

*Part V*

# Barron Hilton Steps Up as Chairman of the Board

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◀ Barron and Conrad Hilton

## REFLECTING ON THE GREAT ADVENTURE

THAT HAS BEEN HIS LIFE, Barron Hilton in his opening essay calls his father, Conrad N. Hilton, “a very capable man with extraordinary faith, vision, and determination.” These same words aptly describe Barron himself.

Barron Hilton’s accomplishments are numerous and exceptional: far-sighted entrepreneur, founder of successful businesses, CEO of Hilton Hotels Corporation during three decades of dramatic growth and expansion. Recognized and respected as an aviator of distinction, in his 80s he still flies many types of single and twin-engine aircraft, helicopters, and gliders, and is an accomplished balloonist. He created, and continues personally to support, the most coveted prize in international glider competition. Additional pastimes include hunting, fishing, and photography. Father of eight and a philanthropist, he is a fabulous raconteur and stimulating to be around.

Now largely retired from the fast-paced life as an international corporate executive, Barron has accepted the chairmanship of the Conrad N. Hilton Foundation. His leadership, together with his contributions of substantial financial resources, will enable the Foundation to increase its impact.

## Barron Hilton, Leading Benefactor of Sport Aviation

Aviation has played a central role in Barron's life. As a youngster, he often rode his bicycle from his home in Dallas to nearby Love Field, where he was mesmerized by the constant take-offs and landings. During his Navy service in World War II, he took private flying lessons and earned his single-engine license. At age 19, he earned his twin-engine rating.

His generosity and involvement have been recognized by a number of aviation organizations. Since 1980, glider pilots from around the world have competed for the Barron Hilton Cup and a unique prize—a week-long soaring camp at his Flying M Ranch in Nevada. Barron has sponsored several efforts to fly nonstop around the world in a balloon. He is a longtime supporter of the Experimental Aircraft Association's Young Eagles Program, which encourages aircraft owners to give rides to youngsters to introduce them to the thrill of flight.



**WILLIAM BARRON HILTON** was born on October 23, 1927, the second of Conrad Hilton's three sons. While still a teenager, he began his career as an hotelier at the El Paso Hilton, working as a doorman and in the engineering department. During World War II, he volunteered for the Navy as soon as he was old enough—17—and was assigned to Pearl Harbor. The Navy trained him to be a photographer, and he took flying lessons on his own.

After the war, Conrad Hilton offered his son a job with Hilton Hotels Corporation, but Barron instead embarked on his own career as an entrepreneur. Blessed with his father's talent for business and skill in mathematics as well as an ability to negotiate, Barron launched into a hugely successful business career. He invested in an oil production business, purchased the Los Angeles distributorship of citrus processor Vita-Pakt, and formed Air Finance Corporation, becoming one of the industry's first aircraft leasing operators. In 1954, he was elected a vice president of Hilton Hotels Corporation while continuing to maintain his other business interests. In 1960, he became managing partner of the Los Angeles Chargers professional football team, moving the team to San Diego a year later, and co-founded the American Football League. Together with other American and National Football League owners, he helped to forge an agreement that led to the



merger of the National and American Football Leagues and later the creation of the world-famous Super Bowl.

**A HIGHLY SUCCESSFUL ENTREPRENEUR,**

Barron was, in 1966, persuaded by the Hilton Hotels Corporation Board of Directors to succeed his father as president. When Barron became president and CEO, the company had 50 hotels with 28,500 rooms and five hotels under construction. With Conrad remaining as chairman, Barron made far-sighted strategic moves that boosted revenues and profits. “Barron took a very fine company in Hilton and developed it into one of the truly great hotel companies of the world,” observes Bill

Marriott, chairman and CEO of Marriott International. “The thing about Barron is that he was already a great businessman before he got into the hotel business.”

