

Conrad N. Hilton
FOUNDATION

The Conrad N. Hilton Foundation is a family foundation established in 1944 by the man who started Hilton Hotels. We provide funds to nonprofit organizations working to improve the lives of disadvantaged and vulnerable people throughout the world.

Reflections	1
Our approach	2
Our priorities	3
Conrad N. Hilton Humanitarian Prize	11
Our founder	13
Financial statements	14
Directors and staff	16

Reflections

Our philanthropic endeavors reflect the faith, vision, and values that guided the Foundation's founder.

In the years since the Conrad N. Hilton Foundation first began, we have made grants of nearly \$900 million—\$80 million of which was distributed to nonprofit organizations in 2009 alone. But our founder called us to do more than distribute funds. Conrad Hilton challenged his Foundation to relieve the suffering of people in serious need. The breadth of work that resulted from this challenge is recounted in our new book, *The Hilton Legacy: Serving Humanity Worldwide*.

Over the past two years, we have dedicated ourselves to strengthening our philanthropic endeavors, striving for a more strategic approach. We have sought out experts with external perspectives and commissioned comprehensive third-party assessments of our ongoing work and impact to date in key fields. Our findings have led us to affirm 10 select areas of priority, as described in this report. Experience tells us that we can indeed relieve suffering in these areas, so they will be the primary focus of our giving in years ahead.

We mourn the loss of valued board member Gregory R. Dillon at the age of 86. Greg devoted nearly six decades of loyal service to Hilton Hotels Corporation, where he rose to the position of vice chairman. He is fondly remembered. His seat on the board has been filled by Sister Joyce Meyer, PBVM, executive director of the Conrad N. Hilton Fund for Sisters.

We present this report on our grantmaking and financial standing with renewed commitment to the ways we fulfill the broad and bold mission set forth by Conrad Hilton. In doing so, we give heartfelt thanks to our partners and grantee organizations, who are making a significant and positive difference in the lives of those in need.



Barron Hilton
Chairman of the Board



Steven M. Hilton
President and Chief Executive Officer



Our approach

In partnership with leading nonprofit organizations, governments, and other funders, we address critical societal needs in the United States and around the world.

Philanthropic resources

Conrad Hilton established the Conrad N. Hilton Foundation originally as a trust in 1944, and in 1950 all assets were transferred to a nonprofit corporation. When he died in 1979, he bequeathed virtually his entire estate to the Foundation with a mandate to relieve the suffering of the distressed and the destitute without regard to race, religion, or country. At the end of 2009, the Foundation's assets totaled approximately \$2 billion.

Following his father's example, Barron Hilton has pledged the bulk of his personal fortune to the Foundation. Adding to his father's legacy will enable the Foundation to become an even more significant funder in the future.

Focused on impact

To maximize effectiveness and impact, we initiate major projects with select partner organizations and commit to a strategy of long-term support. We welcome the involvement of additional funders to help ensure the long-term stability of these projects.

Given our proactive approach, the Foundation does not encourage unsolicited proposals. For additional opportunities available through the Conrad N. Hilton Fund for Sisters or the Conrad N. Hilton Humanitarian Prize, please see pages 8 and 11, respectively.

◀ In one of our priority areas, we work to make permanent supportive housing a reality for chronically homeless people in Los Angeles County.

Our priorities

Rooted in the life interests and last will of our founder, the Conrad N. Hilton Foundation pursues approaches that touch a diversity of people, places, and needs.

STRATEGIC INITIATIVES

Our initiatives involve funding several partners, generating new knowledge, and collaborating with other funders to achieve measurable impact.

Providing safe water

Ending chronic homelessness

Preventing substance abuse

Caring for vulnerable children

Supporting Catholic Sisters

MAJOR PROGRAMS

The Foundation also gives priority to the following program areas.

Confronting sight loss

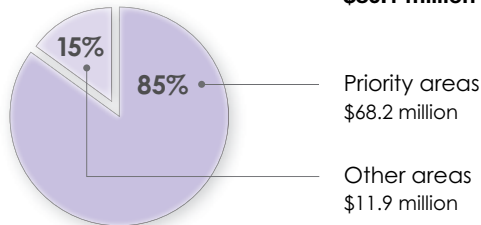
Overcoming multiple sclerosis

Responding to disasters

Nurturing Catholic schools

Educating students for hospitality industry

2009 Grant Payments: \$80.1 million





STRATEGIC INITIATIVES

Providing Safe Water

Increasing sustainable access to safe water for people in severe need within developing countries.

