

Conrad N. Hilton

The story of the Conrad N. Hilton Foundation begins with the man for whom the Foundation is named.

Hard work, faith in God, an abiding patriotic confidence in the United States and the capacity to dream as large as his imagination would allow were the cornerstones of Conrad Hilton's life.

Born in a primitive adobe dwelling on Christmas Day, 1887, in San Antonio, New Mexico Territory, Conrad Hilton was one of seven children born to a Norwegian immigrant father and a German-American mother. Working at his father's general store, the young boy developed entrepreneurial skills that would guide him for a lifetime.

The most enduring influence to shape Mr. Hilton's philanthropic philosophy beyond that of his parents was the Roman Catholic Church and its Sisters. He credits his mother, Mary, with guiding him to prayer and the Church whenever he was troubled or dismayed - from a boyhood loss of a beloved pony to severe financial losses during the Great Depression. His mother continually reminded him that prayer was the best investment he would ever make.

Conrad Hilton was recognized worldwide for his leadership and vision during the Depression and World War II as well as in prosperity. Using extraordinary instinct, enthusiasm and business acumen, he created the largest and most profitable international hotel empire of his time.

Beginning with his first purchase, the 40-room Mobley Hotel in Cisco, Texas, in 1919, to the thousands of guest rooms at Hilton properties throughout the world at the time of his death, his name remains synonymous with hotels. He capitalized on this global success by taking advantage of his role as an entrepreneurial statesman to promote a post-World War II philosophy of reconciliation and nonviolence, as reflected in a Hilton corporate motto of that time, "World Peace Through International Trade and Travel."

Conrad Hilton successfully combined a lifetime of professional achievement together with a genuine feeling of concern and responsibility toward the less fortunate. This most sensitive of human qualities is reflected beautifully in his Last Will and Testament wherein he creates a legacy by directing that his wealth be eternally reinvested to alleviate human suffering throughout the world.



Guiding Philosophy

Excerpt from the Last Will and Testament of Conrad Nicholson Hilton

There is a natural law, a Divine law, that obliges you and me to relieve the suffering, the distressed and the destitute. Charity is a supreme virtue, and the great channel through which the mercy of God is passed on to mankind. It is the virtue that unites men and inspires their noblest efforts.

"Love one another, for that is the whole law;" so our fellow men deserve to be loved and encouraged - never to be abandoned to wander alone in poverty and darkness. The practice of charity will bind us - will bind all men in one great brotherhood.

As the funds you will expend have come from many places in the world, so let there be no territorial, religious, or color restrictions on your benefactions, but beware of organized, professional charities with high-salaried executives and a heavy ratio of expense.

Be ever watchful for the opportunity to shelter little children with the umbrella of your charity; be generous to their schools, their hospitals and their places of worship. For, as they must bear the burdens of our mistakes, so are they in their innocence the repositories of our hopes for the upward progress of humanity. Give aid to their protectors and defenders, the Sisters, who devote their love and life's work for the good of mankind, for they appeal especially to me as being deserving of help from the Foundation.

Foundation Background

The Conrad N. Hilton Foundation was founded in 1944, originally as a Trust, with Conrad N. Hilton as the founder and grantor. In 1950 all assets were transferred to a nonprofit corporation. The Foundation remained relatively small until Mr. Hilton's death in 1979. Through his Will, he left the bulk of his estate to the Foundation.

Mission

Inspired by Mr. Hilton's concern for the less fortunate, the Foundation's mission is the alleviation of human suffering - a lofty charge with endless possibilities. To translate this vast goal into manageable and meaningful day-to-day practice, the Board of Directors has selected priority areas upon which to focus its efforts, including Blindness, Catholic Sisters, Water Development, Early Childhood Development, the Conrad N. Hilton College of Hotel and Restaurant Management, Homelessness, and Substance Abuse. In addition, the Foundation established the Conrad N. Hilton Humanitarian Prize, the world's largest humanitarian award that is presented annually to an organization that is making extraordinary contributions toward alleviating human suffering. Some entities have been supported by both the Foundation and the Conrad N. Hilton Fund.

Grantmaking Approach

In contrast to most grantmaking institutions, the Foundation neither encourages nor generally considers unsolicited proposals. Rather, the Foundation initiates and develops



Photo: World Vision

major long-term projects and then seeks out the appropriate organizations that can best implement them. The Foundation believes that a proactive, major project approach provides the most promising opportunity to positively impact society. In the spirit of collaboration, the participation

of additional funding sources is encouraged to help ensure the long-term stability of these projects.

President's Message

“Change amid continuity” characterized this year at the Conrad N. Hilton Foundation and Conrad N. Hilton Fund. We stayed the course of our long-term projects. The Conrad N. Hilton Humanitarian Prize reached its ten-year milestone and has assumed an important role on the international humanitarian stage. The Conrad N. Hilton Fund for Sisters reached its 20-year anniversary and remains the world's only foundation exclusively funding Sisters' projects.

