. 31



tion in San Juan, Puerto Rico, and Madrid, Spain. Besides opening the Istanbul Hilton, your Corporation in 1955 signed contracts to operate hotels now being built in Egypt and West Berlin. These hotels are in addition to other Hilton hotels under construction in Cuba, Canada and Mexico.

Hilton Hotels International has also entered into preliminary agreements to operate hotels to be constructed in Rome, Honolulu, Tokyo and negotiations are pending in Trinidad and a number of other countries.

Our expanding activities outside of the continental United States are based on sound business, and upon the contribution of our international hotels to world trade and travel, and thereby to world peace and understanding.

From the business point of view, we are certain that the traveler who gets to know us in, say, Istanbul, probably will be our guest in New York, and that similarly, more and more Americans who go abroad look for, and find, a Hilton hotel in which to stay.

At the same time, we feel that our hotels help circulate western thought through the countries of the world and promote a stream of tourists and business men across the face of the earth. New

prosperity is brought to far off areas and world trade is encouraged.

### Domestic Expansion

Following by two months the opening of the Istanbul Hilton, the Corporation in August dedicated in Beverly Hills, California what is generally acclaimed as the world's most luxurious hotel. The Beverly Hilton boasts 416 ultra-modern rooms, most of them with balconies. The hotel features superb public and private dining rooms, an outside swimming pool, and specialty shops and stores encompassing 94,000 square feet of floor space on both sides of the Wilshire Boulevard entrance.

On January 15, 1956, brilliant ceremonies marked the opening of The Statler Hilton in Dallas, Texas. Containing 1,001 rooms, all air-conditioned, this hotel is the largest in the southwestern United States.

The big Y-shaped building is one of the most modern hotels in the world. It is 20 stories high and gives the impression of being constructed entirely of glass and aluminum. There are five ballrooms, an assembly room, 14 dining rooms, and 26 meeting and display rooms. The main ballroom is the biggest in the southwest and can be opened up in such a manner as to provide banquet space for 1,625 persons or meeting space for 2,200.

# The Hilton Dollar



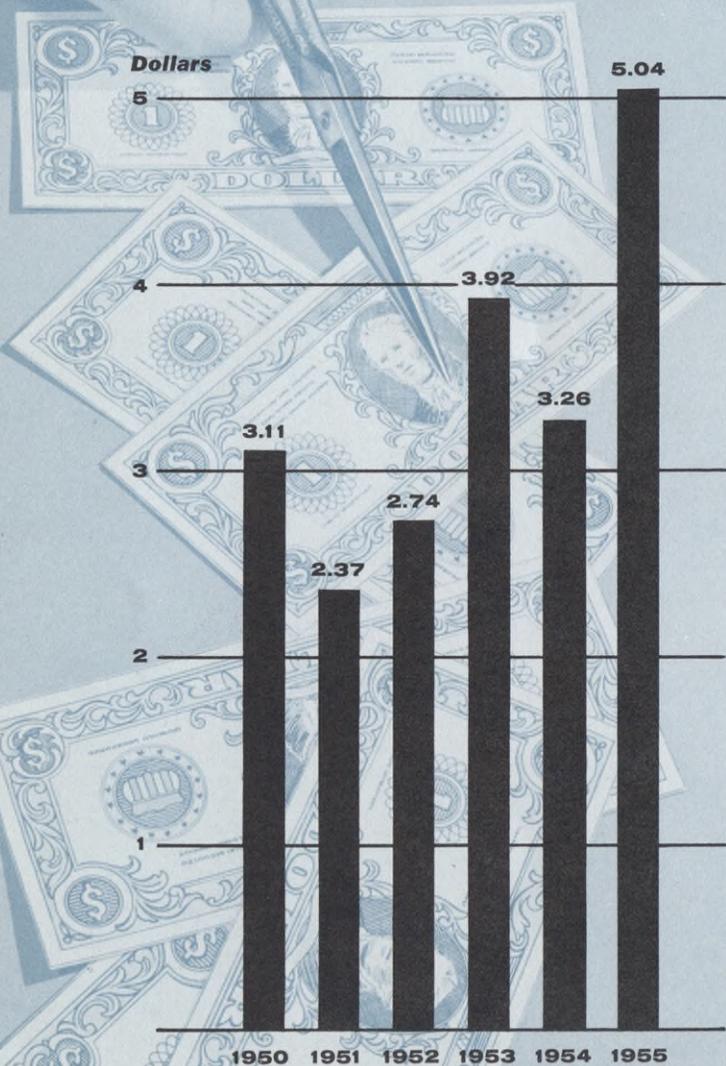
## HOW WE EARNED IT

Rooms.....	43.1¢
Food.....	32.7
Beverage.....	12.1
Telephone.....	3.2
Other Departments.....	4.7
Store and Office Building Rentals..	1.8
Other Income.....	2.4
	<u>\$1.00</u>

## HOW WE SPENT IT

Payroll and Related Expenses.....	39.4¢
Cost of Goods Sold.....	17.7
Other Expenses.....	12.7
Repairs and Maintenance (excluding payroll).....	3.6
Real Estate and Personal Property Taxes.....	3.2
Lease Rentals.....	8.2
Interest on Borrowed Money.....	1.6
Income Taxes.....	4.7
Dividends.....	2.0
Depreciation.....	4.1
Reinvested in Business.....	2.8
	<u>\$1.00</u>

## Earnings Per Common Share of Stock



## HILTON HOTELS CORPORATION AND SUBSIDIARIES ANALYSIS OF CONSOLIDATED LONG TERM DEBT

	BALANCE DECEMBER 31, 1954	ADDITIONS DURING 1955	REDUCTIONS DURING 1955	BALANCE DECEMBER 31, 1955
<b>FIRST MORTGAGE BONDS AND NOTES</b>				
Palmer House . . . . .	\$13,440,000.00	\$ —	\$ 480,000.00	\$12,960,000.00
The Conrad Hilton . . . . .	6,100,000.00	—	300,000.00	5,800,000.00
The Jefferson . . . . .	1,833,787.10	—	1,833,787.10	—
Hotel New Yorker . . . . .	6,200,000.00	—	173,236.64	6,026,763.36
The Mayflower . . . . .	4,975,000.00	—	100,000.00	4,875,000.00
Waldorf-Astoria Laundry . . . . .	259,572.86	—	16,190.45	243,382.41
*The Shamrock Hilton . . . . .	12,955,000.00	—	148,000.00	12,807,000.00
<b>DEBENTURES</b>				
5% Roosevelt Due 5/1/64 . . . . .	1,803,268.80	—	114,500.00	1,688,768.80
2% Hilton Due 11/1/64 . . . . .	1,500,000.00	—	—	1,500,000.00
4% Hilton Due 7/1/77 . . . . .	5,000,000.00	—	80,000.00	4,920,000.00
4 3/4% Hilton Due 1/1/70 . . . . .	—	240,200.00	240,200.00	—
4 1/2% Hilton Due 1/1/70 . . . . .	—	7,978,900.00	1,163,000.00	6,815,900.00
<b>OTHER NOTES</b>				
Installment Purchase Contract . . . . .	2,450,000.00	—	—	2,450,000.00
Waldorf-Astoria Laundry . . . . .	682,060.00	—	40,720.00	641,340.00
The Waldorf-Astoria . . . . .	2,150,000.00	—	700,000.00	1,450,000.00
Hilton Hotels International . . . . .	408,902.61	—	8,902.61	400,000.00
The First National Bank of Boston . . . . .	20,000,000.00	—	8,000,000.00	12,000,000.00
Sundry . . . . .	569,109.90	155,291.66	280,109.90	444,291.66
<b>TOTAL</b> . . . . .	<b>\$80,326,701.27</b>	<b>\$ 8,374,391.66</b>	<b>\$13,678,646.70</b>	<b>\$75,022,446.23</b>

\*Not previously included in the consolidation.