Barron originated the idea of expanding Hilton Hotels Corporation’s credit card operation into the universal Carte Blanche credit card system, and was instrumental in developing the Hilton Inns franchise. He led the way when in 1971 Hilton Hotels Corporation became the first New York Stock Exchange company to enter the gaming industry. Following Hilton’s involvement in the Las Vegas market, it offered mega-jackpots through its famous Pot o’ Gold slot machines and featured entertainers such as Elvis Presley.

“I believe that my grandfather’s and father’s entrepreneurial approach to business can be applied to the work of the Foundation.”

STEVEN M. HILTON

Barron will also be remembered as a catalyst in making Las Vegas a destination for national conventions.

During his three decades at the company’s helm—in spite of the cyclical expansion and contraction in the economy, and ever-increasing competition around the world—Barron Hilton maintained an extraordinary record of success. The revenue and profits generated for his shareholders produced a compounded annual growth rate (including dividends) of 15 percent. He became well known as a fiscal conservative; throughout the 30 years he served as president and CEO, the company carried little debt and maintained the strongest balance sheet in the industry.

In 1996, Barron handpicked his successor and, with the approval of the company’s Directors, turned the reins of Hilton Hotels Corporation over to Stephen F. Bollenbach. While retaining his role as chairman, Barron forged a close working relationship with his new CEO, lasting for more than 11 years. The first major move they orchestrated was the acquisition of the Promus Hotel Company with its many brands, such as Doubletree, Hampton Inns, and Embassy Suites. Then, in 2005, Hilton Hotels reacquired the Hilton International company, which had been spun off in 1964. The reunification of Hilton and Hilton International once again made the company one of lodging’s global giants.

In 2007, Hilton Hotels Corporation—by then with close to 3,000 hotels and 490,000 rooms located in 76

countries and territories—was acquired by the private equity firm of Blackstone Group, L.P.

Barron’s leadership at Hilton Hotels had become the stuff of legend. “Barron Hilton is really a fantastic leader, and he leads by example,” observes Steve Bollenbach. “He is reluctant to take credit for his own achievements. He’s often eager to reward other people with the glory that really belongs to him.”

Adds a long-time friend: “His spirit, his commitment, his knowledge, his common sense, his desire for adventure, and his willingness to take a risk would all have probably made him a model moonwalker, the model astronaut.” The friend is Captain Eugene Cernan (USN, Ret.), spacecraft commander of Apollo 17 and the last man to walk on the Moon. He goes on to say that Barron pursues his passions “like a youngster, with the same vigor that he has met all the challenges throughout his lifetime.”

A close business associate summed up Barron’s essential qualities as these: He sees the big picture, manages by delegation, possesses an extremely sharp financial mind, negotiates superbly, has excellent business instincts, and enjoys a promotional flair. A visitor first meeting Barron Hilton encounters a man who listens closely, observes keenly, withholds judgment, asks questions, thinks things through, and then speaks clearly, simply, and decisively.

### ONE OF THE MOST PRECIOUS GIFTS TO

**BARRON HILTON'S LIFE** was Marilyn (Hawley)

Hilton, whom he married when he was 19. She was his ideal counterpart: polite where he was direct, focused where he was multitasking, patient where he was raring to go. In addition to seeing their eight children through their formative years, Marilyn also devoted her energies to a number of charitable organizations. She radiated a positive attitude while courageously coping with multiple sclerosis for decades. Her loss in 2004 has left a void in the Hilton family. Barron's devotion to her is manifested in The Marilyn Hilton MS Achievement Center at UCLA. (For an account of Marilyn's experience with MS, please see "Toward a World Free of Multiple Sclerosis," page 106.)

Barron has always found comfort in the warm embrace of his family, his friends, and his faith. He is a Magisterial Knight of the Sovereign Military Order of Malta. In 1998, Pope John Paul II granted Barron admission into the Pontifical Order of Saint Gregory the Great, in acknowledgment of his meritorious service to the Church.