Over two decades we have invested more than \$80 million to provide access to safe water for some two million people in Burkina Faso, Ethiopia, Ghana, Mali, Niger, India and Mexico. Recognizing the importance of a comprehensive WASH+ strategy (encompassing water access, sanitation, hygiene, and means of improving livelihoods) for well-being, we partner with organizations to provide safe water and address changes in behavior and policy.

Ongoing grants totaling \$12 million to World Vision, WaterAid, and UNICEF are providing interventions in Burkina Faso, Ghana, Mali, and Niger and supporting the Water and Sanitation Stakeholders' Network in West Africa. In Ethiopia, our \$7 million commitment to the Millennium Water Alliance will ultimately benefit 360,000 villagers.

Our 2009 grant of \$192,000 to the Pacific Institute for Studies in Development, Environment, and Security supports the creation of a tool that will match a community's particular needs with the best available WASH technologies and approaches. Our \$1.5 million grant to Alternativas y Procesos de Participación Social targets environmentally sensitive watershed management, benefiting marginalized populations in Mexico's Mixteca region through increased access to water and small-scale irrigation.

Ending Chronic Homelessness

Making permanent supportive housing a reality for chronically homeless people in Los Angeles County.

Every night, Los Angeles County is home to more than 10,000 chronically homeless people, many of whom face complex challenges including mental illness, substance abuse, and physical disabilities. Permanent supportive housing, which combines affordable housing with supportive services, has proven to be a highly effective and cost-efficient solution to chronic homelessness. Through strategic investments this year, the Hilton Foundation worked to build on recent successes in expanding the availability of supportive housing and services in Los Angeles.

In 2009, we awarded grants to Ocean Park Community Center and Public Counsel for housing vulnerable homeless people and to United Way of Greater Los Angeles for building public will to end homelessness. We also supported capital costs of the Downtown Community Health Center, which serves poor and homeless individuals in the Skid Row area. A \$5 million program-related investment awarded to the Foundation's long-time partner Corporation for Supportive Housing (CSH) will allow CSH to make strategic investments in supportive housing developments in Los Angeles through two loan funds, including one providing flexible capital for developers experiencing delays in shovel-ready projects due to the economic recession.

Since 1991, the Foundation's total commitment to addressing chronic homelessness in the United States has been \$41 million.





STRATEGIC INITIATIVES

Preventing Substance Abuse

Helping people gain the understanding, skill, and confidence to resist drugs and alcohol abuse.

The Hilton Foundation has been addressing substance abuse prevention for nearly three decades. Our cumulative investments of \$63 million in the RAND Corporation and the BEST Foundation for a Drug-Free Tomorrow have brought to fruition Project ALERT, a nationally recognized, research-based curriculum. Focusing on seventh and eighth graders—a group vulnerable to social pressures—the curriculum aims to encourage non-users to avoid experimentation and to keep experimenters from becoming regular users.

Having earned near-perfect scores on the National Registry of Evidence-based Programs and Practices, Project ALERT is currently used in one-fourth of the nation's school districts. Activities in 2009 included ongoing use of the "I don't need drugs to be cool" campaign, initial steps to incorporate prescription drug abuse content, and an exploration of how Internet and wireless technologies—central to many teens' lives—might alter the dynamics of Project ALERT.

We are also supporting a study of substance use and dependence in America's high schools being conducted by The National Center on Addiction and Substance Abuse (CASA) at Columbia University. Completion of the study is planned for mid-2011.

Caring for Vulnerable Children

Helping youth involved with the foster care system in the United States, and children affected by AIDS in the developing world, thrive in the communities where they live.

Foster care is a relatively new focus area for the Hilton Foundation. In 2009, during these early stages, we invested in multiple projects, which will inform our future activities. We supported the South Los Angeles Child Welfare Initiative, a collaborative forged to decrease the need to place children age 5 and under in foster care. Through the Guardian Scholars Program at San Diego State University, we helped make possible university scholarships and assistance for youth who have been in the foster care system. We also supported a University of Pennsylvania School of Social Policy and Practice research study conducted by Dennis Culhane, Ph.D., on the outcomes of young adults who have aged out of foster care in Los Angeles County.