Photo: World Vision



Steven M. Hilton in Ghana, West Africa

More than half of the combined Foundation/Fund payout supported international efforts. While mounting an extensive international grantmaking program, we simultaneously responded decisively to a devastating tsunami, a major earthquake in South Asia and Hurricane Katrina. These unanticipated needs resulted in grants totaling more than \$8 million and ranked disaster relief as a leading area of giving, second only to our giving to the Catholic Sisters. The Foundation's payout in excess of \$39 million was the largest in its history, representing a 40% increase over the previous year. Together with the nearly \$11 million paid out by the Conrad N. Hilton Fund, the combined payout reached nearly \$50 million, a 72% increase over the previous year. This year the combined assets of the Foundation and Fund increased significantly by more than \$150 million. A more detailed explanation of this extraordinary development may be found on page 24.

The Board of Directors held a retreat focusing on succession in light of Chairman Donald H. Hubbs' retirement. Two of the most significant outcomes were a decision that Hilton family members shall constitute a majority of the Board and a directive to explore the creation of a separate Hilton family program to serve as a training ground for younger family members. This year I began to fulfill my additional roles of chairman of the Foundation and Fund.

To keep pace with growth, two staff positions were created, bringing the modest number of Foundation staff to 17. Edmund J. Cain, former director of The Carter Center's Global Development Initiative and longtime career officer with the United Nations, joined the Foundation as Vice President-Grant Programs. Jeff Schaffer, Casey Rogers and Ann Cortez received well-deserved promotions. We look forward to seeking out new partners and emerging opportunities while staying true to Conrad Hilton's timeless vision of alleviating human suffering throughout the world.

Steven M. Hilton

Disaster Relief and Recovery

Following disasters of unparalleled magnitude, the Foundation demonstrated leadership among private foundations in its willingness to respond to disasters in a thoughtful and targeted manner. Given this year was wracked by one natural disaster after another, the Foundation responded at an unprecedented level. Disaster relief and recovery grants totaled \$8.2 million (16% of Foundation/Fund grant payout), making it the second largest program area this year.

South Asia Tsunami

220,000 dead; 400,000 homes destroyed; 1.4 million lost livelihoods; 3,000 miles of roads and 118,000 fishing boats damaged or destroyed; \$10 billion in damage.

Grants totaling \$1.1 million addressed both immediate and long-term needs.

Days after the tsunami, Luftfahrt Ohne Grenzen (aka Aviation Without Borders), based in Germany, secured and airlifted emergency supplies to Sri Lanka and Indonesia. Foundation funding supported the transportation of cargo.

SOS Children's Villages (aka SOS-Kinderdorf International), the 2002 Conrad N. Hilton Humanitarian Prize recipient, is a global child welfare organization headquartered in Austria. Already working in the affected countries of Indonesia, Sri Lanka and India, SOS Children's Villages mounted a significant response including construction of 2,260 family houses, more than 20 multi-purpose community centers, seven SOS Children's Villages, and livelihood support for affected families, including new boats for fishermen.



Gulf Coast



India
Indonesia
Pakistan
Sri Lanka



Photo: Dominic Sansoni

Distribution of family kits to householders who will be given new homes in a new village in India.

Hurricane Katrina

1,500 dead; \$100 billion in damage.

Grants totaling \$6 million targeted relief and recovery efforts in New Orleans and the Gulf Coast region. The Salvation Army and American Red Cross responded to victims' short-term needs by providing meals, clothing, accommodation assistance, hygiene supplies, and reconnecting family members. Long-term needs are being met through the Salvation Army's home reconstruction and job readiness programs. The Baton Rouge Area Foundation and the Foundation for the Mid-South are rebuilding non-profit organizations in the region to ultimately enable them to provide care and support long into the future.

South Asia Earthquake

7.6 magnitude; 72,000 dead; 2.5 million left homeless.

Grants totaling \$1.1 million addressed several gaps in the immediate relief and recovery effort: shelter, the needs of women and children, and relief supplies.

Grave conditions in northern Pakistan posed by the onset of the Himalayan winter spurred the Foundation to concentrate on shelter in addition to short- and long-term relief and recovery. Shelter and housing needs were addressed through a grant to Islamic Relief; funding provided to Save the Children U.S. addressed the needs of families, with an emphasis on women and children; and a grant to Luftfahrt Ohne Grenzen supported the transport of critically needed relief supplies to Pakistan.

Photo: Emily Staub



Foundation for the Mid South — Mississippian Dale Diaz's volunteer-based organization (Sacred Heart St. Vincent de Paul Society) used to work out of this church before it was submerged as a result of Hurricane Katrina.

Blindness

Deafblind and Blind Children with Multiple Disabilities

Around the world, children with multiple disabilities are often excluded from society and even shunned by their own family, hindering their ability to attain their full potential. For the past seventeen years the Conrad N. Hilton Foundation and Conrad N. Hilton Fund have invested more than \$60 million in the Hilton/Perkins Program of Perkins School for the Blind in its work to develop new and improved services worldwide for children who are deafblind or blind with multiple disabilities. Projects assist more than 260 schools and agencies and 17 universities in 55 developing countries and the United States. This year more than 27,000 people worldwide benefited from the services, and of these, more than 8,000 children are receiving education in the supported schools. In-service training was provided to 2,600 staff members and another 200 teachers completed their formal education at Hilton/Perkins-supported universities. Cumulatively, since the program's inception in 1989, tens of thousands of children have received education, more than 15,000 personnel have received in-service training and at least 1,600 teachers have received formal university education in their home regions.