### ONE OF BARRON HILTON'S IDEAS OF A DAY

**WELL SPENT** is to take the co-pilot's seat when the Make-a-Wish Foundation sponsors airplane rides for children with life-threatening medical conditions at

## Like Father, Like Son

Paying tribute to son Steve's 25 years of service to the Foundation at the May 2008 Board retreat, Barron shared with Steve and the Board how, toward the end of his father's life, Conrad told him that he had done a good job in running Hilton Hotels Corporation and was very proud of him. This tribute meant the world to him, Barron said.

Then, Barron thanked Steve for his service to and leadership of the Foundation and for his stewardship of the Conrad Hilton philanthropic legacy. Barron said that he, in turn, was very proud of his son. Steve, in reply, said Barron's tribute meant the world to him.



the Experimental Aircraft Association's Air Show in Oshkosh, Wisconsin, each year. The pilot is Barron's long-time friend, Air Force General Chuck Yeager, world-famous as the first man to break the sound barrier. Barron doubles as photographer, providing the children with a keepsake of their adventure.

Such a moment captures only the smallest glimpse of Barron Hilton. After a lifetime of outstanding success in business, aviation, and philanthropy, a lifetime spent building upon Hilton family traditions, he is now focusing his intellect, integrity, and leadership on providing service to others. As the Foundation's chairman, Barron can be expected to encourage the Foundation's Officers, Directors, staff, and grantees to think big and act big, but act with prudence.

Barron has championed Foundation funding in many areas, including medical research and patient care at City of Hope in Duarte, California. He personally participated in the Victor Awards—an event that was held annually for nearly 40 years at the Las Vegas

Hilton honoring top athletes and others affiliated with sports—with all proceeds going to City of Hope. (For a profile of Hilton family and Foundation support of City of Hope, please see "Nurturing the Spirit of Life at City of Hope," page 119.)

In recognition of Barron Hilton's passion for aviation, the Foundation has donated in excess of \$13 million to the Smithsonian Institution's National Air and Space Museum. The Museum is located on the National Mall in Washington, DC, with a companion facility near Washington Dulles International Airport. A \$10 million grant established the Barron Hilton Endowed Fund to upgrade and maintain the popular Pioneers of Flight gallery, which the Museum has named in Barron's honor. Featured in this space are historic airplanes and artifacts that tell the story of the courage, intelligence, and determination of those individuals who claim a place in aviation history. The endowment also sparked the creation of Flights of Fancy, a new early childhood education program designed to introduce children to

◀  
Flights of Fancy program at  
the Smithsonian Institution's  
National Air and Space Museum

the history and science of air travel. The endeavor was designed with the hope that future generations of young people will let their own dreams soar to new heights.

**LIKE HIS FATHER**, Barron expresses his faith in part through good works. Like his father, he demonstrates his belief that the most virtuous use of his wealth is philanthropy. He makes it clear that the Foundation should always continue to be guided by the Founder's Last Will. He looks forward to Foundation programs that will enable countless numbers of people throughout the world to restore and renew their lives. With his son, Steve, other family members, and the Foundation Board, Barron Hilton is committed to ensuring that the touch of Hilton humanity will be felt around the globe.

As he enters his ninth decade, Barron Hilton is proud that the work of the Foundation will continue in perpetuity—with governance and oversight by the family. He can look back on a life of grand accomplishment and peer over the horizon to a future filled with potential. ■

## How the Conrad N. Hilton Foundation Has Matured

Philanthropic institutions are born, grow, and mature in stages similar to the natural life cycle, observes Patrick J. Modugno, vice president-administration and chief financial officer. From its birth in 1944 through the death of Conrad Hilton in 1979, the Foundation can be viewed as moving from infancy through early childhood. The years that followed through 1989, the decade of litigation, were spent preparing for faster growth in adolescence.

Guided by Don Hubbs and later by Steve Hilton, the Foundation after 1989 moved steadily through adolescence to adulthood, reaching full maturity when Barron Hilton assumed the Board chairmanship in 2007. Coinciding with this institutional maturity was the addition of capital from Barron's gifts and from the sale of the Hilton Hotels Corporation, and the combining, in 2009, of the Conrad N. Hilton Foundation and the Conrad N. Hilton Fund. A symbol of institutional maturity is the new Foundation campus to be built in Agoura Hills, California.