### Modernization

While the construction of new hotels proceeded in 1955, existing properties continued to be improved. Through a well thought out program of modernization and rehabilitation, each hotel bearing the Hilton name is brought up to and maintained at the standard which the name implies. It is one of your Corporation's basic aims that all of its properties shall at all times provide the finest in hotel accommodations.

To help keep your Corporation in the forefront of the hotel industry, an extensive air-conditioning program got underway in 1955. It is now contemplated that almost \$3,500,000 will be spent in 1956 on major air-conditioning projects at the Palmer House, the New York Statler, Detroit Statler and The Waldorf-Astoria alone. The aim of this program is the eventual complete air-conditioning of all Hilton hotels.

In addition to undertaking this ambi-

tious air-conditioning program, your Corporation last year completed the full scale renovation of the Deshler Hilton in Columbus, Ohio. In a two-year program all 881 rooms were completely remodeled, 320 of them were air-conditioned and a new coffee shop was added in the lower lobby. The Skyroom Supper Club, one of the finest facilities of its kind, was constructed, the Madrid Cocktail Lounge was redesigned and the Victorian Room and four meeting rooms were redecorated.

At The Conrad Hilton Hotel in Chicago, the lobby coffee shop was expanded and plans were drawn to construct roof garden suites of unrivaled luxury. This project will fill a long felt need for a Presidential Suite in the Chicago area.

As part of its program for providing only the best for its patrons, the Corporation last year at the Buffalo Statler completed a new supper club to replace the older Terrace Room. The Rendezvous, as the new facility is called, has, since its opening on September 30th, proved extremely popular as a dining and dancing spot. At the Hotel New Yorker, the old Manhattan Room was remodeled and renamed The Golden Thread. Opened as a supper club in September, it proved an immediate success. Also completed last year was the New Yorker Coffee Shop as

well as an escalator to serve it. Formerly inconvenient because of the long flight of stairs necessary to reach it, the new Coffee Shop and its escalator have been well received. The success of these and other new improved eating facilities at the New Yorker have helped to improve operating results of the hotel.

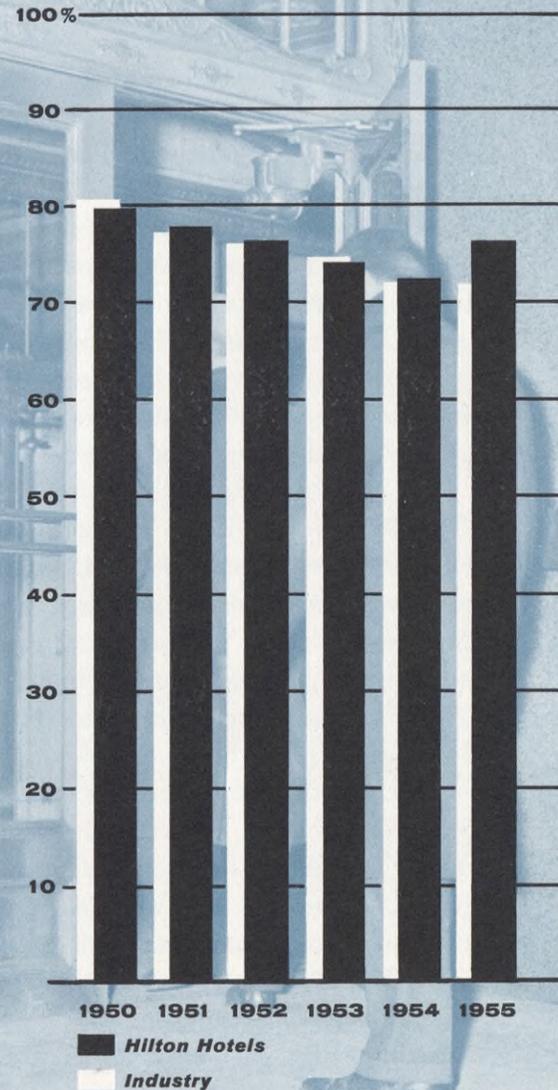
In the operation of any hotel, better utilization of existing space is a continuing challenge to alert and successful hotel management.

Last year, at the New York Statler for example, 38,000 square feet of floor space, formerly used for storing linen, help's quarters and other non-revenue producing purposes, was remodeled and rented to The Equitable Life Assurance Society of the United States. Similarly, at the Boston Statler, former storage space was converted and rented to a book publisher. A private function and exhibition room at the Buffalo Statler has been turned into office space and is being rented on favorable terms. A new exhibition hall with more modern facilities was created at this hotel from space previously yielding very little revenue.

### Hilcron

To simplify and expedite reservations throughout the Hilton system, a new cen-

## Occupancy



tral reservation agency was established in New York in April 1955. The most advanced reservation system of its kind, Hilcron, as it is called, accepts and immediately confirms reservations for any Hilton hotel in the world, whether made by telephone or telegraph. Up to the minute record of room facilities at all Hilton hotels is provided by a huge accommodation board. This board, constructed from designs drawn by members of the Hilton organization has evoked great interest in the hotel industry.

In its first eight months of operation, Hilcron accepted 135,000 calls and completed 72,808 reservations.

### **Personnel**

On December 22, 1955, Frank C. Wangeman was elected a vice president of the Corporation. Mr. Wangeman continues as the general manager of the Hotel New Yorker and as a director of Hilton Hotels International.

It was with a deep sense of loss that your Corporation reported the deaths during 1955 of Charles Deere Wiman and John L. Hennessey. Mr. Wiman, a director, had been president of Deere & Company. Mr. Hennessey, a vice president of Hilton Hotels Corporation, was at one time chairman of the board of Hotels

Statler Company, Inc. Their loss is deeply felt by those at Hilton Hotels Corporation who had the privilege of working with them and who knew them as true friends.

### **Employee Relations**

Excellent labor relations were maintained throughout the year with the approximately 25,000 men and women of the Hilton organization. On October 1, a new group insurance policy was worked out with improved hospitalization and medical benefits as well as liberalized life insurance coverage.