Photo: Casey Rogers

In Guatemala, a therapist works with a young girl in a school supported by Hilton/Perkins.

This year program development efforts included eight new programs in China; new school programs in Vietnam, Nepal, Bolivia, and Armenia; and new personnel training activities nationwide in Mexico and the Ukraine.

It is noteworthy that the Hilton/Perkins Program has also had considerable success leveraging the Hilton Foundation's investment to attract funding from other sources recently, including grants from the United States Agency for International Development (USAID) for teacher training and braille distribution, a grant from the Indian American Education Fund for training of teachers in India, grants from the Spanish organization for the blind (ONCE) for university training and parent training in Latin America, and a large gift to the endowment fund supporting the Educational Leadership Program for international leaders and trainers. www.perkins.org

Trachoma

The world's leading cause of preventable blindness, trachoma is an eye disease that continues to plague rural communities throughout the world. Transmitted easily by person-to-person contact or flies, trachoma typically affects those living in overcrowded conditions with limited access to water and health care. Following years of repeated trachoma infection, the inside of the eyelid may be scarred so severely that it turns inward and causes eyelashes to scratch the cornea, leading painfully to complete blindness. Currently, trachoma affects an estimated 84 million people, eight million of whom are visually impaired.

The leading method to combat trachoma is the World Health Organization-endorsed SAFE strategy – Surgery, Antibiotics, Facial cleanliness, Environmental improvement. The



Hilton/Perkins:
55 Developing Countries and the United States



Trachoma:
10 Countries in Asia and Africa

Conrad N. Hilton Foundation and Conrad N. Hilton Fund have committed more than \$23 million since 1997 to combat trachoma, primarily supporting the control and prevention efforts of The Carter Center (\$13.6 million), Helen Keller International (\$6.3 million), and World Vision (\$1.6 million) as follows:

The Carter Center continues to expand and refine its trachoma program delivery in Ethiopia, Ghana, Mali, Niger, Nigeria, and Sudan. This year, The Carter Center exceeded targets set for latrine construction, intensified its community mobilization efforts (utilizing mass media and community clean village competitions), and trained women in traditional soap production and masons in latrine construction. The Carter Center continues to provide technical expertise and support for surveys, monitoring, and evaluation of trachoma programs worldwide. www.cartercenter.org

Helen Keller International (HKI) assists the governments of Burkina Faso, Cambodia, Mali, Nepal, Niger, Nigeria, and Tanzania in the implementation of the SAFE strategy in their national strategies to control and eliminate trachoma as a blinding disease. HKI remains a global leader in incorporating trachoma control into primary school education; the efforts of its Tanzania program have recently led to the integration of trachoma into Tanzania's national primary school curriculum, ensuring that all school children in trachoma-endemic areas will be taught how to protect their precious sight. www.hki.org

With ongoing efforts in two highly endemic regions in Ethiopia, World Vision performs eyelid surgeries, identifies and treats cases of active trachoma, and trains government and community health workers in trachoma prevention and control. World Vision increases community awareness through drama shows and trachoma days, and supports the construction and use of latrines and refuse pits to improve environmental conditions. www.worldvision.org

Photo: World Vision



Water Development

West Africa Water Initiative

Around the world, some 1.1 billion people – about one-sixth of the world’s population – do not have access to safe water; roughly 2.6 billion people lack basic sanitation. Contaminated water and poor sanitation contribute to 80% of all diseases in the developing world. A child dies from a water-related illness every 15 seconds, an estimated 6,000 each day.

Since the early 1990s, the Conrad N. Hilton Foundation and Conrad N. Hilton Fund have committed more than \$35 million to deliver clean water in West Africa while advancing eradication of Guinea worm disease and elimination of trachoma.

In 2002, building on a twelve-year history of support for World Vision’s Ghana Rural Water Project, the Foundation launched the West Africa Water Initiative (WAWI), now a \$50 million public-private partnership to provide potable water, sanitation and hygiene to rural villages in Ghana, Mali and Niger. Participating organizations are World Vision, the Cornell International Institute for Food, Agriculture, and Development, Desert Research Institute, Helen Keller Worldwide, International Trachoma Initiative, Lions Club International Foundation, UNICEF, United States Agency for International Development, United Nations Foundation, WaterAid, Winrock International, and the World Chlorine Council. World Vision administers the WAWI Secretariat based in Accra, Ghana.