Building on our earlier AIDS work in Zambia, we awarded \$1.2 million to CARE and Save the Children to create standardized guidelines for early childhood development for children affected by HIV/AIDS in Sub-Saharan Africa. This work will lead the development of an essential package of interventions, define the central components of quality of care, and inform the global movement around standards development for this population.

Historically, the Foundation has provided \$29 million toward programs caring for vulnerable children. One effort improved the ability of Early Head Start and Migrant Head Start programs nationwide to more effectively serve infants and toddlers with disabilities and their families.



Courtesy Save the Children



Courtesy, Sisters Leadership Development Initiative

STRATEGIC INITIATIVES

Supporting Catholic Sisters

Helping Sisters sustain and broaden the impact of their work.

A man of faith, Conrad Hilton drew inspiration from the devoted service and dauntless spirit of Catholic Sisters. Recognizing the potential of Sisters to improve the human condition, and their ability to accomplish much with little, he gave generously to their ministries and instructed his Foundation to provide assistance as well.

Most of our giving to Sisters is channeled through a separate entity, the Conrad N. Hilton Fund for Sisters, which has distributed more than \$75 million to Sisters' projects worldwide since its creation in 1986. In 2009, the Fund for Sisters supported some 800 projects serving the poor in 124 countries. Twenty-eight replicable projects are profiled in the Fund for Sisters' new publication, *Seeds of Hope: Catholic Sisters in Action Around the World*. More information is available at hiltonfundforsisters.org.

To build project management capabilities among African Sisters, the Foundation engaged Marywood University and the African Sisters Education Collaborative to create and implement the Sisters Leadership Development Initiative. Coursework and training began in 2007 in Ghana, Kenya, Nigeria, Tanzania, and Uganda. To date, 340 Sisters have graduated and, by design, have begun to mentor others. Planning is under way to train an additional 400 Sisters by 2013 and extend the program to Zambia.

Confronting Sight Loss

Preventing blindness and empowering those facing the challenges of visual impairment.

Since 1997, the Hilton Foundation has invested nearly \$40 million to prevent and control trachoma, an infectious eye disease that, left untreated, leads to total blindness. We currently partner with The Carter Center and Helen Keller International in Mali, Niger, Southern Sudan, and Tanzania, to deliver services and build capacity within national governments. The Foundation's investments in addressing trachoma align with the SAFE strategy (surgery, antibiotics, facial cleanliness, and environmental improvement) recommended by the World Health Organization. In 2009 we supported nearly 18,000 sight-saving surgeries, distribution of two million doses of antibiotics, and construction of more than 31,000 latrines.

Since 1989, Hilton Foundation investments totaling more than \$65 million have enabled Perkins School for the Blind to improve educational opportunities for children who are blind or visually impaired with multiple disabilities. With this support, Perkins School has brought together schools, parent organizations, universities, government representatives, and international agencies in pioneering alliances to transform educational services and disability policies in order to enrich children's lives. To date, more than 217,000 children, family members, teachers, and professionals in more than 60 countries have directly benefited from the program's activities.

Overcoming Multiple Sclerosis

Seeking a cure and improving quality of life for those who are affected by MS.

A disease of the central nervous system that can cause gradual disability, multiple sclerosis disrupts the ability of nerves to transmit signals to and from the brain. Symptoms vary and change in severity. For more than five decades, the Hilton Foundation has supported research and efforts to aid those affected by the disease with grants totaling \$14 million.

Through multiyear grants, we provide ongoing support to two separate endeavors: a Mayo Clinic study of myelin repair in MS patients, and, through The Marilyn Hilton MS Achievement Center at UCLA, comprehensive wellness interventions for people with MS. A partnership between the UCLA Department of Neurology and the National Multiple Sclerosis Society, Southern California Chapter, the Center is named in honor of Marilyn Hilton, late wife of Barron Hilton, who endured the disease for decades yet radiated a positive spirit.

In 2009, the Foundation made a special grant to the National Multiple Sclerosis Society, Southern California Chapter, enhancing the chapter's ability to respond to an increased need for direct services brought on by the economic recession and changes in the healthcare system.

MAJOR PROGRAMS

Responding to Disasters

Providing water, sanitation, and other aid to people in the aftermath of natural disasters and promoting disaster preparedness.

In response to flooding, earthquakes, and typhoons in the Asia-Pacific region in 2009, the Hilton Foundation awarded \$500,000 to PLAN USA to support water, sanitation, and hygiene projects.

