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COMMITTEE PRINT

Bank Trust Stock Holdings:
Responses to Financial Markets
Subcommittee Questionnaire

COMMITTEE ON FINANCE
UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

SUBCOMMITTEE ON FINANCIAL MARKETS

LLOYD BENTSEN, *Chairman*



JUNE 1976

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**Questionnaire Submitted by Senator Bentsen on September 8,
1975, to the Nation's 29 Largest Bank Trust Departments**

QUESTIONNAIRE

1. What is the total dollar amount of your assets under investment management as of June 30, 1975?

2. What is the dollar amount of the assets you manage over which you exercise investment discretion?

3. What is the dollar amount of the employee benefit funds under your management?

4. What is the dollar amount of the employee benefit funds under your management over which you exercise investment discretion?

5. What percentage of the employee benefit funds under your management are invested in common stocks?

6. Do you have invested in one security more than four percent of (a) your aggregate discretionary employee benefit funds, or (b) total assets over which you exercise investment discretion? If so, please list each such security and the percentage it represents.

7. Are there instances in which (a) the aggregate discretionary employee benefit holdings, or (b) total assets over which you exercise investment discretion amount to more than 8 percent of the company's outstanding shares? If so, what are the names of the companies held and what percentage of the shares outstanding does your holding represent?

8. For each of the companies listed in question 7, please list the names and primary business affiliations of any person who is an officer or director of both that company and of your bank.

9. For each of the companies listed in question 7, please give an indication of whether or not the bank has a commercial relationship with the company, such as a time or demand deposit account averaging \$100,000 or more over the past year, a line of credit of \$1 million or more with the bank during the past 2 years, or a loan outstanding of \$1 million or more from the bank during the past 2 years. If so, please indicate the size of this commercial relationship.

10. Please list the top twenty common stock holdings in your total portfolio,* the dollar amount of each of these holdings, the percentage of your total assets managed that these 20 holdings represent and the percentage of outstanding shares in each of these companies your holdings represent.

11. There has been some concern that the prudent man rule and related fiduciary responsibility provisions in the new pension law (Employee Retirement Income Security Act of 1974) have substantially discouraged or even eliminated direct investments by pension managers, in small and medium size companies, in venture capital investments or indirect investments through venture capital funds. Could you indicate, including data, what impact this new pension

*The data sought are for purposes of comparison with the data compiled in the July 1973, Fortune magazine.

law has had on (a) your venture capital investments (b) diversification of your equity investments, and (c) diversification of the types and amounts of your investments?

29 LARGEST TRUST DEPARTMENTS IN THE UNITED STATES*

Morgan Guaranty Trust Co., 9 West 57th Street, New York, N.Y. 10019.

Bankers Trust Co., 280 Park Avenue, New York, N.Y. 10017.

First National City Bank, 399 Park Avenue, New York, N.Y. 10022.

The Chase Manhattan Bank, N.A., 1211 Avenue of the Americas, New York, N.Y. 10036.

United States Trust Co., 45 Wall Street, New York, N.Y. 10005.

Mellon Bank, N.A., Mellon Square, Pittsburgh, Pa. 15230.

Manufacturers Hanover Trust Co., 600 Fifth Avenue, New York, N.Y. 10020.

The First National Bank of Chicago, One First National Plaza, Chicago, Ill. 60670.

Harris Trust and Savings Bank, 111 West Monroe Street, Chicago, Ill. 60690.

Continental Illinois National Bank, 231 South La Salle Street, Chicago, Ill. 60693.

Bank of America, Bank of America Center, San Francisco, Calif., 94120.

National Bank of Detroit, Woodward and Fort, Detroit, Mich. 48232.

Wilmington Trust Co., 10th and Market Sts., Wilmington, Del. 19801.

Northern Trust, 50 S. La Salle St., Chicago, Ill. 60690.

First National Bank of Boston, 100 Federal St., Boston, Mass. 02110.

Chemical Bank, 20 Pine St., New York, N.Y. 10015.

Bank of New York, 40 Wall St., New York, N.Y. 10015.

Cleveland Trust, 900 Euclid Ave., Cleveland, Ohio 44101.

Wells Fargo Bank, 464 California St., San Francisco, Calif. 94120.

Girard Bank, One Girard Plaza, Philadelphia, Pa. 19101.

Security Pacific National Bank, 333 S. Hope St., Los Angeles, Calif. 90017.

Crocker National Bank, 1 Montgomery Street, San Francisco, Calif. 94104.

Wachovia Bank and Trust Co., Box 3099, Winston-Salem, N.C. 27102.

Irving Trust Co., One Wall Street, New York, N.Y. 10015.

United California Bank, 707 Wilshire Boulevard, Los Angeles, Calif. 90017.

National City Bank, 623 Euclid Avenue, Cleveland, Ohio 44101.