WAWI will play a vital part in helping to reach the United Nations Millennium Development Goal to “halve, by 2015, the proportion of people without sustainable access to safe drinking water.” By 2008, the WAWI partners expect to provide a minimum of 825 new water boreholes, 100 alternative water systems and 9,000 latrines, reaching more than one-half million people. In addition, thousands of adults, children and teachers are being instructed in water management and safe hygiene and sanitation practices. This year, more than 250 wells were drilled, 2,000 latrines were constructed and more than 80,000 people in 130 communities benefited from WAWI activities. www.worldvision.org

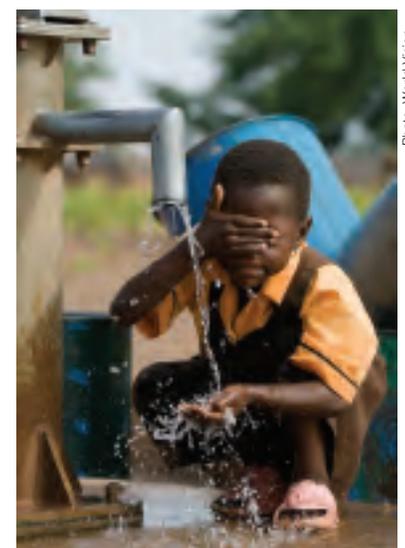
Guinea Worm Eradication

In 1986 there were an estimated 3.5 million cases of Guinea worm disease, or dracunculiasis, in 17 countries in Africa and three countries in Asia. In 2005 only 10,674 cases were reported, with Ghana having the second highest prevalence among the few remaining countries where the disease existed. The disease infects people through unsafe drinking water and painfully exits the body through the skin after living in the body for approximately a year.

To help complete the campaign to eradicate Guinea worm from the face of the earth, this year the Foundation committed \$3.3 million over four years to UNICEF, The Carter Center and Desert Research Institute to provide water in Ghana’s most Guinea worm-endemic communities. Supplementing the Foundation’s support for the West Africa Water Initiative, which operates within targeted districts of Ghana’s northern region, this additional funding also enables the partner agencies, in collaboration with the Government of Ghana, to provide education and surveillance activities.



Ghana
Mali
Niger



A young girl washes with clean water to prevent disease.



Photo: World Vision

Early Childhood Development

Hilton/Early Head Start Training Program

Nationwide, more than 7,000 infants and toddlers with disabilities and their families participate in close to 700 Early Head Start (EHS)/Migrant and Seasonal Head Start (MSHS) programs that serve low-income families with very young children and pregnant women. The Hilton/Early Head Start Training Program managed by the California Institute on Human Services, Sonoma State University has trained and supported more than 500 teams—comprised of EHS/MSHS staff and families, early intervention providers, child care and other community partners—to provide high quality, inclusive services for young children with disabilities and their families.



Now in its seventh year of a public-private partnership between the Conrad N. Hilton Foundation and U.S. Department of Health and Human Services, Head Start Bureau, the program remains connected with Phase I (1997-2002) participants who report sustained change and improved services for infants and toddlers with disabilities and their families. The current 1,250 participants in Phase II (2002-2007) are committed to improving services for infants and toddlers with disabilities and are benefiting from the continued commitment of the Head Start Bureau (\$15 million) and the Conrad N. Hilton Foundation (\$7.5 million). The progress made this year includes:

- significant increases in the enrollment of infants and toddlers with disabilities in EHS/MSHS;
- significant increases in staff skills in working with infants and toddlers with disabilities;
- increased successes in the area of collaboration and coordination among community partners;
- increases in family leadership activities; and,
- sharing of training materials and resources with more than 82,000 people nationwide.

The Hilton/Early Head Start Training Program is now well known nationally for its successful SpecialQuest training model, award-winning videos, principles of continuous improvement, and positive impact on programs serving thousands of infants and toddlers with disabilities and their families who are living in poverty. www.specialquest.org

Photo: Gary Christian Film and Video



A mother with her toddler at an Early Head Start center where staff have increased their skill level.

Project ALERT

Project ALERT is a nationally recognized prevention program that gives middle grade students insight, understanding and actual skills for resisting substance abuse. Named an Exemplary Model Program by the United States Department of Education, Project ALERT is proven to reduce the onset and regular use of substances among youth.

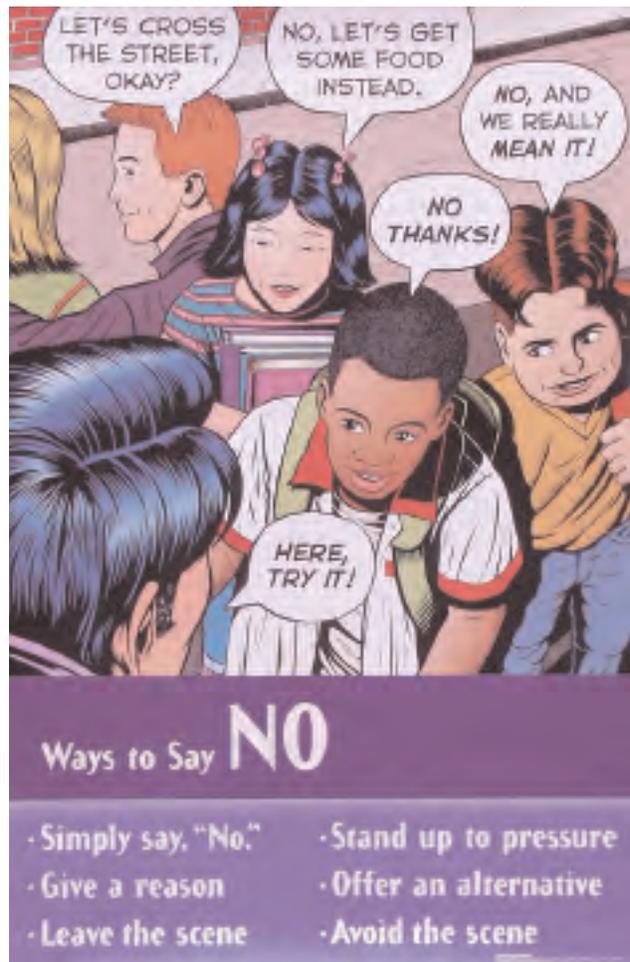
The Conrad N. Hilton Foundation supported Project ALERT's original development and field testing, as well as revisions that improved the program's effectiveness, through grants in excess of \$10 million to RAND, one of the nation's leading think tanks on drug policy.

