

HILTON HOTELS CORP
Form 10-Q
May 03, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-3427

HILTON HOTELS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
9336 Civic Center Drive, Beverly Hills, California
(Address of principal executive offices)

36-2058176
(I.R.S. Employer
Identification No.)
90210
(Zip code)

(310) 278-4321

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 29, 2005: Common Stock, \$2.50 par value 381,857,972 shares.

PART I FINANCIAL INFORMATION

Company or group of companies for which report is filed:

HILTON HOTELS CORPORATION AND SUBSIDIARIES**ITEM 1. FINANCIAL STATEMENTS****Consolidated Statements of Income**
(in millions, except per share amounts)

	Three Months Ended	
	March 31,	
	2004	2005
	(unaudited)	
Revenue		
Owned hotels	\$ 482	495
Leased hotels	26	28
Management and franchise fees	89	102
Timeshare and other income	120	154
	717	779
Other revenue from managed and franchised properties	277	297
	994	1,076
Expenses		
Owned hotels	371	376
Leased hotels	25	26
Depreciation and amortization	83	80
Impairment loss and related costs		2
Other operating expenses	101	122
Corporate expense	19	24
	599	630
Other expenses from managed and franchised properties	274	293
	873	923
Operating income from unconsolidated affiliates	10	10
Operating Income	131	163
Interest and dividend income	10	4
Interest expense	(70)	(64)
Net interest from unconsolidated affiliates and non-controlled interests	(6)	(6)
Net (loss) gain on asset dispositions and other	(4)	11
Loss from non-operating affiliates		(5)
Income Before Taxes and Minority and Non-Controlled Interests	61	103
Provision for income taxes	(21)	(36)
Minority and non-controlled interests, net	(3)	(3)
Net Income	\$ 37	64
Basic Earnings Per Share	\$.10	.17
Diluted Earnings Per Share	\$.10	.16

See notes to consolidated financial statements

Hilton Hotels Corporation and Subsidiaries
Consolidated Balance Sheets
(in millions)

	December 31, 2004	March 31, 2005 (unaudited)
ASSETS		
Current Assets		
Cash and equivalents	\$ 303	282
Restricted cash	163	147
Accounts receivable, net	269	328
Inventories	144	155
Deferred income taxes	85	86
Current portion of notes receivable, net	68	45
Other current assets	74	57
Total current assets	1,106	1,100
Investments, Property and Other Assets		
Investments and notes receivable, net	635	