In 1955, your Corporation and its subsidiaries contributed \$917,150 to the Hilton pension plan for retired employees. This plan was inaugurated in 1951 in recognition of the loyalty and cooperation of Hilton men and women and is designed to assure a degree of financial independence for them upon their retirement.

### **Credit Cards**

Consolidation of Hilton and Statler credit cards was completed during the year. A total of 793,000 new Hilton-Statler cards were issued in December to replace existing Hilton and Statler cards.

Your Corporation's credit card is now one of the world's most widely held cards. Last year an arrangement was made with

Avis Rent-A-Car System under which Hilton guests may charge car rentals at any Avis agency through use of their Hilton credit card. This convenience is in addition, of course, to existing privileges of room, food, and beverage charges extended to card holders at all Hilton and Statler hotels.

Many of our shareholders are already aware of the convenience of a Hilton credit card in their travels to the major cities served by hotels of their Corporation. Should any stockholder not holding a credit card wish to apply for one, he may do so by writing to the Credit Card Division, Hilton Hotels Corporation, 9958 Santa Monica Boulevard, Beverly Hills, California.

### **Anti-Trust Suit**

The anti-trust suit against the Corporation and Statler Hotels Delaware Corporation was disposed of on February 6, 1956, by the entry of a consent decree.

In April, 1955, the Anti-Trust Division of the Department of Justice filed a civil action, alleging in substance that the effect of the acquisition of the Statler assets "may be substantially to lessen competition or to tend to create a monopoly in violation of Section 7 of the Clayton Act," particularly in the servicing of

conventions and, more specifically, in the cities of New York, Washington, D. C., St. Louis and Los Angeles. Your Corporation denied that the hotel business constitutes interstate commerce or that there was any substantial lessening of competition or tendency toward a monopoly by virtue of the Statler acquisition. In the opinion of our counsel, the suit was not well founded and we were confident of ultimate success.

Nevertheless, to engage in long-drawn out anti-trust litigation would not only have been costly but would have diverted the energies of our executives and staff from more productive matters. Accordingly, your Board of Directors approved a settlement deemed by them to be in the best interests of the Corporation. The consent decree specifically disclaims any admission of any violation of law or that your Corporation is engaged in interstate commerce. It requires the sale, within a reasonable time, of The Jefferson Hotel, St. Louis, The Mayflower Hotel, Washington, D. C., and either the Hotel New Yorker or the Hotel Roosevelt in New York City. For a period of five years, the acquisition of certain named hotels in New York, Washington, St. Louis and the Los Angeles-Beverly Hills area is prohibited, if any such acquisition would increase the

number of such hotels owned by this Corporation in excess of four in New York and one in each of the other communities. Since The Beverly Hilton is not included in the list, your Corporation can continue to operate both The Beverly Hilton and the Los Angeles Statler. No restrictions are placed upon the construction of new hotels or remodeling of existing hotels in any of the four cities nor upon the acquisition of hotels in other cities in the United States or in foreign countries.

The Jefferson Hotel was sold in December at a profit of more than \$2,500,000, and the sale of the other hotels will also prove profitable to the Corporation.

When the Mayflower transaction is consummated, your Corporation will have fully complied with all the requirements for disposition of properties contained in the consent decree.

### **Conclusion**

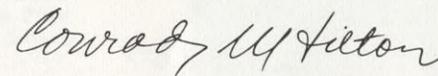
The unprecedented level of business activity and national prosperity helped make 1955 the best year the hotel industry has recently enjoyed, and we have every reason to believe that 1956 will see a continuation of favorable conditions.

The substantial increase in Hilton earnings last year was attributable in part to the acquisition of the Statler properties

and in part to improved earnings in our other hotels. For the first time since the end of the war, average room occupancy showed an increase over the preceding year. We are constantly striving to effect economies by combining facilities to avoid duplication, by the mass purchase of equipment and supplies, by pooling executive talent, and by cutting administrative overhead. Our sales and promotional efforts have been intensified. These policies have proved rewarding and will be continued.

Opening of the new 1,001 room Statler Hilton in Dallas this January was an auspicious beginning of what looks to us like another year of progress.

We are now in a better position than ever before to serve the great traveling public and we look forward to the coming year with confidence and enthusiasm.



Conrad N. Hilton  
President

March 7, 1956.

**ASSETS**

<b>CURRENT ASSETS</b>	Cash.....	\$ 18,532,504.83	
	Marketable Securities—U. S. Treasury Bonds.....	100,000.00	
	Accounts and Notes Receivable.....	\$ 12,783,267.20	
	Less: Reserve for Doubtful Accounts.....	<u>348,960.95</u>	
			12,434,306.25
	Inventories of Merchandise and Supplies (At Cost)....		3,382,775.99
	Other Current Assets		
	Cash in Banks for Payment of Income Taxes.....	\$ 224,482.56	
	Investment Mortgage Note Payments Receivable		
	Within One Year.....	2,902,181.50	
	Prepaid Expenses.....	1,791,984.03	
	Other.....	<u>251,366.76</u>	
			5,170,014.85
	<i>Total Current Assets.....</i>		<u>\$ 39,619,601.92</u>
<b>INVESTMENTS</b>	Securities—Other than Marketable.....	\$ 270,850.00	
	Installment Sales Contract Notes.....	13,975,748.54	
	Securities and Indebtedness of Affiliates—Not Current..	4,500,000.00	
	Other Investments.....	<u>508,815.21</u>	
		\$ 19,255,413.75	
	Less: Amounts Due Within One Year—(Above).....	<u>2,902,181.50</u>	
	<i>Total.....</i>		16,353,232.25
<b>FIXED ASSETS—</b>	Land.....	\$ 13,466,645.01	
<b>(Note 2)</b>	Buildings.....	71,553,880.82	
	Furniture and Equipment.....	37,013,311.34	
	Leaseholds and Improvements.....	<u>22,342,311.27</u>	
		\$144,376,148.44	
	Less: Reserve for Depreciation and Amortization.....	<u>41,657,105.90</u>	
		\$102,719,042.54	
	Rehabilitation, Revisions and Alterations.....	2,836,176.39	
	Operating Equipment.....	<u>4,629,701.37</u>	
	<i>Total.....</i>		110,184,920.30
<b>OTHER ASSETS AND</b>	Non-Operating Property—Land.....	\$ 391,968.17	
<b>DEFERRED CHARGES</b>	Pre-Opening and Preliminary Investigation Expenses..	1,711,009.27	
	Organization Expenses.....	345,804.37	
	Unamortized Mortgage and Loan Expense.....	361,775.01	
	Other Assets and Deferred Charges.....	<u>941,107.39</u>	
	<i>Total.....</i>		3,751,664.21
<b>TOTAL ASSETS</b>	.....		<u>\$169,909,418.68</u>

