

HILTON HOTELS CORPORATION

CORPORATE GOVERNANCE GUIDELINES

I. Introduction

The Board of Directors of Hilton Hotels Corporation (the “Company”), acting on the recommendation of its Corporate Governance and Nominating Committee, has developed and adopted a set of corporate governance principles (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

II. Board Mission and Director Responsibilities

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Delaware law. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company and its stockholders. The Board is elected by the stockholders to oversee management and assure the long-term interests of the stockholders are being served. The Board recognizes that the long-term interests of stockholders are advanced by responsibly addressing the concerns of other stakeholders, including employees, customers and members of the communities in which the Company operates. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board’s business.

1. *Commitment and Attendance.* All independent and management directors should make every effort to attend meetings of the Board and meetings of committees of which they are members. Members may attend occasionally by telephone or video conference to mitigate conflicts.

2. *Participation in Meetings.* Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company’s business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics.* In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interests possessed by a director. All directors will recuse themselves from any discussion or decision affecting their personal or business interests. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chief Executive Officer and the Chair of the Corporate Governance and Nominating Committee.

The Company has adopted a Code of Business Conduct and Ethics, including a compliance program to enforce the Code. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's General Counsel in the event of any issues.

4. *Other Directorships and Changes in Positions.* The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Accordingly, it is the Company's policy that directors should serve on no more than six public company boards of directors at any time, including the Company's Board. Directors should advise the Chair of the Corporate Governance and Nominating Committee and the Chief Executive Officer before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units. Directors should also advise the Chair of the Corporate Governance and Nominating Committee promptly upon assignment to the audit or compensation committee of a board of which the director is a member.

Directors are expected to report changes in their business or professional affiliations or responsibilities, including retirement, to the Chief Executive Officer and the Chairman of the Corporate Governance and Nominating Committee. A director who retires or changes his or her principal occupation should submit a letter to the Board describing such change and offering to voluntarily resign. The Corporate Governance and Nominating Committee and the Board will then review whether the director meets the Company's requirements for continued service on the Board of Directors.

5. *Contact with Management.* All directors are invited to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for directors to meet with the Chief Executive Officer and other members of management in Board and committee meetings and in other formal or informal settings.

Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

6. *Contact with Other Constituencies.* It is important that the Company speak to employees and outside constituencies with a single voice, and that management serve as the primary spokesperson.

7. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

III. Board Composition

The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company's business;
- The Board composition shall comply with currently effective New York Stock Exchange standards and any other applicable regulatory body's rules regarding independence, taking into consideration any phase-in periods applicable to achieving such compliance.

IV. Selection of Chairman of the Board and Chief Executive Officer

The Board is free to select its Chairman and the Company's Chief Executive Officer in the manner it considers in the best interests of the Company at any given point in time. These positions may be filled by one individual or by two different individuals. If filled by one individual, one or more lead outside director shall be designated.

V. Selection of Directors

Nominations. The Board is responsible for selecting the nominees for election to the Company's Board of Directors. The Company's Corporate Governance and Nominating Committee is responsible for recommending to the Board a slate of directors or one or more nominees to fill vacancies occurring between annual meetings of stockholders.

Criteria. The Board should, based on the recommendation of the Corporate Governance and Nominating Committee, select new nominees for the position of independent director considering the following criteria:

- Personal qualities and characteristics, accomplishments and reputation in the business community;
- Current knowledge and contacts in the communities in which the Company does business and in the Company's industry or other industries relevant to the Company's business;
- Ability and willingness to commit adequate time to Board and committee matters;

- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company; and
- Diversity of viewpoints, background, experience and other demographics.

Invitation. The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and Chief Executive Officer of the Company, together with an independent director, when deemed appropriate.

Orientation and Continuing Education. Management, working with the Board, will provide an orientation process for new directors, including background material on the Company, its business plan and its risk profile, and meetings with senior management. Periodically, management should prepare additional educational sessions for directors on matters relevant to the Company, its business plan and risk profile.

VI. Election Term

The Board does not believe it should establish term limits.

VII. Retirement of Directors

Unless otherwise recommended by the Corporate Governance and Nominating Committee, a director who would be age 72 or older (or, in the case of persons who were outside directors at January 1, 1991, 75 or older) at the time of the election shall not stand for re-election. Employee directors shall retire from the Board at the time of their retirement from service as an employee of the Company, except for persons who are then holding or have held the office of Chief Executive Officer of the Company, in which case there shall be no limitation as to age.

VIII. Board Meetings

The Board currently plans at least six meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board. The meetings will usually consist of committee meetings and the Board meeting.

The agenda for each Board meeting will be prepared by the Office of the General Counsel and Corporate Secretary, in coordination with the Chief Executive Officer. Directors are urged to make suggestions for agenda items or meeting materials to the Chief Executive Officer at any time. Management will seek to provide to all directors an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases it may not be possible.

Materials presented to the Board or its committees should be as concise as possible, while still providing the desired information needed for the directors to make an informed judgment.

IX. Executive Sessions

To ensure free and open discussion and communication among the non-management directors of the Board, the non-management directors will meet in executive sessions periodically, with no members of management present. A time shall be allotted at each Board meeting for such a session. Such sessions shall be chaired by the lead independent director of the Board, who shall be designated on a rotating basis among the members of the Corporate Governance and Nominating Committee. Such chair will have responsibility for preparation of the agenda for the meeting.

X. The Committees of the Board

The Company shall have at least the committees required by the rules of the New York Stock Exchange, Inc. Currently, these are the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Each of these three committees must have a written charter satisfying the rules of the New York Stock Exchange, Inc.

All directors, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report of his or her committee's activities to the Board.