Provident National Bank, 17th and Chestnut Streets, Philadelphia, Pa. 19101.

*Source: Trust Assets of Insured Commercial Banks—1973, Federal Deposit Insurance Corporation.

Mercantile-Safe Deposit and Trust Co., 2 Hopkins Plaza, Baltimore, Md. 21201.

The Fidelity Bank, 135 South Broad Street, Philadelphia, Pa. 19109.

Response of the Morgan Guaranty Trust Co. of New York

1. \$23,525,000,000 as of June 30, 1975.

2. \$17,953,000,000 as of June 30, 1975. This figure includes investment advisory accounts where the client exercises full voting power, may revoke our investment discretion at any time and where, in many cases, our investment discretion is limited by guidelines or objectives determined by the client.

3. \$14,070,000,000 as of June 30, 1975.

4. \$13,178,000,000 as of June 30, 1975.

5. As of June 30, 1975: At book value: 66.6 percent; at market value: 70.8 percent.

6. Yes. As of June 30, 1975 one security (International Business Machines Common) constituted (a) 5.64 percent of aggregate discretionary employee benefit funds (as shown in #4 above) and (b) 5.66 percent of total assets over which the Bank exercises investment discretion (as shown in #2 above).

7. Of a number of stock in which the aggregate total holdings over which the Bank exercises complete investment discretion amounted to more than 8 percent of the shares outstanding, there are listed below those in which the market value of the investment exceed \$150 million as of June 30, 1975 (we do not have voting power as to all such shares):

Issuer	In thousands		
	Total shares outstanding	Aggregate discretionary holdings	Percent of outstanding
International Paper.....	44,141	4,077	9.24
Pepsico, Inc.....	23,723	2,118	8.93
Squibb Corp.....	44,618	3,725	8.35

In the aggregate discretionary employee benefit holdings there are no holdings in excess of \$150 million where we have 8% or more of the Company's outstanding shares.

8. None.

9. The Trust and Investment Division of the Bank does not have the information called for by this question. Such information is maintained by the General Banking Division of the Bank. However, no response will be made to this question because our obligation of confidentiality to clients does not permit voluntary disclosure by the Bank of our business relationships with them.

10. Top 20 common stock holdings:

TOP 20 COMMON STOCK HOLDINGS IN TOTAL PORTFOLIO¹
JUNE 30, 1975

[Share and dollar amounts in thousands]

Security	Total shares outstanding	Shares held	Percent of outstanding shares	Dollar amount held	Percent of total assets
International Business Machines.....	148,259	6,452	4.35	\$1,348,541	5.73
Eastman Kodak Co.....	161,586	8,456	5.23	873,119	3.71
American Home Products Corp.....	166,479	9,294	5.58	388,019	1.65
Procter & Gamble Co.....	82,346	3,878	4.71	380,480	1.62
Sears, Roebuck & Co.....	157,279	5,185	3.30	380,429	1.62
Exxon Corp.....	223,645	3,640	1.63	336,720	1.43
Schlumberger Ltd.....	55,102	3,855	7.00	335,620	1.43
General Motors Corp.....	287,617	5,589	2.08	291,960	1.24
S. S. Kresge Co.....	117,180	8,819	7.53	283,314	1.20
Coca Cola Co.....	59,849	2,913	4.87	263,948	1.12
International Paper Co.....	44,141	4,777	10.82	243,613	1.04
Merck & Co., Inc.....	75,389	2,683	3.56	228,024	.97
Citicorp.....	123,467	5,884	4.77	226,532	.96
Halliburton Co.....	19,220	1,172	6.10	219,668	.93
Philip Morris, Inc.....	55,012	4,066	7.39	217,008	.92
Xerox Corp.....	78,680	3,038	3.86	213,015	.91
American Express Co.....	71,531	4,332	6.06	188,421	.80
J. C. Penney Co., Inc.....	59,500	3,037	5.10	176,138	.75
McDonalds Corp.....	39,843	3,064	7.69	174,628	.74
Dow Chemical Co.....	98,184	1,893	1.93	169,915	.72
Total.....				6,939,112	29.49

¹ We do not have voting power as to all such shares.

11. The Prudent Man Rule established by ERISA reflects to a great extent the philosophy and the policies of this Division. In making investments for our clients we have always considered ourselves as fiduciaries, bound to a strict accountability for such investments.

In testimony before the subcommittee on July 25, 1973, Mr. Samuel R. Callaway, the former head of the Trust & Investment Division, emphasized the extent of our investment in smaller companies. Mr. Callaway related to the attractiveness of such investments to the risks attendant thereto and reported our decision to invest through commingled funds. Investment in smaller companies is made on the same basis as investment in larger companies: careful analysis of the financial record of the company, up-to-date estimates of the income of the company, trade checks, assessment of management and consideration of the future of the business.

