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INVESTMENT OFFICE

BANK OF AMERICA

ROBERT E. NICHOLS
Vice President
Director of Public Relations

Give example of U.S. credit terms

May 15, 1978

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

Dear Mr. Brinkerhoff:

Your letter concerning the Michigan Regents' new resolution on investment policies relating to South Africa was referred to me while I was out of the city, and this is my first chance to reply.

As I'm sure you appreciate, we are as anxious as you to find realistic solutions to this situation. We most certainly share the Regents' view that the apartheid system is loathsome and that no one sensitive to Western tradition can condone the institutionalized racism that the South African government practices on its non-white population.

Like you we have given considerable thought to the issue, as reflected in the attached reprint from our employee magazine and relevant excerpts from the remarks of our president, A. W. Clausen, to this year's shareholder's meeting.

However, having read the Regents' resolution, and having given extra care in reading the provision about which you raise questions, I must confess I'm at an impasse. There is no way that I can give an answer about our policy -- not because of any unwillingness to respond, but because the questions as posed give me no clue as to the criteria you and the Regents consider proof that would demonstrate, to use the language of the resolution, "that such loans are conditioned upon governmental action that shall tend to end the system of apartheid."

Copout!

If you have some specific criteria of proper and improper credit policies that would not place a private institution in the position of intervening in internal politics of a foreign nation, I would very much

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appreciate seeing them. I can assure immediate and considered review would be given, and at that time perhaps I would be able to give you a more definitive response than I now find possible.

Believe me, we are eager to listen to any suggestions which might offer some prospect of a constructive, peaceful and lasting resolution of this exceedingly complex situation.

NO LOANS; NO FACILITIES

In the interim, I can say that we do not have any loans to the Government of the Republic of South Africa at present, nor do we have any facilities or employees in that country. Moreover, I'm unaware of any plans to make loans to the Government in the near future. As a matter of bank policy, I cannot say that some loan would not be made in the future, because that presumes that conditions never change.

But what about private sector?

Read interview w/ Clausen?

Thank you for informing us of the University's new action, and I look forward to clarification of the questions you put to us.

Sincerely,

Robert E. Nichols

Robert E. Nichols
Vice President and
Director of Public Relations

Brochures: BankAmerican - Some Straight Talk on South Africa
Excerpts of remarks from Annual Shareholders Meeting
BankAmerica Corporation - Code of Corporate Conduct