Since 2005, we have granted \$10 million in response to Hurricane Katrina. As recovery efforts continue, our grants to UNITY of Greater New Orleans, the Greater New Orleans Foundation, and United Way for the Greater New Orleans Area are helping to address the needs of the homeless, revitalize the affordable housing sector, and promote high-quality, affordable childcare.

In the weeks following the close of 2009, the Foundation awarded grants totaling \$500,000 to Catholic Relief Services, International Medical Corps, Partners In Health, and the William J. Clinton Foundation in response to the earthquake in Haiti. The Foundation also facilitated a partnership among two NGOs that resulted in the transport and distribution of relief supplies valued at nearly \$3 million. Steve Hilton traveled to Haiti to witness the relief efforts first-hand.

Nurturing Catholic Schools

Supporting Catholic schools and extending their educational benefit to more youth.

In 2009, the Hilton Foundation awarded funds to the Archdiocese of Los Angeles for textbooks, renovation of inner-city elementary schools, and implementation of a strategic marketing plan for Catholic schools.

Educating Students for Hospitality Industry

Creating opportunities for the next generation of hotel and restaurant managers.

For four decades, the Hilton Foundation's flagship grant program in hospitality education has been the Conrad N. Hilton College of Hotel and Restaurant Management at the University of Houston. Our grants totaling \$52 million have helped expand facilities, endow professorships, and provide operating and scholarship support for under-represented groups. In 2009, when the Hilton College saw reductions in endowment earnings due to the economic climate, we responded with general operating and scholarship support.

In early 2009, the School of Hospitality Leadership at DePaul University, which was created with the assistance of our \$7.5 million challenge grant in 2008, offered its first courses. While targeting traditional undergraduates, the Chicago-based school also seeks to enroll qualified local hospitality workers—many of whom are first-generation college students—and help them embark on management career paths.

Dr. Chekitan S. Dev was named the Barron Hilton Endowed Chair of Lodging Management at the School of Hotel, Restaurant, and Tourism Management at the University of Denver. The Chair was established with a \$3 million grant from the Hilton Foundation.

Conrad N. Hilton Humanitarian Prize

Honoring extraordinary contributions toward alleviating human suffering.

The Conrad N. Hilton Humanitarian Prize was created in 1996 to advance the work of exceptional organizations and to focus attention on the increasing need for humanitarian aid worldwide. This annual \$1.5 million prize is the world's largest humanitarian award.

The 2009 recipient of the Hilton Humanitarian Prize was PATH. Since its inception in 1977, PATH has worked to improve the health of people around the world by advancing technologies, strengthening systems, and encouraging healthy behaviors. PATH currently works in more than 70 countries in the areas of health technologies, maternal and child health, reproductive health, vaccines and immunization, and emerging and epidemic diseases.

The Hilton Humanitarian Prize was presented to PATH in conjunction with an international humanitarian symposium featuring Nobel Peace Prize Laureate and former Humanitarian Prize juror Professor Muhammad Yunus as keynote speaker. Beginning in April 2010, the Humanitarian Prize will be presented during the annual conference of the Global Philanthropy Forum, a network of more than 750 philanthropists from around the world committed to international causes.

Learn about the Hilton Humanitarian Prize and view past recipients on our website.



Courtesy PATH—Jesse Schubert



Excerpts from
Conrad N. Hilton's
Last Will and Testament

"I bequeath some cherished conclusions formed during a lifetime of study and contemplation:

"There is a natural law, a Divine law, that obliges you and me to relieve the suffering, the distressed and the destitute...

"...our fellow men deserve to be loved and encouraged—never to be abandoned to wander alone in poverty and darkness...

"...let there be no territorial, religious, or color restrictions on your benefactions...

"Shelter little children with the umbrella of your charity; be generous to their schools, their hospitals and their places of worship... Give aid to their protectors and defenders, the Sisters, who devote their love and life's work for the good of mankind..."



Our founder

I can think of no more worthwhile goal than for the rewards of a man's dreams and success to culminate in a truly meaningful benefit to mankind.

- CONRAD N. HILTON

Born to humble roots in New Mexico, Conrad N. Hilton became an international business pioneer and ambassador of goodwill. He left his fortune to the Conrad N. Hilton Foundation with a mandate to relieve the suffering of the distressed and destitute without regard to race, religion, or country.