With experience gained and lessons learned, the Foundation will continue to carry out the charitable mission of its two donors as a mature philanthropic entity serving the needs of the less fortunate well into the future.

FISCAL YEARS	TOTAL GRANTS PAID
1944-1979	\$ 7.6 million
1980-1989	\$ 58.3 million
1990-2008	\$588.8 million
Total	\$654.7 million

## The Chairman Puts Forth Lessons Learned

“PERSPECTIVE COMES FROM EXPERIENCE,” Barron Hilton says, “and the ability to step back and look at the larger picture. This seems an appropriate time to share my perspectives as a Hilton Foundation Director for nearly 60 years, including a brief term as president, and now as chairman.”

“In this regard,” the chairman continues, “I sometimes remind our Directors, especially the younger Hilton family members on the Board, that were it not for Conrad Hilton’s success in building Hilton Hotels, the Foundation would not even exist. I learned many important lessons, both from my father and as a result of my own experiences as CEO of Hilton Hotels Corporation for 30 years.”

“In 1966,” Barron observes, “the Board of Directors of Hilton Hotels asked me to join the company as president, thus allowing me to lead the company’s growth. It is now my wish to share some of these lessons, garnered over 50 years with the company, because they also apply to the conduct of the Foundation.” Here is the chairman’s list of Lessons Learned:

1. **GROWTH.** It is vitally important to invest the Foundation’s assets wisely to enable the endowment to grow. This will ensure that more people in need of assistance can receive help in the future.
2. **PARTNERSHIP.** In philanthropy, as in business, it is often helpful to seek partners who can join with you in supporting a worthy project. This provides additional leverage and spreads the risk for those initiatives that are more uncertain.
3. **SUSTAINABILITY.** In those instances in which the Hilton Foundation is the major contributor to a project, be mindful of the project’s longer-term sustainability beyond the term of Hilton Foundation support.
4. **BOLDNESS.** As my father set forth in his autobiography, *Be My Guest*, “Think Big. Act Big. Dream Big.” For example, in 1949 my father persuaded his corporate directors to expand Hilton Hotels overseas at a time when most Americans were cautious and content to operate their businesses within the confines of the

United States. Following my father’s lead, on several occasions during my tenure as president and CEO of Hilton Hotels, I made similar “big” decisions that expanded the company dramatically through franchising, innovative real estate partnerships, and time-share arrangements. We also became the first U.S. publicly traded hotel company to enter the casino industry, domestically and internationally. At one point, nearly 50 percent of Hilton Hotels’ entire profits came from our two casino properties in Las Vegas. Once again, the rewards proved well worth the risk. The lesson: In philanthropy as in business, there are times when one should take bold steps, always keeping in mind the risks of any new investment.

5. **EFFICIENCY.** It seems that many companies as well as foundations, add staff unnecessarily, thereby increasing operating costs. It is important to maintain a lean and highly competent staff at the Foundation, which results in a more efficient operation and maintains a lower overhead. The savings can then be directed toward charitable causes to help those most in need.

6. **ESPRIT DE CORPS.** My father not only excelled in making smart business deals and expanding globally, he also had the ability to create *esprit de corps* within Hilton Hotels. Throughout my tenure with Hilton, I made every effort to continue the same tradition. For example, corporate meetings were often held at my ranch to provide an ideal environment for key executives to know each other better and continuously exchange ideas. This philosophy has also been carried forward into the Hilton Foundation.

7. **INTEGRITY.** Of all the lessons I learned from my father, none was more important than his strong sense of integrity, and I have always strived to follow his example in my own life. Here, too, I believe there is a lesson for those associated with the Hilton Foundation. Be completely honest and morally transparent in all endeavors, for it is the right thing to do and provides a moral compass to guide decisions and daily activities.