Mr. Callaway further testified that in 1961 we created our Special Situation-Equities commingled fund to invest in smaller companies, defined as those with market capitalization of up to \$100 million. Later we established a fund to specialize in small-to-medium-size companies, those with total market capitalization between \$100 million and \$500 million.

The Commingled Pension Trust Fund (Special Situation Investments-Equities) at June 30, 1975 had assets with a total market value of \$556 million representing investments in 190 different smaller companies. The fund for intermediate size companies had \$580 million divided among 117 companies.

In the first nine months of 1975 we put more than \$50 million into stocks of the Equities fund compared to something over \$12 million in the same period 1974. Investment in medium-size companies through the Intermediate Capitalization Equities fund (ICE) amounted to

\$119 million in the 1975 period compared to \$24 million in 1974. The first nine months of 1975 showed initial investments made in 40 companies through the Equities Fund and 48 companies in the ICE fund.

We do not anticipate any major shift in the policies and philosophy under which this Division has invested pension clients' money. We are concerned by interpretations of ERISA which project highly restrictive investment policies. We view the Prudent Man Rule as a rule of conduct for the proper acts of trustees.

Trustees who have acted under well drafted plans and thrust agreements, who have adhered to traditional fiduciary concepts, with advice and guidance of competent counsel, should have little reason to be concerned by the imposition of the Prudent Man Rule.

We believe it is impossible to define what is prudent in a given situation by means of specific rules or regulations. Consequently, we believe it would be unwise to issue regulations interpreting "prudence."

The statute requires diversification to minimize the risk of large losses, unless it is clearly prudent not to do so. New York Trust Law has not required diversification as a factor in determining prudence. However, we believe that our accounts have been invested with appropriate regard for diversification and we do not anticipate any need to change our investment approach. As discussed in an earlier paragraph the investments made this year illustrate our continuing interest in small and medium size companies. Trustees should not be subject to a regulatory straitjacket in creating the portfolio mix but should be free to adjust the portfolio to the opportunities they see in the changing investment climate.

Response of the Bankers Trust Co.

BANKERS TRUST Co.,
NEW YORK, N.Y., *September 23, 1975.*

Senator LLOYD BENTSEN,
Committee on Finance, U.S. Senate, Washington, D.C.

Dear SENATOR BENTSEN: This is in reply to your letter of September 8 and the attached questions addressed to Malcolm A. Stevenson, which has been referred to me as head of the Investment Department. I am enclosing a copy of our "1974 Review Trust and Investment Departments." * These are the latest complete figures available.

With respect to questions 1 through 5, see table on page 9. Of total holdings, roughly half are fully discretionary. About 70% of total holdings are employee benefit funds.

With respect to questions 6 through 10, I direct your attention to page 9 and particularly the final column on each page "Voteable Shares as Percent of Outstanding Stock" which indicates our fully discretionary holdings. IBM would appear to be the only company in excess of 4% of our total discretionary holdings. Also, there are only two holdings which exceed 8% of the company's outstanding stock, and in both cases these are inherited personal trust holdings. I do not have access to our commercial banking relationships with any portfolio company.

The answer to question 11 is, "not significantly."

Sincerely yours,

Q. U. FORD.

*Excerpts are included in this volume.

**EXCERPTS FROM THE 1974 REVIEW TRUST AND INVESTMENT
DEPARTMENTS****INVESTMENT HOLDINGS**

The assets under administration by the Employee Benefit Division, the Personal Trust Division and the Investment Advisory Division totaled \$14.5 billion at the end of 1974. Of this amount, \$8.0 billion, or 55 percent, was represented by equity securities and \$6.5 billion, or 45 percent, by fixed income investments.

During 1974 the United States economy was subjected to unprecedented strains which were fully reflected in the securities markets. The inflationary and recessionary trends that were evident in 1973 were exacerbated by the explosion in oil prices. During the year the growth of the nation's money supply was restricted to a rate well below the rate of price increases, thus severely restricting real purchasing power. The resultant fall off in final demand was a major factor in the acceleration of recessionary trends in the economy that became apparent late in the year. While a strong recovery in equity prices was under way at year end, 1974 will rank as one of the worst years in this century for stock holdings.