RAND research demonstrates that teens have a mindset about drugs. The pro-drug attitudes that many teens hold are strong predictors of future drug use. Project ALERT aims to reverse this pro-drug way of thinking and empower teens to resist social pressures to use harmful substances. By shifting the pro-drug mindset, Project ALERT achieves powerful results.

Since 1991 Project ALERT has been disseminated to schools across America through the BEST Foundation for a Drug-Free Tomorrow. The organization has received grants totaling \$42 million from the Conrad N. Hilton Foundation and Conrad N. Hilton Fund to subsidize teacher training, technical assistance and periodic updating of classroom materials.

Typically delivered by trained teachers in a classroom setting, Project ALERT aligns with key National Health Education Standards. Students participate in small group activities and role-playing exercises, watch reinforcing videos and interact in guided classroom discussions.

Today Project ALERT is one of the most widely used prevention programs in the nation. More than 24,000 teachers use the curriculum in their classrooms each year. www.projectalert.com



One of twelve classroom posters included with the Project ALERT curriculum.

Homelessness

Corporation for Supportive Housing

In 2004, the Conrad N. Hilton Foundation made a five-year, \$10 million commitment to the Corporation for Supportive Housing (CSH) to address the needs of mentally ill homeless people, bringing the Foundation's cumulative funding of CSH to \$20 million. This new commitment includes both a targeted intervention in Los Angeles as well as support for national technical assistance activities. To date, the Los Angeles initiative has helped put into motion the development of 670 units of supportive housing for homeless individuals, families, and transition-age youth, many of whom have been homeless for years and who suffer from serious mental illness. CSH also launched the Opening New Doors Institute, providing 10 supportive housing development teams with intensive training sessions, over 100 hours of one-on-one technical assistance, and more than \$500,000 in grants and low-interest loans to move their projects forward. California Governor Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa recognized both the Foundation's leadership and the work of CSH when making public commitments to ending homelessness. CSH is now working closely with all stakeholders to ensure that these initiatives are implemented effectively.

A critical component of CSH's work is the brokering of ideas and building of consensus among elected and appointed leaders across all levels of government, as well as philanthropy and the private sector—to coordinate resources and make supportive housing easier to develop, fund and operate. This year, 150 delegates from 25 states attended the second annual Supportive Housing Leadership Forum, an event that is supported by the Foundation's commitment to CSH's national work. In addition, CSH organized a series of "peer to peer" site visits, helping public officials and nonprofit providers learn about successful supportive housing models in other communities around the country. www.csh.org



United States

Photo: Cathy ten Broeke and Margaret Miles



Partnership to End Long Term Homelessness Update

The Conrad N. Hilton Foundation continues to play a leadership role in the Partnership to End Long Term Homelessness (PELTH), a national funders' network. Recognizing that permanent supportive housing offers a solution to long-term homelessness, PELTH's goal is to generate at least \$100 million in funding from foundations, financial institutions and businesses in order to stimulate nationwide development of 150,000 units of permanent supportive housing for the long-term homeless. The Partnership recently created a new website featuring a searchable knowledge center of case studies, best practices, data and trends in the field of chronic homelessness. www.endlongtermhomelessness.org

Other Initiatives

The Conrad N. Hilton Foundation made two additional significant grants to help address the needs of homeless people in Los Angeles. A \$1.2 million grant will assist the Good Shepherd Center for Homeless Women & Children with construction of the Women's Village transitional apartments, employment center and small retail bakery. Also, augmenting support for a program initiated with Conrad N. Hilton Foundation funding in 2000, Pepperdine University was awarded \$600,000 to endow operation of its Mental Health Treatment Program, serving clients at Union Rescue Mission and LAMP in downtown Los Angeles.

Photo: Liz Drapa



Leland Apartments in California provides families with permanent housing linked with needed social services.

Hotel and Restaurant Management Education

Conrad N. Hilton College of Hotel and Restaurant Management University of Houston

Conrad Hilton strived to create world peace through tourism. The Conrad N. College of Hotel and Restaurant Management carries on this legacy by bringing people from different cultures together to create future leaders of the travel and tourism industry. Since 1969, the Conrad N. Hilton Foundation and Conrad N. Hilton Fund have provided in excess of \$45 million to the Hilton College, ranking it among the finest hospitality management programs in the world. The College has a diverse student body that currently includes 13 percent international students, representing 38 countries. Of the remaining students, approximately 48 percent are Anglo, 16 percent are Hispanic, 14 percent are Asian, and seven percent are African-American.