Guided by the example of his German-American mother and Norwegian immigrant father, Conrad Hilton's life was grounded in a deep faith in God and country, an intrinsic belief in hard work, and the ability to "dream big." He was also profoundly influenced by the Catholic Church and its Sisters.

International hotel magnate

Known for his optimism, honesty, and unfailing sense of fairness, Conrad Hilton's keen business acumen led him to great success. He founded Hilton Hotels, which became the largest and most profitable international hotel chain of his era. The hotel empire he founded in 1919, although no longer under Hilton family leadership or control, still circles the globe. To this day, the Hilton name remains synonymous with the hotel industry.

Conrad Hilton left his mark on the hospitality industry in many ways. He expanded overseas at a time when most Americans were content to operate their businesses within the United States. Never imposing an American-only culture on his guests, he insisted that each of his hotels reflect the community that it served. The Hilton corporate motto, "World Peace Through International Trade and Travel," conveyed his belief in the power of travel to foster understanding among peoples of the world.

Goodwill ambassador and lifelong humanitarian

Conrad Hilton spoke often about world peace and vigorously advocated international cooperation and progress in developing countries. A fervent patriot, he hosted the first Congressional Prayer Breakfast in 1953 with President Dwight D. Eisenhower, placed inspirational messages in national magazines, and published the stirring prayer essay, "America on Its Knees."

His concern for the disadvantaged was genuine and deep. The bequest of virtually his entire estate to the Conrad N. Hilton Foundation ensures that his wealth will be eternally reinvested to alleviate human suffering throughout the world.

Financial statements

Statements of Financial Position

Unaudited*

	YEAR-END 2009 (December 31)	YEAR-END 2008** (December 31)
Assets		
Cash and equivalents	\$ 5,743,924	\$ 2,062,389
Short-term investments	6,085,094	12,981,749
Long-term investments	1,930,936,251	1,609,842,535
Program-related investments	24,000,000	27,000,000
Other assets	8,327,194	6,521,523
Total assets	\$ 1,975,092,463	\$ 1,658,408,196

* While audited statements are available for the year ended December 31, 2008, unaudited numbers are presented for both comparison purposes and in order to be able to provide the information in a timely fashion.

** December 31, 2008 numbers represent combined assets of the Conrad N. Hilton Foundation and Conrad N. Hilton Fund, which operated as separate entities through December 31, 2008. On January 1, 2009 all assets and liabilities of the Conrad N. Hilton Fund were transferred to the Conrad N. Hilton Foundation.

Liabilities and Net Assets

Grants payable	\$ 121,080,645	\$ 179,607,876
Accounts payable and accrued liabilities	732,197	663,494
Total liabilities	121,812,842	180,271,370
Net assets	1,853,279,621	1,478,136,826
Total liabilities and net assets	\$ 1,975,092,463	\$ 1,658,408,196

Combined Assets

The following is presented for informational use only. This information has not been subject to audit and is presented to provide an indication of the current asset value of the Conrad N. Hilton Foundation and two related trusts, of which the Conrad N. Hilton Foundation is the sole remainder beneficiary. The assets held within the two remainder unitrusts will be distributed to the Foundation following the death of Barron Hilton, who has additionally named the Foundation as the primary beneficiary of his personal estate. For purposes of this presentation, no estimate of Mr. Hilton's personal estate is included in the combined asset presentation.

	YEAR-END 2009 (December 31)	YEAR-END 2008 (December 31)
Conrad N. Hilton Foundation	\$ 1,975,092,463	\$ 1,658,408,196**
W. Barron Hilton Charitable Remainder Unitrust	664,800,000	599,700,000
2006 Barron Hilton Charitable Remainder Unitrust	1,145,600,000	1,045,100,000
Total	\$ 3,785,492,463	\$ 3,303,208,196

Financial statements

Statements of Activities

Unaudited*

YEAR-END 2009
(December 31)

YEAR-END 2008**
(December 31)

Changes in Net Assets

Revenues and gains

Operating revenues	\$ 31,455,434	\$ 51,898,635
Net realized/unrealized gain(loss) on investments	361,730,690	(640,840,894)
Contributions received	14,046,109	30,794,415
Total revenues and gain(loss)	407,232,233	(558,147,844)
Less investment expenses	3,426,411	4,903,194
Net revenues and gain(loss)	\$ 403,805,822	\$ (563,051,038)

Expenses

Approved grants	\$ 18,900,629	\$ 68,314,327
Operating expenses	8,736,728	8,273,469
Excise taxes	1,025,670	2,149,500
Total expenses	28,663,027	78,737,296
Increase(decrease) in net assets	375,142,795	(641,788,334)
Net assets – beginning of year	1,478,136,826	2,119,925,160
Net assets – end of year	\$ 1,853,279,621	\$ 1,478,136,826

* While audited statements are available for the year ended December 31, 2008, unaudited numbers are presented for both comparison purposes and in order to be able to provide the information in a timely fashion.