In this context, investment policy in 1974 of the three major investing divisions—Employee Benefit, Personal Trust and Investment Advisory—was characterized by an increased commitment to fixed income securities. In such a changed investment environment, Bankers Trust Company's bond and short term money management skills proved particularly valuable and cash reserves as an investment vehicle were a significant factor in the bank's relative performance achievement. Fully discretionary tax exempt employee benefit funds, as an example, typically held 50-60 percent in equities and 40-50 percent in fixed income securities, and showed overall declines in assets for the year of 20-25 percent. An asset diversification for these funds, including industry diversification of common stocks for the last four year ends, follows:

EMPLOYEE BENEFIT INVESTMENT DIVISION DIVERSIFICATION OF DISCRETIONARY HOLDINGS AT MARKET VALUE
AS OF DEC. 31, 1971-74

[In percent]

	December 31—			
	1974	1973	1972	1971
Temporary investments.....	12.5	7.3	6.2	4.3
Intermediate and long-term fixed income investments.....	31.9	20.9	15.2	21.3
Common stocks:				
Air transport.....	.2	.5	.9	1.6
Auto.....	.2	.6	2.2	1.8
Building.....	1.1	.8	.9	2.2
Business equipment.....	6.9	9.8	10.0	9.8
Chemical.....	3.5	1.9	1.4	1.2
Cosmetics.....	.4	1.0	2.7	3.6
Drug and household products.....	10.6	13.0	11.1	8.8
Electrical equipment.....	3.3	5.0	5.0	5.0
Financial.....	1.5	1.0	1.1	.9
Food and beverage.....	1.3	2.1	2.6	2.2
Hotels and restaurants.....	.4	.9	1.9	1.5
Insurance.....	1.1	1.4	1.7	1.3
Leisure.....	.2	.6	2.2	1.6
Machinery.....	1.1	.8	.3	.4
Metals.....	1.1	1.1	.2	.1
Oil.....	8.4	9.1	4.5	2.5
Photographic.....	.8	2.6	3.4	2.7
Public utility.....	2.0	2.1	2.6	1.0
Retail trade.....	1.1	.9	1.7	2.7
Transportation.....	1.1	.6	.6	1.0
All other.....	4.0	6.0	6.0	6.3
Supplemental equity fund.....	5.3	9.2	15.6	16.2
Total common stocks.....	55.6	71.8	78.6	74.4
Grand total.....	100.0	100.0	100.0	100.0

BANKERS TRUST CO. COMMON STOCK HOLDINGS OVER \$5,000,000 AS OF DEC. 31, 1974

Company name	Market value (in millions)				Shares held		
	Total	Breakdown by—			Total Shares (in thousands)	Percent of outstanding shares	Voteable ¹ shares at percent of outstanding stock
		Employee benefit	Personal trust	Investment advisory			
International Business Machines Corp.....	\$671.2	\$426.5	\$172.8	\$71.9	3,995	2.7	1.9
American Telephone & Telegraph Co.....	549.5	506.7	39.5	4.2	12,339	2.1	.4
Mobil Oil Corp.....	254.5	237.2	15.2	2.0	7,071	6.8	1.2
Merck & Co., Inc.....	202.3	124.2	60.0	17.9	3,048	4.0	2.5
Lilly (Eli) & Co.....	162.9	142.5	12.6	7.8	2,396	3.4	1.5
Eastman Kodak Co.....	136.7	71.8	47.9	16.9	2,175	1.3	.8
Exxon Corp.....	130.6	67.0	54.1	9.4	2,023	.8	.5
American Home Products Corp.....	124.0	75.2	36.0	12.7	3,730	2.3	1.8
Burroughs Corp.....	116.1	91.8	13.2	11.1	1,538	3.9	2.6
Johnson & Johnson.....	105.8	79.4	13.2	13.1	1,308	2.2	1.6
Atlantic Richfield Co.....	98.2	87.3	8.1	2.7	1,083	2.3	1.6
Minnesota Mining & Manufacturing Co.....	94.0	55.3	29.0	9.6	2,038	1.7	1.3
Dow Chemical Co.....	91.0	73.2	12.3	5.5	1,656	1.7	1.3
Continental Oil Co.....	89.9	81.1	5.8	2.9	2,015	3.9	.5
Xerox Corp.....	83.2	68.0	7.6	7.5	1,616	2.0	1.1
Avon Products Inc.....	82.4	16.0	40.9	25.5	2,867	4.9	3.0
General Electric Co.....	80.6	32.0	36.8	11.7	2,416	1.3	.8
Schlumberger Ltd.....	72.2	69.8	1.4	.9	669	1.8	1.1
Weyerhaeuser Co.....	71.7	65.7	2.7	3.2	2,620	2.0	.8
Philip Morris, Inc.....	67.9	59.7	.6	7.4	1,414	2.5	1.2

¹ Includes shared voting power.