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



*Consolidated  
Balance Sheet*

December 31, 1955

## LIABILITIES

<b>CURRENT LIABILITIES</b>	Bank Loans Payable .....		\$ 235,547.88
	Accounts Payable .....		8,435,546.23
	Accrued Expenses and Charges .....		8,507,297.28
	Long-Term Debt Due Within One Year .....		4,033,914.96
	Estimated Federal, State, City, District and Foreign Taxes on Income— (Based on Separate Returns of the Consolidated Companies) (Note 3) .....	\$ 8,174,918.81	
	Less: U. S. Treasury Tax Notes—(At Cost) .....	550,000.00	
	Other .....		7,624,918.81
	<i>Total Current Liabilities</i> .....		<u>635,423.96</u>
			\$ 29,472,649.12
<b>LONG-TERM DEBT (Note 4)</b>	Mortgage Bonds and Notes .....	\$42,712,145.77	
	4% Debentures .....	4,920,000.00	
	2% Debentures .....	1,500,000.00	
	4½% Fifteen-Year Convertible Debentures .....	6,815,900.00	
	5% Sinking Fund Subordinated Income and Subordinated Debentures, Net of Debentures in Treasury .....	1,688,768.80	
	Installment Purchase Agreements and Notes Payable .....	16,957,840.00	
	Contract Termination Settlements .....	427,791.66	
		\$75,022,446.23	
	Less: Amounts Due Within One Year—(Above) .....	4,033,914.96	
	<i>Total</i> .....		70,988,531.27
<b>DEFERRED INCOME</b>	Unrealized Profit on Sale of Properties .....	\$ 8,586,918.68	
	Other .....	67,696.53	
	<i>Total</i> .....		8,654,615.21
<b>RESERVES—SUNDRY</b>			395,246.55
<b>MINORITY INTEREST</b>			97,604.47
<b>CAPITAL STOCK AND SURPLUS</b>	Capital Stock—(Note 5)		
	Cumulative First Preferred, Issuable in Series, Par \$100.00; 86,100 Shares Authorized		
	Issued and Outstanding:		
	52,900 Shares 5% "Series A", Excluding 7,820 Shares Held in Treasury ...	\$ 5,290,000.00	
	25,340 Shares 4¾% (Convertible), "Series B" .....	2,534,000.00	
	Common, Par \$5.00; 4,000,000 Shares Authorized; 63,350 Shares Reserved for Conversion Privileges of 4¾% First Preferred Stock (Convertible) "Series B", at Conversion Price of \$40. per Share; 156,687 Shares Reserved for Conversion Privileges of 4½% Fifteen-Year Convertible Debentures at Conversion Price of \$43.50 per Share; 1,944,267 Shares Outstanding (Including 224,028 Shares in Treasury—See Below) .....	9,721,335.00	
	Common Stock Scrip .....	151.89	
	<i>Total Capital Stock</i> .....	<u>\$17,545,486.89</u>	
	Surplus		
	Capital Surplus .....	\$15,689,532.05	
	Earned Surplus .....	29,966,364.04	
	Reserve for Contingencies .....	500,000.00	
	<i>Total Surplus</i> .....	<u>\$46,155,896.09</u>	
	<i>Total Capital Stock and Surplus</i> .....	<u>\$63,701,382.98</u>	
	Deduct: Common Stock in Treasury—224,028 Shares—(At Cost) .....	3,400,610.92	
			<u>60,300,772.06</u>
<b>COMMITMENTS AND CONTINGENT LIABILITIES (Notes 6 and 7)</b>			
<b>TOTAL LIABILITIES</b>			<u>\$169,909,418.68</u>



*Comparative  
Statement of  
Consolidated  
Income*

		<i>Year Ended</i>	
		<i>Dec. 31, 1955</i>	<i>Dec. 31, 1954</i>
<b>GROSS OPERATING REVENUE</b>	Rooms Department . . . . .	\$ 81,566,520.60	\$ 50,060,666.10
	Food and Beverage Department . . . . .	84,832,829.60	55,754,804.63
	Other Operated Departments . . . . .	15,059,220.61	10,623,234.40
	Other Income . . . . .	4,362,856.83	2,373,049.91
	Store Rentals . . . . .	2,460,509.71	1,797,462.61
		<u>\$188,281,937.35</u>	<u>\$120,609,217.65</u>
<b>OPERATING COSTS AND EXPENSES</b>	Departmental Costs and Expenses . . . . .	\$ 97,545,611.40	\$ 64,529,240.89
	Administrative and General Expenses . . . . .	18,809,063.02	12,420,434.02
	Advertising and Business Promotion . . . . .	4,238,618.26	2,955,152.55
	Heat, Light and Power . . . . .	6,685,987.82	4,134,903.88
	Maintenance and Repairs . . . . .	10,687,111.20	6,833,118.79
	Lease Rentals . . . . .	15,603,606.30	8,660,280.22
	Real Estate and Personal Property Taxes . . . . .	6,047,339.05	3,701,375.64
	Interest . . . . .	3,116,942.32	1,685,551.22
	Depreciation and Amortization . . . . .	7,728,291.54	4,627,951.84
	Corporate Expenses and Sundry Capital Charges . . . . .	1,674,559.34	1,208,860.31
		<u>\$172,137,130.25</u>	<u>\$110,756,869.36</u>
		<u>\$ 16,144,807.10</u>	<u>\$ 9,852,348.29</u>
<b>NET OPERATING PROFIT</b>			
<b>ADDITIONS TO OR DEDUCTIONS* FROM INCOME</b>	Interest on Investment Securities . . . . .	\$ 218,431.51	\$ 224,848.65
	Profit from Office Buildings and Other Real Estate Operations . . . . .	956,193.76	167,338.48
	Reimbursement by Lessor Under Lease Agreement . . . . .	64,943.50	142,408.39
	Contribution to Pension Trust . . . . .	917,150.00*	603,000.00*
	Property Tax Refunds, Less: Fees and Expenses . . . . .	76,635.12*	451,807.25
	Realized Profit on Sale of Properties . . . . .	1,470,000.95	1,237,841.85
	Sundry—Other . . . . .	47,303.11	61,858.00*
		<u>\$ 1,763,087.71</u>	<u>\$ 1,559,386.62</u>
		<u>\$ 17,907,894.81</u>	<u>\$ 11,411,734.91</u>
<b>PROFIT BEFORE INCOME TAXES</b>			
<b>PROVISION FOR INCOME TAXES</b>	Federal Normal and Surtax . . . . .	\$ 8,768,576.20	\$ 5,687,310.89
	State, City, District and Foreign Taxes . . . . .	138,706.67	64,689.84
		<u>\$ 8,907,282.87</u>	<u>\$ 5,752,000.73</u>
		<u>\$ 9,000,611.94</u>	<u>\$ 5,659,734.18</u>
<b>NET PROFIT</b>			
<b>MINORITY INTEREST</b>		56,516.20	8,946.80
		<u>\$ 8,944,095.74</u>	<u>\$ 5,650,787.38</u>
<b>NET PROFIT FOR THE YEAR</b>			
<b>INCOME—SPECIAL ITEMS</b>	Assessments and Adjustments of Prior Years' Taxes on Income . . . . .	\$ 113,684.06	\$ 87,285.58
	Income from Sale of Oil Leases . . . . .	46,980.10	—
		<u>\$ 160,664.16</u>	<u>\$ 87,285.58</u>
		<u>\$ 9,104,759.90</u>	<u>\$ 5,738,072.96</u>
<b>NET INCOME AND SPECIAL ITEMS</b>			

\*Denotes Red Figures.

