



**BRYAN S. WHITE**  
VICE PRESIDENT AND  
SENIOR COUNSEL

VIA UPS

June 29, 2003

Ms. Emily Steele  
Client Services Manager  
The Corporate Library  
45 Exchange Street, Suite 201  
Portland, Maine 04101

**Re: Hilton Hotels Corporation – Board Effectiveness Rating**

Dear Ms. Steele:

We have reviewed the revised company profile for Hilton Hotels Corporation (“Hilton”) prepared by The Corporate Library (“CL”) incorporating certain of my comments to the previous version of the profile.

We note that Hilton now gets a “B” for the Core Best Practices Benchmark and has 100% compliance with the Sarbanes-Oxley Act and Exchange Act Listing Requirements. However, CL continues to assign Hilton a “D” for Board Effectiveness Rating and assert that owning Hilton stock involves a High degree of investment risk, which are highlighted in large type while the more favorable assessments are in small print.

CL’s report states that the key indicators of the Board effectiveness ranking for Hilton are: (i) an excessive number of Outside Related Directors; (ii) excessive director tenure; and (iii) too many directors who are active or former CEOs at other firms. With respect to your characterization of directors, we disagree with your assessment of Peter George and John Myers as outside related directors. Mr. George serves as an officer of Park Place Entertainment Corporation, which has no Compensation Committee interlocks or other relationship with Hilton required to be disclosed by SEC rules. Mr. George has not been affiliated with Hilton Group plc for three years. Mr. Myers holds certain positions with General Electric Company and its subsidiaries set forth in our proxy statement, but does not have decision making authority with respect to any matters involving Hilton’s relationship with GE. Institutional Shareholder Services (“ISS”) recently agreed with Hilton’s assessment that both Messrs. George and Myers are independent outside directors of Hilton.

{00031214.DOC; 1}

Dir. Tel: 310-205-4339 Fax: 310-205-7677  
email: bryan\_white@hilton.com

Hilton Hotels Corporation World Headquarters  
9336 Civic Center Drive, Beverly Hills, CA 90210  
Tel: +1 310 278 4321  
Reservations: www.hilton.com or 1-800-HILTONS

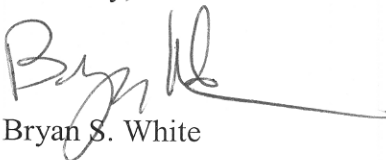
CL has concluded that there is "excessive director tenure" on Hilton's Board. Of Hilton's 13 directors, only three persons have served on Hilton's Board for more than 11 years and a majority of the Board has served for eight years or less. We fail to see how this constitutes excessive Board tenure. CL also cites that there are too many Hilton directors who are active or former CEOs at other firms. Hilton views the CEO experience of its Board members as an attribute of the Board, rather than a Board weakness. Please note that of the three outside directors you indicate as current CEOs, none serve in such capacity with a publicly traded company. If CL's concern is that these directors do not have sufficient time to focus on Hilton matters, we suggest that you alleviate this concern by reviewing the other board affiliations of our directors with CEO experience.

In summary, Hilton believes that your highlighted Board Effectiveness Rating of "D" and High Investment Risk recommendation are unjustified and unfair. We believe that the rote computation of arbitrary indicators that do not truly assess board effectiveness is inappropriate when applied to Hilton and casts doubt on the usefulness of CL's work product. Hilton has worked hard to comply with and incorporate the new governance and Board standards required by the Sarbanes-Oxley Act and the NYSE. We believe this is reflected in the ISS Corporate Governance Quotient (which includes Board and corporate governance factors) that concluded that Hilton outperforms 51.1% of the companies in the S&P 500 and 91.3% of the companies in the Hotels, Restaurants & Leisure group.

It is unclear to us who will receive or have access to CL's company profile of Hilton, so please let me know how you plan to publish this information. We believe it is irresponsible for you to provide the current rating of Hilton to third parties for the reasons set forth in this letter. Accordingly, we encourage you to reassess Hilton's Board effectiveness and the investment risk of owning Hilton stock.

I look forward to hearing from you.

Sincerely,



Bryan S. White

BSW/eal  
cc: Madeleine A. Kleiner