Response of the First National City Bank

1. \$15.644MM.*
2. \$10.192MM.
3. \$7,691MM.
4. \$6,538MM.
5. 58.8 percent.
6. Total Discretionary Assets Percent of Discretionary Equity Holdings:

IBM	8.96
Merck	4.46
Xerox	4.36
7. Total Discretionary Holdings—Doubleday & Co.: 8.66 percent of shares outstanding.
8. None.
9. See John W. Heilshorn letter to Senator Lloyd Bentsen, dated September 15, 1975.**
10. Top 20 common stock holdings:

Top 20 holdings	Amount (millions)	As percent of total assets under management	As percent of outstanding shares in the company
1. International Business Machines Corp.....	\$606	3.8	2.5
2. Merck & Co., Inc.....	272	1.7	5.5
3. Xerox Corp.....	269	1.7	6.6
4. Eastman Kodak Co.....	247	1.6	2.4
5. Johnson & Johnson.....	212	1.4	4.6
6. Atlantic Richfield Co.....	194	1.2	4.6
7. Eli Lilly and Co.....	175	1.1	3.7
8. General Electric Co.....	155	1.0	2.5
9. Exxon Corp.....	153	1.0	1.1
10. Minnesota Mining and Manufacturing Co.....	151	1.0	3.0
11. S. S. Kresge Co.....	140	.9	5.3
12. Sears, Roebuck & Co.....	136	.9	1.8
13. The Coca-Cola Co.....	136	.9	4.3
14. Caterpillar Tractor Co.....	136	.9	4.9
15. Texas Instruments Inc.....	119	.8	7.7
16. J. C. Penney Co., Inc.....	106	.7	3.4
17. American Home Products Corp.....	104	.7	2.0
18. Hewlett-Packard Co.....	100	.6	6.2
19. Philip Morris Inc.....	95	.6	3.6
20. Schering-Plough Corp.....	93	.6	3.3
Total.....		23.1	

11. With respect to investment policy, Citibank's compliance with the prudent man rule and our fiduciary responsibility has not changed as a direct result of ERISA; our gradually increasing emphasis on diversifying investments has been more the result of our assessment of trends in the securities markets and changes in the investment environment. As an example, over 1½ years ago (in February, 1974) George M. Lingua described our established funds for investing in smaller capitalized companies in the testimony quoted below:

"The first Supplemental Fund was started over 10 years ago as a vehicle primarily to invest in smaller companies. It is now close to ½ billion dollars in market value, and was well above that level before the 1973 market slide. It is now a vehicle well suited to investment in a broad bank of medium size and larger companies, including some

*All numbers are as of Dec. 31, 1974.

**See p. 11.

of the so-called lower tier, for which there may be very good potential for earnings growth or recovery, but also a lesser degree of predictability or confidence that the potential will be realized in each individual case.

The Special Equity Fund is not quite two years old, has a potential far beyond its present size. This fund is specifically oriented to smaller, expanding companies. These commingled or pooled vehicles have the great advantages of (1) broad diversification of risks and (2) equalizing the investment experience of all participating pension trusts over given time periods.

Our investment selection criteria, as adapted for candidates for this funds, are summarized in Exhibit III. (Investment criteria are listed below.) We believe they are reasonable, and we are eager to find and invest in smaller companies which fit these criteria in sufficient combination and degree."

Investment Criteria: *

- (a) Competent, experienced management (especially financial management).
- (b) Products/services with proprietary or distinctive characteristics, and outstanding demand growth potential.
- (c) Demonstrated innovativeness, productivity of research.
- (d) Effective marketing, distribution system.
- (e) Manageable production costs and capital costs.
- (f) Quality of "Wall Street" sponsorship (investment banking, underwriting, market marking; continuing interest in and knowledge of company).

We are continuing to invest in companies of smaller capitalization through the pooled funds as outlined by Mr. Lingua. In addition, portfolio diversification is achieved through the following:

Addition of names to existing approved investment lists. We are continually evaluating industries and companies that may represent investment opportunities, however, any addition must meet our investment selection criteria.

Investment in high quality fixed income vehicles. The recent increase in this category represents a more balanced, long-range investment approach, in efforts to minimize the impact of extreme volatility in the securities markets.

Equity diversification among industry sectors, including technology, consumer services, basic industry and utility.

Investment in high quality real estate and direct placement issues. We are developing our capabilities in these areas. Use of foreign securities is also being studied as another investment alternative.

SEPTEMBER, 15, 1975.

DEAR SENATOR BENTSEN: We have your letter of September 8th and will, of course, be pleased to comply with your request for the information outlined in your questionnaire.

We are not in a position, however, to respond to Question #9. Citibank's conflict of interest policy requires that none of our Trust Department staff have access to information on the existence or extent of the commercial relationship with any of the Bank's customers (see

*Source: Exhibit III, Commingled Special Equity Fund.

attached copy of "Conflicts of Interest" section excerpted from our Policy Manual). I suspect that most trust departments follow the same procedures in adhering to the "Chinese Wall" principle and, hence, your subcommittee may not be successful in developing all of the information you seek. Recognizing that this is a common practice in the business, you may wish to raise the question with your staff of the appropriateness of seeking this information from other bank trust departments.

This gratuitous observation on my part is in response to your suggestion at the dinner held at the Links Club last June that we adopt an attitude of complete candor in our relationship with Washington, particularly your office.