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





## Notes to Financial Statements

### 1—BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and all of its wholly-owned subsidiaries and its majority-owned subsidiary.

### 2—FIXED ASSETS

Substantially all of the real estate, 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 tax returns of the company for the years 1951 through 1953 are presently under the usual examination by the Bureau of Internal Revenue and the returns of certain subsidiary companies and predecessor companies are subject to the usual review for the year 1952 and years subsequent thereto. The returns of two predecessor companies have been examined through the years 1952 and 1953 respectively and additional tax assessments approximating \$228,000. have been proposed or agreed.

### 4—LONG-TERM DEBT

The 4½% fifteen-year convertible debentures are convertible 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 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 any time outstanding. The company has complied with provisions of the sinking fund.

### 5—CAPITAL STOCK

The 5% Cumulative First Preferred, "Series A" shares are subject to redemption, without premium, out of sinking fund payments, made on or before January 1st in each year in an amount sufficient to redeem 2% of the maximum number of such shares theretofore issued and outstanding.

The 4¾% Cumulative First Preferred (convertible) "Series B" shares are subject to redemption at a price of \$102. per share, plus accrued and unpaid dividends. 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. Such shares are convertible, at the option of the holder, into shares of common stock at a conversion price of \$40. per share, subject to adjustment in certain specified events.

The Company had not provided for sinking fund requirements at January 1, 1956 but has since surrendered for cancellation and credit to the sinking fund 1,240 shares of Treasury, Series "A" of \$100. par (\$124,000.) and is depositing \$76,000. to provide for sinking fund requirements of Series "B" shares.

## **6—COMMITMENTS AND CONTINGENT LIABILITIES**

Contract commitments in connection with air-conditioning and construction work approximated \$1,850,000. at December 31, 1955.

The Company is guarantor under a long-term note payable of a wholly-owned subsidiary amounting to \$1,450,000. at December 31, 1955.

## **7—LONG-TERM LEASES**

Certain properties are operated by the Company and its Subsidiaries under leases ranging from four years and three months to twenty-three years and ten months, from December 31, 1955, with option to renew for various periods in certain instances. Total minimum annual fixed or basic rentals payable under such leases approximated \$10,950,000. at December 31, 1955.

The wholly-owned subsidiary Hilton Hotels International, Inc. has entered into leases and preliminary leases or contracts ranging from fifteen to twenty years, subject to certain conditions, for the operation of hotels under construction or to be constructed in Mexico City and Acapulco, Mexico; Havana, Cuba; Montreal, Canada; Cairo, Egypt; Berlin, Germany; New Delhi, India; Rome, Italy; Tokyo, Japan; and Honolulu, Hawaii. 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 lease, which specifies that not less than \$250,000. shall be furnished for these purposes to be maintained for the first five years of the lease. The terms of the leases commence either on actual occupancy or within ten days of receipts of architects certificate of occupancy. The leases provide for a rental based on a percentage of gross operating profit and certain specific rental obligations provide for additional annual rent based on a percentage of the value of furnishings while other leases provide for a flat basic minimum rent or a minimum rent based on a percentage of gross sales or a percentage of the cost of construction. Hilton Hotels Corporation, by Board action, has limited any additional investment by it in Hilton Hotels International, Inc., not to exceed \$500,000. of which not to exceed \$100,000. shall be used for any one hotel project, such sum to be used for working capital and expenses.

## **8—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 in excess of \$1,600,000. plus 70% of the consolidated net income of the Company and certain subsidiaries.

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, 1955 was \$1,450,000. Earnings so

restricted at December 31, 1955 amounted to \$1,050,000.

The wholly-owned subsidiary, Hilton Hotels International, Inc., is restricted under the terms of a certain note payable amounting to \$400,000. at December 31, 1955 from lending money to the Parent or any affiliates, except wholly-owned subsidiaries; purchasing, redeeming, or retiring any of its outstanding capital stock; or paying any dividends in cash or property except after (1) payment in full of all installments of principal and interest on the note (\$50,000. principal per annum); (2) full compliance with other provisions aforementioned, in which event dividends payable in cash or property shall be limited to the aggregate of the amount of payments made in such year on the note.

## **9—EVENTS SUBSEQUENT TO DECEMBER 31, 1955**

On February 27, 1956 the Company entered into a contract for the sale of its investment in the wholly-owned subsidiary, Hotel Roosevelt Corporation for \$2,130,000., plus other adjustments of which \$750,000. was paid in cash on closing March 1, 1956, and the balance was represented by a 3% note payable in seven equal semi-annual installments of \$175,000. each, with a final payment of \$155,000. in 1960. At the same time a contract was entered into for the sale of the Mayflower Hotel, Washington, D.C. for \$12,800,000., plus adjustments for current assets. The contract calls for the assumption of the present mortgage on the property; payment of \$1,000,000. in cash; 250,000 shares of Hotel Corporation of America capital stock on the basis of \$6.00 per share and a note secured by a second mortgage for the balance of the purchase price payable in installments over ten years; all to be consummated on the closing date, April 2, 1956.

*Certificate  
of  
Independent  
Public  
Accountants*

HARRIS. KERR. FORSTER & COMPANY  
ACCOUNTANTS AND AUDITORS

To the Board of Directors and Shareholders of  
Hilton Hotels Corporation.

We have examined the consolidated balance sheet of  
Hilton Hotels Corporation and its Subsidiaries at December  
31, 1955 and the related statements of consolidated income  
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 examined by them.