** December 31, 2008 numbers represent combined assets of the Conrad N. Hilton Foundation and Conrad N. Hilton Fund, which operated as separate entities through December 31, 2008. On January 1, 2009 all assets and liabilities of the Conrad N. Hilton Fund were transferred to the Conrad N. Hilton Foundation.

Directors and staff

Directors

Barron Hilton <i>Chairman of the Board</i>	William H. Foege, M.D., M.P.H.	Sister Joyce Meyer, PBVM <i>(beginning May 2009)</i>
Steven M. Hilton <i>President and Chief Executive Officer</i>	James R. Galbraith	John L. Notter
Gregory R. Dillon <i>(until February 2009)</i>	Conrad N. Hilton III	William G. Ouchi, Ph.D.
	Eric M. Hilton	DIRECTOR EMERITUS
	Hawley Hilton McAuliffe	Donald H. Hubbs
	William B. Hilton, Jr.	

Staff

EXECUTIVE

Steven M. Hilton
President and CEO

Christelle Ashkar
*Executive Assistant to the
President and CEO*

Marge Brownstein
*Executive Assistant –
Special Projects*

ADMINISTRATION

Patrick J. Modugno
*Vice President, Administration
and Chief Financial Officer*

Rose M. Arnold
Grants Manager

Kathy Bagliere
Administrative Assistant

Jordan Faires
Senior Grants Manager

Taryn Lee
Human Resources Manager

Tim Ortez, CPA
Treasurer

Gwen Short
Administrative Assistant

Leslie A. Smith
Financial Assistant

Marcia C. Trujillo-Penman
*Corporate Secretary and
Assistant Treasurer*

INVESTMENTS

Randy Kim, CFA
*Vice President and
Chief Investment Officer*

Michael Buchman
Senior Investment Associate

Blair Critchlow
Investment Analyst

Jay Kang, CFA
Director of Investments

Yatin Patel
Senior Investment Associate

GRANT PROGRAMS

Edmund J. Cain
Vice President, Grant Programs

Gregory Anderson
*Program Officer,
International Programs*

Braimah Apambire, Ph.D.
*Senior Program Officer,
International Programs and
Senior Advisor, WASH*

Ally Bender
Program Assistant

Danielle E. Fuller
*Program Officer,
Domestic Programs*

Andrea Ilouliau
*Program Associate,
Domestic Programs*

Shaheen Kassim-Lakha, DrPH
*Director,
International Programs*

Brad Myers
*Program Officer,
Domestic Programs*

Bill Pitkin, Ph.D.
*Director,
Domestic Programs*

Julie Sears
*Program Associate,
International Programs*

Noel Simpkin
*Program Associate,
International Programs*

CONRAD N. HILTON HUMANITARIAN PRIZE

Judy M. Miller
*Vice President and Director,
Hilton Humanitarian Prize*

Nicole Gulotta
*Coordinator,
Hilton Humanitarian Prize*

Jean-Marc Moorghen
*Assistant Director,
Hilton Humanitarian Prize*

Improving the lives
of disadvantaged
and vulnerable people
throughout the world.

Conrad N. Hilton

FOUNDATION

hiltonfoundation.org

cnhf@hiltonfoundation.org

prize@hiltonfoundation.org

**Los Angeles Office and
Conrad N. Hilton Humanitarian Prize**
10100 Santa Monica Blvd., Suite 1000
Los Angeles, CA 90067
Tel 310.556.4694
Fax 310.556.2301

Reno Office
100 West Liberty Street, Suite 840
Reno, NV 89501
Tel 775.323.4221
Fax 775.323.4150



Printed in the USA on FSC-certified paper.

Cover photograph courtesy World Vision.
© 2010 Conrad N. Hilton Foundation