Recent Conrad N. Hilton Foundation funding supported new recruiting materials, renovation of educational facilities and the addition of a world-class scholar. The development of student recruiting materials helped increase the number of applicants for the fall of 2005 by 300 percent over the fall of 2003. The average SAT scores of the applicants also increased by 65 points over the same period. Foundation funds enabled the College to host a summer camp to introduce high school juniors from across North America to the many facets of the hospitality industry, including field trips and courses at the College.



United States

Professor Nancy R. Graves and Chef Doan Shockley teach students in the food and beverage hall.



Foundation funds were additionally used this year to renovate the food and beverage demonstration hall and the College's computer labs. Careful attention to the design of the food and beverage hall and an investment in audio-visual equipment transformed a lecture hall into a demonstration studio, enabling chef demonstrations to be taped for viewing by future students in Houston or around the world. Computer labs were furnished with new ergonomic furniture, equipped with state-of-the-art technology, and redesigned to increase capacity.

The College's three chairs and one professorship that are supported by endowments created by the Conrad N. Hilton Foundation help to attract the finest faculty. World-class food scientist Dr. Svetlana Rodgers came to the College from Australia in early 2006 and has already caught the attention of both industry and students. As a top researcher, Dr. Rodgers received funds from the University to support her research and to renovate the experimental food laboratory. These funds will be matched by the Conrad N. Hilton Foundation. www.hrm.uh.edu

University of Denver

The Conrad N. Hilton Foundation awarded \$3 million to the University of Denver's School of Hotel, Restaurant and Tourism Management to create the Barron Hilton Chair of Lodging Management. This funding will enhance the School's educational program while recognizing the significant contributions made by Barron Hilton to the hospitality industry. www.daniels.du.edu/hrtm/

Photo: Conrad N. Hilton College of Hotel and Restaurant Management



Conrad N. Hilton Humanitarian Prize

The year 2005 celebrated the tenth anniversary of the Conrad N. Hilton Humanitarian Prize. It was also the year that the Board of the Hilton Foundation increased the size of the award from \$1 million to \$1.5 million. It remains today the world's largest humanitarian award.

After a rigorous review process, a prestigious international jury selects the organizations that are deemed to be making extraordinary contributions toward alleviating human suffering anywhere in the world. The Hilton Prize was created in 1996 to advance the work of exceptional organizations and to focus attention on the increasing need for humanitarian aid worldwide.

The Hilton Prize is presented annually in conjunction with an international humanitarian symposium sponsored by the Foundation. It is an intellectual forum for preeminent leaders in the humanitarian and human rights fields to discuss and debate critical global crises and new strategies for solutions. The 2005 symposium was held in Geneva, Switzerland, under the theme "Vulnerable Populations: International Community Responsibilities." Former President of Mexico and Director of the Center for the Study of Globalization at Yale University, Professor Ernesto Zedillo was the keynote speaker of the symposium, and Paul Rusesabagina, founder of the Hotel Rwanda Rusesabagina Foundation and recipient of the United Nations World Refugee Day Humanitarian Award, gave the keynote address at the Hilton Humanitarian Prize Ceremony. www.hiltonfoundation.org

10 Years of Conrad N. Hilton Humanitarian Prize Recipients



Top left to right: Operation Smile (1996), International Rescue Committee (1997), Doctors Without Borders (1998)
Center row: African Medical & Research Foundation (1999), Casa Alianza (2000), St. Christopher's Hospice (2001)
Bottom Row: SOS Children's Villages (2002), International Rehabilitation Council for Torture Victims (2003), Heifer International (2004)

Partners In Health: 2005 Recipient

The 2005 recipient of the Hilton Humanitarian Prize was Partners In Health (PIH), which is dedicated to erasing the inequalities in health care that exist for the poor. PIH treats not just disease, but also the conditions of poverty that cause disease. Along with free medicines, PIH provides clean water, shelter, food, and education. In countries where there is no health infrastructure, local people are trained and paid to become the community-based health care delivery system for their neighbors.



Its pioneering models developed in rural Haitian squatter settlements and shantytowns of Peru challenged conventional wisdom and transformed the international health community's approach to treating complex diseases like HIV/AIDS and multidrug-resistant tuberculosis in the poorest parts of the world. PIH tackles problems viewed by many to be unsolvable, and treats diseases often considered untreatable. Its unique brand of health care and social justice is now being replicated in many countries.



Presentation of the 2005 Conrad N. Hilton Humanitarian Prize (l to r): Steven Hilton and Partners In Health co-founders Dr. Paul Farmer, Ophelia Dahl, and Dr. Jim Yong Kim.