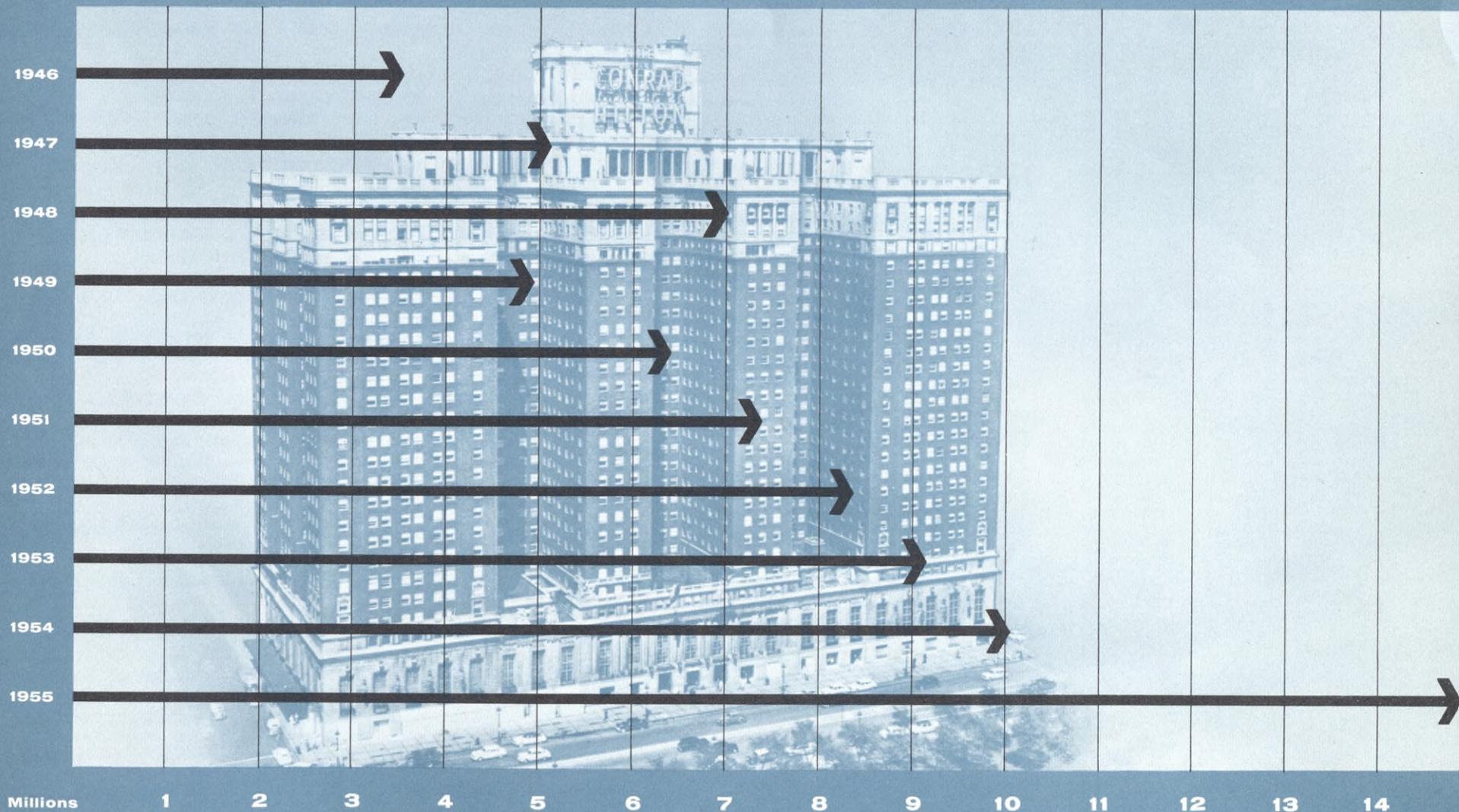
Our examination was made in accordance with generally  
accepted auditing standards, and accordingly included such  
tests of the accounting records and such other auditing  
procedures as we considered necessary in the circumstances.

In our opinion, based upon our examination and upon the  
opinion expressed in the certificate of another firm of  
independent accountants pertaining to the operating units  
and companies examined by them, the accompanying consolidated  
balance sheet and related statements of consolidated  
income and surplus present fairly the financial position of  
Hilton Hotels Corporation and its Subsidiaries at December  
31, 1955 and the results of operations for the year then  
ended in conformity with generally accepted accounting  
principles applied on a consistent basis.

Chicago, Illinois  
March 3, 1956

*Harris Kerr Forster & Company*

# *Cost of Maintaining and Modernizing Our Properties*



## Hilton Hotels Corporation

	1955	1954	1953	1952	1951	1950
<b>CURRENT ASSETS</b>						
Cash .....	\$ 18,532,505	\$ 21,908,857	\$10,412,986	\$ 7,148,506	\$ 7,289,412	\$ 6,996,985
Marketable Securities .....	100,000	100,000	260,000	710,000	710,000	710,000
Receivables (net) .....	12,434,306	9,962,342	6,718,052	6,071,986	4,923,736	4,351,549
Inventories .....	3,382,776	3,415,258	2,393,548	2,475,939	2,246,847	1,976,791
Other .....	5,170,015	7,681,040	5,536,449	4,071,527	2,846,274	2,355,500
<b>TOTAL CURRENT ASSETS</b> .....	<u>\$ 39,619,602</u>	<u>\$ 43,067,497</u>	<u>\$25,321,035</u>	<u>\$20,477,958</u>	<u>\$18,016,269</u>	<u>\$16,390,825</u>
<b>CURRENT LIABILITIES</b>						
Accounts Payable .....	\$ 8,435,546	\$ 7,643,935	\$ 4,180,202	\$ 3,173,815	\$ 3,069,809	\$ 2,692,845
Accrued Liabilities .....	8,507,297	7,409,524	4,832,164	4,438,829	3,682,449	3,440,643
Provision for Income Taxes .....	7,624,919	6,463,149	2,876,234	2,806,156	2,650,443	2,868,528
Payment of Funded Debt and Long Term Liabilities Due within One Year .....	4,033,915	3,622,326	1,628,680	1,308,687	1,136,496	1,016,087
Other .....	870,972	1,191,725	1,005,813	460,575	322,763	351,167
<b>TOTAL CURRENT LIABILITIES</b> .....	<u>\$ 29,472,649</u>	<u>\$ 26,330,659</u>	<u>\$14,523,093</u>	<u>\$12,188,062</u>	<u>\$10,861,960</u>	<u>\$10,369,270</u>
<b>WORKING CAPITAL</b> .....	<u>\$ 10,146,953</u>	<u>\$ 16,736,838</u>	<u>\$10,797,942</u>	<u>\$ 8,289,896</u>	<u>\$ 7,154,309</u>	<u>\$ 6,021,555</u>
<b>OTHER ASSETS</b>						
Non-current Receivables and Investments .....	16,353,232	19,556,978	11,565,530	5,663,295	3,656,893	3,995,749
Fixed Assets (net) .....	110,184,920	86,327,257	66,609,020	62,489,425	61,174,428	59,625,808
Deferred Charges .....	3,751,664	1,453,892	1,100,254	871,302	800,128	802,462
<b>TOTAL</b> .....	<u>\$140,436,769</u>	<u>\$124,074,965</u>	<u>\$90,072,746</u>	<u>\$77,313,918</u>	<u>\$72,785,758</u>	<u>\$70,445,574</u>
<b>OTHER LIABILITIES, DEFERRED INCOME AND RESERVES</b>						
Funded Debt and Long Term Liabilities (less payments due within one year) .....	\$ 70,988,531	\$ 63,749,375	\$34,473,165	\$35,169,609	\$34,357,135	\$32,933,501
Deferred Income .....	8,654,615	6,583,693	7,821,708	3,067,461	—	—
Sundry Reserves .....	395,247	54,670	28,048	114,456	365,889	402,655
<b>TOTAL</b> .....	<u>\$ 80,038,393</u>	<u>\$ 70,387,738</u>	<u>\$42,322,921</u>	<u>\$38,351,526</u>	<u>\$34,723,024</u>	<u>\$33,336,156</u>
<b>NET ASSETS</b> .....	<u>\$ 60,398,376</u>	<u>\$ 53,687,227</u>	<u>\$47,749,825</u>	<u>\$38,962,392</u>	<u>\$38,062,734</u>	<u>\$37,109,418</u>
<b>NET ASSETS REPRESENTED IN</b>						
First Preferred Stock—Series A.	\$ 5,290,000	\$ 5,290,000	\$ 6,196,000	\$ —	\$ —	\$ —
First Preferred Stock—Series B.	2,534,000	3,800,000	—	—	—	—
Convertible Preference Stock...	—	—	1,214,500	2,175,650	3,994,450	4,903,850
Common Stock (less treasury shares at cost) .....	6,320,876	6,200,400	6,131,549	7,244,584	7,511,521	7,038,215
Surplus Reserves .....	500,000	500,000	500,000	500,000	500,000	1,700,000
Capital Surplus .....	15,689,532	13,125,131	12,060,051	10,952,473	9,202,137	7,301,090
Earnings Retained in the Business	29,966,364	24,697,177	21,647,725	17,187,648	14,447,174	12,664,299
Minority Interest .....	97,604	74,519	—	902,037	2,407,452	3,501,964
<b>TOTAL AS ABOVE</b> .....	<u>\$ 60,398,376</u>	<u>\$ 53,687,227</u>	<u>\$47,749,825</u>	<u>\$38,962,392</u>	<u>\$38,062,734</u>	<u>\$37,109,418</u>
Book Value per Common Share	\$ 30.50	\$ 27.00	\$ 25.00	\$ 22.14	\$ 19.88	\$ 19.16