Each of the Corporate Governance and Nominating Committee, the Audit Committee and the Compensation Committee shall be composed of at least three directors who the Board has determined have no material relationship with the Company and who are otherwise "independent" under the rules of the New York Stock Exchange, Inc. The required qualifications for the members of each committee shall be set out in the respective committees' charters. A director may serve on more than one committee for which he or she qualifies.

XI. Management Succession

At least annually, the Board shall review and concur in a succession plan, addressing the policies and principles for selecting a successor to the Chief Executive Officer and other senior executives, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the Chief Executive Officer and other senior officers.

XII. Executive Compensation

1. *Evaluating and Approving Salary for the Chief Executive Officer.* The Board, acting through the Compensation Committee, evaluates the performance of the Chief Executive Officer and the Company against the Company's goals and objectives, and approves the compensation level of the Chief Executive Officer.

2. *Evaluating and Approving the Compensation of Management.* The Board, acting through the Compensation Committee, evaluates and approves the proposals for overall compensation policies applicable to members of senior management.

XIII. Board Compensation

The Board, acting through the Corporate Governance and Nominating Committee, should conduct a review at least once every three years of the components and amount of Board compensation in relation to other similarly situated companies. Board compensation should be consistent with market practices but should not be set at a level that would call into question the Board's objectivity.

XIV. Evaluating Board Performance

The Board, acting through the Corporate Governance and Nominating Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Corporate Governance and Nominating Committee should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board, acting through the Corporate Governance and Nominating Committee. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter, if any.

XV. Reliance on Management and Outside Advice

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.

XVI. Amendments To Guidelines

The Board of Directors retains the right to amend or modify the Guidelines at any time, in its sole discretion. The Board, in its sole discretion, may delegate to any committee of the Board the authority to administer, amend or modify the Guidelines, or any provision thereof.

XVII. Stock Ownership Guidelines

1. *Non-employee director guidelines.* Each non-employee director is required to acquire a number of shares of the Company's common stock, or deferred units payable in shares of the Company's common stock, with a market value equal to at least \$100,000 (as measured on the date of acquisition of the shares). Each director shall be allowed a period of four years to satisfy this requirement. The four-year period shall commence on November 16, 2005 with respect to all directors serving on the Board as of that date. For directors who join the Board after November 16, 2005, the four-year period shall commence on the date on which a director joins the Board.

2. *Officer guidelines.* Each Executive Officer of the Company and each senior officer who reports directly to the Chief Executive Officer of the Company (collectively, "Covered Officers") is required to own shares of the Company's common stock, or have outstanding grants of stock units payable in shares of the Company's common stock, with a market value equal to at least such Covered Officer's annual salary (with such market value measured on the date of acquisition of the shares or date of grant of the units). Each Covered Officer shall be allowed a period of four years to satisfy this requirement. The four-year period shall commence on November 16, 2005 with respect to all Covered Officers as of that date. For persons who join the Company as Covered Officers or are promoted to the position of a Covered Officer after November 16, 2005, the four-year period shall commence on the date on which a person becomes a Covered Officer of the Company.

XVIII. Policy on Severance Agreements with Executives

Effective November 16, 2005, unless approved by a majority of stockholders at an annual or special meeting, the Company shall not enter into an agreement with an Executive Officer that provides for Severance Benefits that exceed 2.99 times the sum of the Executive Officer's base salary plus most recent bonus (or, if the Executive Officer is not currently an employee of the Company, the Executive Officer's target bonus). This policy shall apply to agreements entered into after November 16, 2005, and shall in no way affect any existing employment agreement, severance agreement, change in control agreement, or an amendment to an existing agreement which does not increase the formula for determining Severance Benefits. "Severance Benefits" shall include cash payments following termination of employment, including, but not limited to lump sum severance payments, periodic cash payments, and payments for consulting fees or salary continuation. "Severance Benefits" shall not include: (i) payments pursuant to the Company's retirement plans, savings plans, deferred compensation plans or welfare benefit plans, (ii) the value of accelerated vesting or payment of any outstanding equity-based award pursuant to the Company's equity compensation plans, (iii) any benefits or perquisites provided under plans or programs applicable to the Company's employees generally, or (iv) any amount that the Corporate Governance and Nominating Committee determines in good faith to be a reasonable settlement of any claim made against the Company. In addition, because penalty taxes may be imposed on a portion of the Severance Benefits in some cases, penalty tax reimbursement and gross up payments will

continue to apply in these situations to avoid disparate tax treatment. Such payments do not increase the after tax value of Severance Benefits and, therefore, will not count for purposes of the 2.99 times limit.

The Corporate Governance and Nominating Committee has full authority to administer this policy and make determinations regarding the interpretation of this policy, in its sole discretion. In the event that a proposed agreement with an Executive Officer would require stockholder approval in accordance with this policy, the Company may seek stockholder approval of the Severance Benefits after the material terms have been agreed upon with the Executive Officer, but the payment of any Severance Benefits requiring stockholder approval will be contingent upon obtaining such stockholder approval.

XVIV. Policy On Majority Vote For Director Elections

In an uncontested election of directors, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election (a “Majority Withheld Vote”) shall promptly tender his or her resignation following certification of the stockholder vote. The Corporate Governance and Nominating Committee shall consider the resignation offer and recommend to the Board whether to accept it. The Board will act on the Corporate Governance and Nominating Committee’s recommendation within 90 days following certification of the stockholder vote.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Governance and Nominating Committee recommendation or Board action regarding whether to accept the resignation offer. However, if each member of the Corporate Governance and Nominating Committee received a Majority Withheld Vote at the same election, then the independent directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. In the event that the only directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.