Partners in Health: Dr. Paul Farmer treats a young Haitian

Statements of Financial Position

Conrad N. Hilton Foundation
(A Nonprofit Corporation)

	February 28	2006	2005
Assets			
Cash and cash equivalents		\$ 91,353,749	\$ 76,822,777
Amounts receivable from sale of investments		3,217,215	836,543
Dividends and interest receivable		1,328,228	1,035,194
Program related advances		24,150,000	23,200,000
Long-term investments		769,459,030	726,244,420
Other assets		260,221	307,790
Total		\$ 889,768,443	\$ 828,446,724
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities		\$ 740,056	\$ 799,244
Amounts payable for the purchase of investments		1,062,410	5,083,835
Grants payable		63,066,638	74,670,150
Total liabilities		64,869,104	80,553,229
Net assets		824,899,339	747,893,495
Total		\$ 889,768,443	\$ 828,446,724

Copies of complete audited financial statements are available upon request.

Statements of Activities

Conrad N. Hilton Foundation
(A Nonprofit Corporation)

	February 28	2006	2005
Changes in Net Assets			
Revenues and Gains			
Operating revenues		\$ 31,031,722	\$ 22,064,418
Net realized gains on long-term investments		51,890,584	31,472,096
Net unrealized (losses) gains on long-term investments		(3,788,889)	11,090,833
Contributions received		31,921,686	32,485,957
Total revenues and gains		111,055,103	97,113,304
Less investment expenses		2,521,422	2,543,391
Net revenues and gains		\$ 108,533,681	\$ 94,569,913
Expenses			
Approved grants		\$ 26,554,809	\$ 43,126,612
Operating expenses		4,348,028	4,200,362
Excise taxes		625,000	1,023,000
Total expenses		31,527,837	48,349,974
Increase in net assets		77,005,844	46,219,939
Net assets – beginning of year		747,893,495	701,673,556
Net assets – end of year		\$ 824,899,339	\$ 747,893,495
Grants paid in current year		\$ 39,108,321	\$ 27,812,683

Copies of complete audited financial statements are available upon request.

Fund Background

During the fiscal year ended February 28, 1995, the Conrad N. Hilton Foundation made a distribution of cash and stock to endow the Conrad N. Hilton Fund. The Conrad N. Hilton Fund is a separate nonprofit organization.

Mission

The Conrad N. Hilton Fund has various programmatic interests, primarily the human services works of Roman Catholic sisters.

Grantmaking Approach

The Conrad N. Hilton Fund is a supporting organization. It was established to provide grants and financial assistance to a specified number of organizations designated by name in its charter. The Conrad N. Hilton Fund for Sisters is the primary beneficiary; eleven other named organizations also are eligible to receive grants from the Conrad N. Hilton Fund. Some entities have been supported by both the Foundation and the Fund. Unsolicited proposals from organizations other than those named in the charter cannot be considered.



Sneha Chhaya Hostel, Gujarat, India.

Conrad N. Hilton Fund for Sisters

Sisters live and work in dire circumstances in two-thirds of the world, spending long tireless days of service in often dilapidated, unsanitary, and ill-equipped medical clinics, schools, and social service facilities. They offer the poor and suffering the assistance, hope, and opportunity to rise above their circumstances to live healthy and productive lives. The sisters' dedication and creativity are boundless. Somehow, with the help of even the smallest grants and donations, they are able to bring hope and healing to others.

The Conrad N. Hilton Fund for Sisters, principal beneficiary of the Conrad N. Hilton Fund, was established in 1986 specifically to support the apostolic work of Roman Catholic sisters. The Fund for Sisters carries on Conrad Hilton's tradition of supporting the sisters and is the only foundation dedicated exclusively to funding sisters' projects throughout the world.



Maracha Hospital,
Arua, Uganda.

Operating under the auspices of the Archdiocese of Los Angeles, the Fund for Sisters has, since its inception, awarded more than 4,700 grants totaling over \$47 million to sisters' projects in over 130 countries around the globe. Most grants are less than \$15,000; currently, the average grant is approximately \$9,000. In recent years, as sisters have gained access to e-mail and cellular telephones, the volume of applications received and the number of grants awarded have increased dramatically. This year,

the Fund for Sisters awarded 660 grants totaling \$5.8 million to sisters' projects in 77 countries; nearly half of total giving was awarded to educational projects. Over 90% of grants were awarded overseas; one quarter of total funding went to projects in countries designated as least developed by the United Nations Conference on Trade and Development (UNCTAD).

To qualify for funding a project must directly serve the poor and disadvantaged and have at least one vowed member of an officially recognized Roman Catholic congregation of women religious directly involved in a full-time capacity. Areas of interest include: literacy and education; job creation, training, and development of small business enterprises; maternal and infant health care; HIV/AIDS education, treatment and support; water purification, nutrition, and agricultural projects; violence prevention and rehabilitation; aid to refugees, immigrants, orphans, and others in special need; technical assistance; disaster response aid; and, effective intercommunication assistance grants for sisters. For details and application information, contact the Conrad N. Hilton Fund for Sisters at (310) 785-0746, fax (310) 785-0166 or e-mail hltnsister@aol.com. www.members.aol.com/hltnsister www.hiltonfundforsisters.org

Statements of Financial Position

Conrad N. Hilton Fund
(A Nonprofit Corporation)

	February 28	2006	2005
Assets			
Cash and cash equivalents		\$ 6,894,464	\$ 205,091
Amounts receivable from sale of investments		504,683	
Dividends and interest receivable		145,874	303
Long-term investments		761,977,488	678,428,024
Other assets			64
Total		\$ 769,522,509	\$ 678,633,482
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities		\$ 152,803	\$ 1,250
Grants payable		5,606,879	4,789,792
Total liabilities		5,759,682	4,791,042
Net assets		763,762,827	673,842,440
Total		\$ 769,522,509	\$ 678,633,482

Copies of complete audited financial statements are available upon request.