Sincerely,

JOHN W. HEILSHORN.

Enclosures.

IMG/COMMERCIAL AREAS OF BANK

You are all familiar with Citibank's Conflict of Interest statement and the fact that a lending officer may receive material insider information from a corporate borrower to assist him in evaluating a proposed loan. As a matter of policy, such information is highly restricted to those who need to know it. IMG personnel are strictly prohibited any access to such information. This prohibition applies with equal force to informal as well as formal communications.

It is also inappropriate for IMG personnel to discuss or exchange information regarding any particular issuer of securities with personnel from the commercial lending areas of the Bank. The integrity of the separation between the IMG and the commercial areas of the Bank is best preserved if communications between IMG and lending personnel do not involve specific companies. Utilization of the Investment Library for industry data by commercial lending officers, however, is permissible. For the same reason, attendance at investment research meetings and the distribution of investment material on specific companies are limited to IMG personnel, absent the specific approval of the head of the Investment Research Department.

The foregoing principles are applicable at all times with respect to communications to or from members of the Investment Management Group whether written or verbal.

Response of the Chase Manhattan Bank, N.A.

1. \$7,565,000,000. Represents values reported to Comptroller of the Currency for the year 1974. (Includes sole and shared investment responsibility).
2. \$4,987,000,000. Includes only accounts over which we have sole investment responsibility.
3. \$3,532,000,000. Includes only those accounts over which we have sole or shared investment responsibility.
4. \$3,391,000,000. Includes only those accounts over which we have sole investment discretion.

5. 74.6 percent. Includes only those accounts over which we have sole or shared investment responsibility. (#3 above)

6. (a) Yes. International Business Machines Corp.=4.04 percent. Note: Based on holdings as of December 31, 1974.

(b) Yes. International Business Machines Corp.=4.71 percent. Exxon Corp.=4.24 percent. Note: Based on holdings as of December 31, 1974.

7. Hickory Farms, Ohio, 8.03 percent; P. R. Mallory & Co., Inc., 8.12 percent; and Unitog, Inc., 9.15 percent. Note: Based upon December 31, 1974 holdings excluding privately held non-publically traded companies.

8. None.

9. The Trust and Fiduciary Investment Departments have no knowledge of any relationships or transactions of the companies listed in the response to question #7 with the commercial side of the Bank. The Bank maintains a policy which prohibits the exchange of information between the Trust and Investment Departments and the commercial side of the Bank concerning respective account relations and information developed for credit or investment purposes.

10. From the December 31, 1974 Report—Combined Holdings.

	Amount (millions)	Percent shares outstanding	Portfolio percent total
1. Exxon Corp.....	\$369	2.6	4.9
2. International Business Machine.....	367	1.5	4.9
3. Standard Oil Co. of Indiana.....	146	2.4	1.9
4. Eastman Kodak Co.....	106	1.0	1.4
5. Atlantic Richfield Co.....	106	2.5	1.4
6. American Telephone & Telegraph Co.....	100	.4	1.3
7. Merck & Co., Inc.....	100	2.0	1.3
8. Mobil Oil Corp.....	88	2.4	1.2
9. Standard Oil Co. of California.....	78	2.0	1.0
10. Xerox Corp.....	65	1.6	.9
11. S. S. Kresge Co.....	65	2.5	.9
12. General Electric Co.....	63	1.0	.8
13. International Paper Co.....	59	3.7	.8
14. Dow Chemical Co.....	59	1.2	.8
15. J. P. Morgan & Co., Inc.....	58	3.1	.8
16. American Home Products Corp.....	54	1.1	.7
17. Lilly (Eli) & Co.....	48	1.0	.6
18. Johnson & Johnson.....	47	1.0	.6
19. Citicorp.....	43	1.2	.6
20. Sperry Rand Corp.....	42	4.4	.6
Total.....	2,063		27.4

11. (a) None. (b) None. (c) None.

In reference to your request for a copy of the quarterly report of security transactions filed with the Comptroller of the Currency, we have not maintained the tape from which previously filed reports have been produced. These reports on average consist of approximately seven hundred pages involving about 30,000 transactions. In the event that you wish a copy of the report for the quarter period ending September 30 (due to be filed on November 1) we will be pleased to provide you with a copy upon request.

The Trust Department and Chase Investors Management Corporation New York have published periodic reports of holdings since March of 1974.

Response of the United States Trust Co. of New York

1. \$13.5 billion, including not only funds where we are investment manager and custodian, but funds where we are investment adviser but not custodian.

2. \$1.4 billion.

3. \$3.5 billion.

4. \$3.1 billion.

5. 77 percent.

6. (a) According to our estimate, International Business Machines common stock amounts to about 4.75 percent of our aggregate discretionary employees benefit funds. Note that some of these holdings were received as opposed to purchased by United States Trust Co.