# Statement of Financial Condition

at the close of years  
1950 to 1955 inclusive

## and Subsidiaries

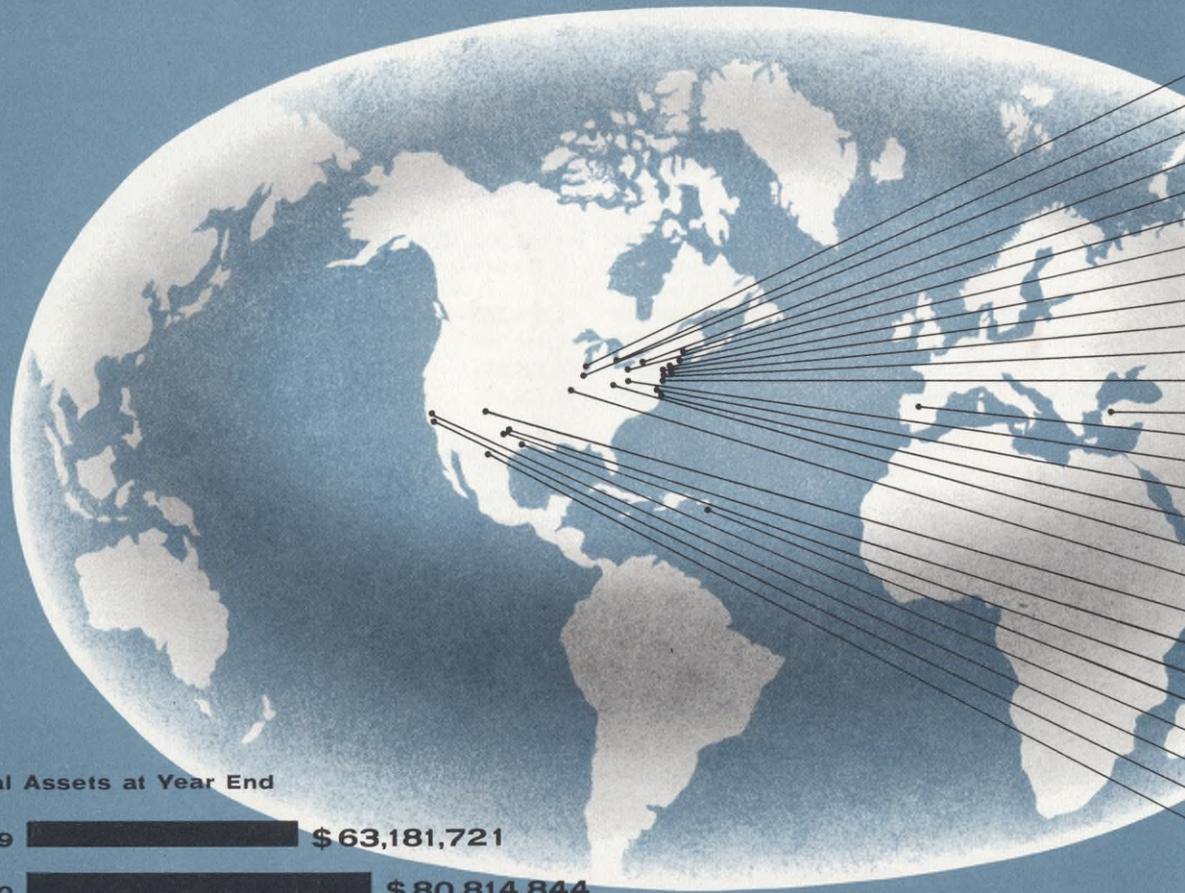
	1955	1954	1953	1952	1951	1950
<b>GROSS REVENUE</b>						
Rooms Department . . . . .	\$ 81,566,520	\$ 50,060,666	\$39,307,529	\$34,331,105	\$31,350,484	\$28,248,855
Food and Beverage Department . . . . .	84,832,829	55,754,805	45,301,690	40,950,719	38,215,048	33,822,503
Other Operated Departments . . . . .	15,059,221	10,623,234	9,649,254	8,983,416	7,869,696	7,088,476
Other Income . . . . .	4,362,857	2,373,050	1,839,273	1,555,618	1,422,105	1,311,652
Store Rentals . . . . .	2,460,510	1,797,463	1,471,666	1,334,514	1,316,047	1,270,166
Office Building Rentals . . . . .	956,194	150,401	—	—	—	—
Interest on Investments . . . . .	218,432	224,848	124,578	63,152	48,835	54,109
<b>TOTAL GROSS REVENUE . . . . .</b>	<b>\$189,456,563</b>	<b>\$120,984,467</b>	<b>\$97,693,990</b>	<b>\$87,218,524</b>	<b>\$80,222,215</b>	<b>\$71,795,761</b>
<b>EXPENSES</b>						
Operated Departments . . . . .	\$ 97,545,612	\$ 64,529,241	\$53,265,104	\$47,683,216	\$44,052,000	\$39,017,530
Administrative and General . . . . .	18,809,063	12,420,434	9,572,412	8,275,935	7,276,940	6,236,809
Advertising and Business Promotion . . . . .	4,238,618	2,955,153	2,115,632	1,802,294	1,578,280	1,289,375
Heat, Light and Power . . . . .	6,685,988	4,134,904	3,076,723	2,671,729	2,454,960	2,157,643
Maintenance and Repairs . . . . .	10,687,111	6,833,119	6,519,117	5,063,585	4,328,086	3,456,026
Lease Rentals . . . . .	15,603,606	8,660,280	4,687,984	3,351,809	2,706,456	2,388,943
Real Estate and Personal Property Taxes . . . . .	6,123,974	3,249,568	3,053,159	2,926,238	2,574,738	2,328,134
Depreciation and Amortization . . . . .	7,728,292	4,627,952	3,996,447	3,835,806	3,445,779	3,082,458
Interest . . . . .	3,116,942	1,685,551	1,296,507	1,230,910	1,236,834	1,147,080
Other Operating Costs . . . . .	—	47,035	216,834	276,205	14,108	—
Other Capital Charges . . . . .	1,674,560	1,208,860	792,819	760,855	625,977	658,751
<b>TOTAL EXPENSES . . . . .</b>	<b>\$172,213,766</b>	<b>\$110,352,097</b>	<b>\$88,592,738</b>	<b>\$77,878,582</b>	<b>\$70,294,158</b>	<b>\$61,762,749</b>
<b>PROFIT BEFORE OTHER ADDITIONS OR DEDUCTIONS . . . . .</b>	<b>\$ 17,242,797</b>	<b>\$ 10,632,370</b>	<b>\$ 9,101,252</b>	<b>\$ 9,339,942</b>	<b>\$ 9,928,057</b>	<b>\$10,033,012</b>
<b>OTHER ADDITIONS OR (DEDUCTIONS)</b>						
Contribution to Pension Trust . . . . .	\$ (917,150)	\$ (603,000)	\$ (500,000)	\$ (400,000)	\$ (400,000)	\$ —
Adjustments for Prior Years . . . . .	113,684	87,286	98,521	380,272	—	—
Sundry Others—net . . . . .	159,227	144,523	34,060	125,455	(139,527)	116,312
Provision for Income Taxes . . . . .	(8,539,783)	(5,430,162)	(4,508,946)	(5,013,025)	(5,104,223)	(4,688,437)
<b>TOTAL OTHER ADDITIONS OR (DEDUCTIONS) . . . . .</b>	<b>\$ (9,184,022)</b>	<b>\$ (5,801,353)</b>	<b>\$ (4,876,365)</b>	<b>\$ (4,907,298)</b>	<b>\$ (5,643,750)</b>	<b>\$ (4,572,125)</b>
<b>NET PROFIT FROM OPERATIONS . . . . .</b>	<b>\$ 8,058,775</b>	<b>\$ 4,831,017</b>	<b>\$ 4,224,887</b>	<b>\$ 4,432,644</b>	<b>\$ 4,284,307</b>	<b>\$ 5,460,887</b>
<b>SALE OF PROPERTIES</b>						
Gain or (Loss) on Sale of Properties . . . . .	\$ 1,470,001	\$ 1,237,842	\$ 3,079,338	\$ 365,196	\$ —	\$ —
Provision for Capital Gains Tax . . . . .	367,500	321,839	800,628	94,951	—	—
<b>NET PROFIT OR (LOSS) ON SALE OF PROPERTIES . . . . .</b>	<b>\$ 1,102,501</b>	<b>\$ 916,003</b>	<b>\$ 2,278,710</b>	<b>\$ 270,245</b>	<b>\$ —</b>	<b>\$ —</b>
<b>TOTAL NET PROFIT . . . . .</b>	<b>\$ 9,161,276</b>	<b>\$ 5,747,020</b>	<b>\$ 6,503,597</b>	<b>\$ 4,702,889</b>	<b>\$ 4,284,307</b>	<b>\$ 5,460,887</b>
Deduct Minority Interest . . . . .	56,516	8,947	89,597	181,474	343,492	605,554
<b>NET PROFIT . . . . .</b>	<b>\$ 9,104,760</b>	<b>\$ 5,738,073</b>	<b>\$ 6,414,000</b>	<b>\$ 4,521,415</b>	<b>\$ 3,940,815</b>	<b>\$ 4,855,333</b>



