My Philanthropic Pledge
July 28, 2010

I am happy to reiterate the pledge I made in 2007 to donate the vast majority of my personal wealth to the humanitarian work of the Conrad N. Hilton Foundation. For me, the decision was easy—not just for how the money will be spent, but for how the money was earned.

My father, Conrad Hilton, was one of America’s business giants. He was the first to link hotels together in a coast-to-coast chain, and to turn his name into a world-famous brand. During his career, “Hilton” literally became synonymous with the word “hotel.” He personified his personal creed, “Think big, act big, dream big.”

While he reached amazing heights in business, he also suffered through the kind of economic downturns that are all too familiar to people coping with today’s recession. In fact, the milestones of my father’s career often followed a long, determined climb from the worst economic periods in modern history.

In 1919, during the post World War I recession, my father bought his first hotel, the Mobley in Cisco, Texas. He built up a collection of eight hotels in Texas, only to lose all but one during the Great Depression. By refusing to declare bankruptcy, he was among the first hoteliers to emerge from the Depression, only to endure the dramatic business slowdown during World War II. Eventually he was able to grow by acquiring several hotels for cents on the dollar, including the then-largest hotel in the world, the Stevens in Chicago. In 1946, Hilton Hotels Corporation became the first hotel company to be listed on the New York Stock Exchange. When the post-war recession slowed U.S. expansion, my father began to expand overseas, but not before he fulfilled his longtime goal of acquiring the lease for the Waldorf-Astoria in New York City.

After my service in the Navy in World War II, I spent 20 years as an entrepreneur, investing in Vita-Pakt citrus products and founding such diverse companies as Air Finance Corporation, Carte Blanche Credit Card and, 50 years ago, the Chargers of the American Football League. In 1966, the board of Hilton Hotels Corporation invited me to become President of Hilton Hotels, provided I drop my football responsibilities. That’s when I took the reins of the company.
Just after the recession that followed the Vietnam War, and just before the Arab oil embargo, I managed to enter the Las Vegas gaming market by acquiring the Flamingo and the International (renamed the Las Vegas Hilton) from financier Kirk Kerkorian. That added a valuable revenue stream for our company that, when combined with franchising, greatly increased the value of Hilton stock.

Not every deal worked out well in the short term, however, such as our sale of Hilton International to TWA in 1967. It took us another 30 years to reunite the companies. With more hotels of over 1,000 rooms than the rest of the industry combined, our strength in the convention market made us the envy of the lodging business.

In the midst of our domestic expansion, my father passed away in 1979 at age 91. Throughout his life, he embraced the power of prayer, and felt it was our God-given responsibility to alleviate the suffering of the most disadvantaged among us. He generously supported Catholic sisters and other worthy causes, writing personal notes to accompany his checks. But his $160 million estate created a new opportunity.

Under the leadership of Don Hubbs, and now my son, Steven, the Conrad N. Hilton Foundation has become a real agent for change. We focus on a need, find the right people or organization to fill that need, and then provide enough funding to create real systemic change. My brother, Eric, is among the family members and outside directors that are following my father’s philanthropic vision as board members. In his will, my father directed us to make our grants without regard for race, religion or geography. The reason was as simple as it was genius—the customers that built our wealth hailed from all parts of the world.

In 1996, I retired after 30 years as CEO of Hilton Hotels Corporation, and convinced Stephen Bollenbach to succeed me while I continued to chair the board. He ushered in a new era of consolidation for both Hilton and for the industry, while utilizing technology to improve efficiency and customer service. We continued to expand our gaming and hotel networks, adding brands like Bally’s, Caesars, Embassy Suites, Doubletree and Hampton Inn.

In 2006 and 2007, our gaming company and then our hotel company were both acquired by private equity firms at a considerable premium over the trading price of the stock. Despite my tremendous family pride, I knew Hilton Hotels Corporation had grown to the point where it could thrive, even without a Hilton family member at the helm. I had been a member of the Hilton Foundation board since 1954. It was only after the sale of our companies that I proudly became Chairman of the Conrad N. Hilton Foundation.
As one of Hilton's principal shareholders, I decided to immediately pledge my proceeds of the sales—$1.2 billion—to the Conrad N. Hilton Foundation. In making the gift, I also pledged to follow my father's example and donate 97 percent of my wealth to the Hilton Foundation. That gift, together with other personal assets, should bring the Foundation's corpus to more than $4 billion.

Today we concentrate on a few strategic initiatives: Safe water development, homelessness, children, substance abuse and Catholic sisters. Other major programs include blindness prevention, hotel and restaurant management education, multiple sclerosis, disaster relief and recovery, and Catholic schools. We are constantly reviewing our practices while remaining faithful to the values and principles that guide us.

I recite our saga to consolidate information that was already a matter of public record over the past 90 years. I am gratified that our Foundation will live on forever, aiding the most vulnerable populations in the world. It will operate in perpetuity as a tribute to the customers, executives and hotel employees who created our wealth in the first place.

I salute Warren Buffett, Bill and Melinda Gates and other philanthropic leaders who have subscribed to the Philanthropic Pledge. It is my hope that others are inspired by my father's story, and by our family's steadfast adherence to his charitable philosophy.