(b) We estimate that International Business Machines common stock amounts to about 8.47 percent of the total assets over which we exercise investment discretion. In addition, EXXON common stock amounts to about 4.27 percent of the total assets over which we exercise investment discretion. Again, some of these holdings were received from the grantors as opposed to purchased by United States Trust Company.

7. Yes. The names of the companies and the percentage of shares we hold in each category of discretionary accounts are as follows:

(a) Instances in which our aggregate discretionary employee benefit holdings amount to more than 8 percent of a company's outstanding shares:

Name of company:	<i>Percentage of outstanding shares of common or capital stock held in discretionary accounts</i>
Hudson Pulp & Paper.....	8.57
WUI Inc.....	9.81

(b) Instances in which the total assets over which we exercise investment discretion amount to more than 8 percent of the company's outstanding shares:

WUI Inc.....	10.33
Hudson Pulp & Paper.....	8.57
White Martha Foods Inc.....	10.50
Prentice Hall Inc.....	9.65
A. T. Cross & Co. Inc. Class A.....	8.37
Aspen Skiing Corp.....	14.38

8. None of the officers or directors of any company listed in Question 7 is an officer or director of the United States Trust Company.

9. Information generated by a commercial banking relationship is not available to Trust Department personnel.* This general banking practice and the confidential nature of our customer relations, render us unable to answer this question.

10. The twenty largest common stock holdings including holdings where we have no responsibility for investment management and the additional data requested are detailed below:

*The term "trust department" as used is interpreted as referring collectively to all the departments which manage accounts for which the Trust Company has investment management responsibility, whether fiduciary or agency accounts, and whether discretionary or non-discretionary.

Name of company	Estimated market value as of June 30, 1975	Percent of assets under investment management	Percent of outstanding shares
International Business Machines Corp.....	\$713, 257, 435	5.28	2.30
Exxon Corp.....	328, 160, 677	2.43	1.58
Eastman Kodak Co.....	297, 002, 858	2.20	1.78
Proctor & Gamble Co.....	210, 760, 921	1.56	2.60
Minnesota Mining & Manufacturing Co.....	186, 468, 379	1.37	2.42
Dow Chemical Co.....	169, 178, 660	1.25	1.91
Sears, Roebuck & Co.....	166, 259, 458	1.22	1.43
Xerox Corp.....	149, 286, 868	1.10	2.68
Merck & Co.....	135, 389, 615	1.00	2.11
American Home Products Corp.....	129, 685, 320	.96	1.86
Burroughs Corp.....	120, 215, 356	.88	2.86
General Electric Co.....	104, 753, 272	.78	1.08
Avon Products, Inc.....	94, 477, 737	.69	3.42
American Telephone & Telegraph Co.....	93, 387, 828	.69	.32
Economics Laboratory, Inc.....	91, 866, 937	.68	22.61
Weyerhaeuser Co.....	90, 233, 648	.67	1.70
Black & Decker.....	85, 844, 577	.63	6.05
Phillips Petroleum Co.....	87, 756, 133	.65	1.93
Du Pont De Nemours, E. I. Co.....	87, 568, 568	.65	1.42
Bristol Myers Co.....	87, 393, 972	.64	4.04
Black & Decker Manufacturing Co.....	85, 844, 577	.63	6.05

The percentage listings merely compare the following data:

(a) In the first percentage column (Percent of Assets Under Investment Management) the dollar amount of each of the top twenty holdings (which include holdings where we have no responsibility for investment management) is shown as a percent of assets under investment management.

(b) The second percentage column indicates what percent of the shares outstanding the dollar amount in the first column represents.

Since the top twenty holdings include large amounts of nondiscretionary stock, we point out that neither percentage measurement appears particularly meaningful.

11. (a) Where appropriate, we may purchase shares in corporations which are not among the largest, and which we expect will achieve substantial growth over a long term. However, it has not been our practice to use fiduciary funds as venture capital.

(b) In our view, diversification has always been an important consideration. Hence, we expect the new law to have little impact on the diversification of our equity investments.

(c) Diversification of investments is required by our policy. Recently, we have slightly increased the proportion of fixed income securities. However, this increase is not a result of the new pension law.

Response of the Mellon Bank, N.A. of Pittsburgh, Pa.

1. \$7,667,000,000 Market Value as of June 30, 1975.
2. \$4,407,000,000 Market value as of June 30, 1975.
3. \$3,782,000,000 Market value as of June 30, 1975.
4. \$2,786,000,000 Market value as of June 30, 1975.
5. 58.4 percent.
6. No.
7. Yes.

If so, what are the names of the companies held and what percentage of the shares outstanding does your holding represent.