# Summary of Consolidated Earnings

for the six years  
ended December 31, 1955

# A RECORD OF OUR GROWTH...



HOTELS	LOCATION
THE CONRAD HILTON	Chicago
HOTEL STATLER	Detroit
PALMER HOUSE	Chicago
HOTEL STATLER	Buffalo
HOTEL STATLER	Boston
HOTEL STATLER	Cleveland
HOTEL STATLER	Hartford
THE WALDORF-ASTORIA	New York
THE PLAZA	New York
HOTEL NEW YORKER	New York
HOTEL ROOSEVELT	New York
HOTEL STATLER	New York
ISTANBUL HILTON	Istanbul, Turkey
CASTELLANA HILTON	Madrid, Spain
DESHLER HILTON	Columbus
HOTEL STATLER	Washington, D.C.
THE MAYFLOWER	Washington, D.C.
THE DAYTON BILTMORE	Dayton
HOTEL STATLER	St. Louis
HILTON HOTEL	Albuquerque
THE STATLER HILTON	Dallas
HILTON HOTEL	Fort Worth
CARIBE HILTON	San Juan, Puerto Rico
THE SHAMROCK HILTON	Houston
THE BEVERLY HILTON	Beverly Hills
HOTEL STATLER	Los Angeles
HILTON HOTEL	El Paso

## Total Assets at Year End

1949	\$63,181,721
1950	\$80,814,844
1951	\$83,647,718
1952	\$89,501,980
1953	\$104,595,839
1954	\$150,405,624
1955	\$169,909,419

## *Istanbul Hilton*

Overlooking the Bosphorus, the new 277 room Istanbul Hilton at Istanbul, Turkey fills a pressing need for accommodations in this busy Near-East metropolis.





*Hotel Statler*  
St. Louis

*Hilton Hotel*  
Albuquerque

*Palacio Hilton*  
Chihuahua  
Mexico

*The Deshler-Hilton*  
Columbus

*Hotel Statler*  
Boston

*Hotel Statler*  
Cleveland

*The Dayton-Biltmore*  
Dayton

*The Shamrock Hilton*  
Houston

*The Roosevelt*  
New York

*Hotel Statler*  
Hartford

*Castellana Hilton*  
Madrid  
Spain

*Hilton Hotel*  
El Paso

*Hotel Statler*  
New York

*Hotel Statler*  
Buffalo

*Hotel New Yorker*  
New York

*Hilton Hotel*  
Fort Worth

*Istanbul Hilton*  
Istanbul  
Turkey

*The Plaza*  
New York

*Caribe Hilton*  
San Juan  
Puerto Rico

*Hotel Statler*  
Detroit

*The Mayflower*  
Washington  
D.C.

*Hotel Statler*  
Los Angeles

*Palmer House*  
Chicago

*Hotel Statler*  
Washington  
D.C.

**HILTON HOTELS CORPORATION**  
720 South Michigan Avenue, Chicago 5, Illinois  
Conrad N. Hilton, President