Statements of Activities

Conrad N. Hilton Fund
(A Nonprofit Corporation)

	February 28	2006	2005
Changes in Net Assets			
Revenues and Gains			
Operating revenues		\$ 11,393,607	\$ 1,323,782
Net realized gains on long-term investments		268,967,107	
Net unrealized (losses) gains on long-term investments		(178,515,354)	211,018,833
Total revenues and gains		101,845,360	212,342,615
Less investment expenses		373,073	5,014
Net revenues and gains		\$ 101,472,287	\$ 212,337,601
Expenses			
Approved grants		\$ 11,505,722	\$ 1,132,800
Operating Expenses		46,178	76,083
Total expenses		11,551,900	1,208,883
Increase in net assets		89,920,387	211,128,718
Net assets – beginning of year		673,842,440	462,713,722
Net assets – end of year		\$ 763,762,827	\$ 673,842,440
Grants paid in current year		\$ 10,688,635	\$ 1,078,472

Copies of complete audited financial statements are available upon request.

Combined Assets

The following is presented for informational use only. It has not been subject to audit and is presented to provide the reader with an indication of the current asset value of the Conrad N. Hilton Foundation, the Conrad N. Hilton Fund and two related trusts, of which the Conrad N. Hilton Foundation is the beneficiary.

This year saw a significant increase in the combined assets of the Foundation and Fund, which increased in excess of \$150 million. The bulk of this increase was attributed to the gain in value of Caesars Entertainment Corporation stock following the announcement of its pending purchase by Harrah's Entertainment Corporation. The acquisition was culminated during the past fiscal year and proceeds from the acquisition were reinvested, bringing about further diversification in the Fund's portfolio. Remaining Hilton Hotels Corporation donor stock held within the Fund's portfolio continues to perform well.

Combined Assets

	February 28	2006	2005
Conrad N. Hilton Foundation		\$ 824,899,339	\$ 828,446,724
Conrad N. Hilton Fund		763,762,827	678,633,482
W. Barron Hilton Charitable Remainder Unitrust		864,300,000	836,400,000
Frances K. Hilton Trust		66,500,000	57,300,000
Total		\$ 2,519,462,166	\$ 2,400,780,206

Conrad N. Hilton Foundation

Directors, Officers and Staff

Directors

Robert Buckley, M.D.
Gregory R. Dillon
James R. Galbraith
Barron Hilton
Conrad N. Hilton III
Eric M. Hilton
Steven M. Hilton
William B. Hilton, Jr.
Hawley Hilton McAuliffe (as of 5/06)
John L. Notter
William G. Ouchi (as of 5/06)

Donald H. Hubbs
Director Emeritus

Officers

Steven M. Hilton
Chairman, President and
Chief Executive Officer

Edmund J. Cain
Vice President - Grant Programs

Judy M. Miller
Vice President and
Director - Conrad N. Hilton
Humanitarian Prize

Patrick J. Modugno
Vice President -
Administration and Chief
Financial Officer

Jeff Schaffer
Assistant Vice President -
Grant Programs

Marcia Trujillo-Penman
Corporate Secretary and
Assistant Treasurer

Staff

Rose Arnold
Grants Manager

Marge Brownstein
Assistant to the President -
Special Projects

Irene Chansawang
General Office Assistant

Annie Chen
Administrative Assistant

Ann Cortez
Program Associate

Danielle (Fuller) Diebold
Coordinator - Conrad N. Hilton
Humanitarian Prize

Jennifer Lieberstein
Program Officer

Jean-Marc Moorghen
Manager - Conrad N. Hilton
Humanitarian Prize

Jean Olegario
Assistant to the President
and Chief Executive Officer

Casey Rogers
Senior Program Officer

Leslie A. Smith
Financial Assistant

Conrad N. Hilton Fund

Directors and Officers

Directors

Robert Buckley, M.D.
Gregory R. Dillon
James R. Galbraith
Barron Hilton
Eric M. Hilton
Steven M. Hilton
William B. Hilton, Jr.
~~Sr. Judith Carson, R.S.C.J.~~
Sr. Joyce Meyer, P.B.V. M.
John L. Notter (as of 5/06)
Sr. Mary Catherine Rabbitt, S.L. (~~through 5/06~~)
Sr. Isabel Ordonez Termes, S.T.J. (as of 5/06)

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Director Emeritus

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Chief Executive Officer

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Chief Financial Officer

Marcia Trujillo-Penman
Corporate Secretary and
Assistant Treasurer

