

Irving Trust Company A Charter
New York, New York



Irving Trust Company
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Eugene J. McCabe
Vice President and Secretary
212-487-6338

July 19, 1978

NGA

Mr. James F. Brinkerhoff
Vice President and Chief Financial Officer
The University of Michigan
Ann Arbor, Michigan 48109

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Dear Mr. Brinkerhoff:

Your letter of June 30th to our Chairman seeking information concerning our South African policy has been referred to me for reply and I apologize for the delay in responding to your initial inquiry of April 19th.

We often receive inquiries as to our position on lending to South Africa. Because no two inquiries are identical, we have carefully considered the questions raised and have developed a bank policy which I hope will respond to your concerns.

We condemn apartheid as a form of racism that goes against our American traditions. It is the current policy of Irving Trust Company to refrain from granting any new loans to the Government of South Africa, or to its agencies, as long as that Government's present policy of apartheid is maintained. Nor will we make any private sector loans which to our knowledge will further the policy of apartheid.

In making loans to foreign countries, we carefully consider the social and political structure of the borrowing country as part of our analysis of credit risk. We believe that South Africa's racial policies must change if that country is to remain creditworthy.

In doing business with foreign countries, we also look to the Federal government for guidance on foreign policy issues. The current policy of our government neither encourages nor discourages business relationships with South Africa. We believe the appropriate course of action for our government and for U.S. corporations is to continue to act in such a way as to encourage the South African Government to end apartheid and achieve a peaceful solution to that nation's complex problems.

If our country were to pursue a different policy, namely one of imposing economic sanctions, the result could well be racial war and bloodshed. It seems to us that such a policy would be less likely to achieve a peaceful end to apartheid.

Should you have any further questions, I will be pleased to try and answer them.

Very truly yours,

Eugene J. McCabe JUL 25 1978