Company name:

	<i>Percentage of shares outstanding</i>
Nalco Chemical	9.75
Mellon National Corp	8.46

Name	Position in company	Position in Mellon Bank
Nalco Chemical	None	None.
Mellon National Corp:		
James H. Higgins	Chairman	Chairman.
Curtis E. Jones	President and director	President and director.
J. David Barnes	Vice president	Senior vice president.
Charles B. Jarrett, Jr.	Vice president and counsel	Vice president and counsel.
G. Christian Lantzsch	Vice president and treasurer	Senior vice president and chief financial officer.
John F. Hyle	Secretary	Corporate secretary.
Frederick P. Banyard	Assistant treasurer	Assistant comptroller.
John M. Arthur	Director	Director.
Robinson F. Barker	do	Do.
Fletcher L. Byron	do	Do.
Samuel B. Casey, Jr.	do	Do.
John Corcoran	do	Do.
B. R. Dorsey	do	Do.
John A. Mayer	do	Do.
Paul Mellon	do	Do.
Seward Prosser Mellon	do	Do.
Nathan W. Pearson	do	Do.
William H. Rea	do	Do.
Willard F. Rockwell, Jr.	do	Do.
John T. Ryan, Jr.	do	Do.
Richard M. Scavia	do	Do.
William R. Snyder III	do	Do.
James W. Wilcock	do	Do.

9. On advice from counsel, the Trust Department is not entitled to such bank information. This question can and should be answered by Mr. G. C. Lantzsch, Senior Vice President and Chief Financial Officer of Mellon Bank, N.A.

10. Top 20 common stock holdings:

Name of company	Market value (millions)	Percent of managed assets	Percent of outstanding shares
GuH Oil Corp	\$462	6.0	10.42
International Business Machines	261	3.4	.84
Mellon National Corp	178	2.3	35.93
Aluminum Co. of America	166	2.2	10.14
H. J. Heinz	155	2.0	20.01
Exxon Corp	127	1.7	.61
Continental Oil Co	121	1.6	3.57
Eastman Kodak Co	120	1.6	.72
Armco Steel Corp	105	1.4	12.47
American Home Projects Corp	86	1.1	1.35
American Telephone and Telegraph Co	82	1.1	.28
General Reinsurance Corp	81	1.1	8.86
Sears, Roebuck and Co	69	.9	.59
Nalco Chemical Co	69	.9	10.51
Merck & Co., Inc.	67	.9	1.05
S. S. Kresge Co	66	.9	1.71
General Motors Corp	62	.8	.45
Burroughs Corp	54	.7	1.27
General Electric	48	.6	.60
Caterpillar	47	.6	1.60
Total		31.8	

11. The enactment of ERISA occurred so recently we feel it would be premature to draw any definite conclusions regarding the impact of the new pension law. We offer the following comments about trends

we have noticed since the enactment, but also point out that some of these trends became evident before the passage of ERISA.

A. *Venture Capital Investment.*—We have a commingled equity fund for Employee Benefit accounts which invests primarily in small and medium sized companies as well as limited participation in venture capital investments. This fund over the past five years has not achieved a satisfactory rate of return and has therefore not lived up to our expectations. Before ERISA, we had concluded to upgrade the overall quality of the fund by reducing the exposure to venture capital situations and emphasizing commitments to larger capitalization companies. Since the enactment of ERISA, some pension customers have questioned the advisability of investing their accounts in this fund in view of their fiduciary responsibilities under the new law. Several companies have directed us to either reduce or eliminate their participation.

B. *Diversification of Equity Investments.*—Since the beginning of 1974 the concept of increased diversification of equity holdings has developed among investment managers as opposed to concentration among fewer names which prevailed in 1971-72. Thus, there was a trend toward diversification prior to the enactment of ERISA. We began to diversify our equity investments almost two years ago, as a result of an investment strategy decision, primarily by participating in a larger number of industries. The number of names held in a portfolio has increased modestly and our larger commitments to certain industries and individual companies has been reduced.

C. *Diversification of the Type and Amounts of Investments.*—As the result of the low returns attained from common stocks in recent time periods, and especially during the 1973-74 bear market, investment managers have been giving increased attention to the asset mix of their portfolios. After an analysis of the rates of return provided by various assets, investment managers as well as corporate pension officers concluded that there probably should be a lesser reliance on common equities in a total pension portfolio and more emphasis placed on other assets which provide a reasonable return with less volatility. We adopted a policy over a year ago to reduce our commitment to equities in a large, diversified pension portfolio over time. This strategy could be altered by future changes in the relative attractiveness of various asset groups.

The enactment of ERISA and the concept of diversification among asset groups will probably reinforce this trend, which has already begun, toward reducing the commitment to equities.

CONFIDENTIAL SURVEY OF CORPORATE PENSION TRUST HOLDINGS OF SECURITIES ISSUED BY THE UNITED STATES
AND BY FEDERAL AGENCIES REF. NO. 001

NUMBER OF CORPORATE PENSION TRUST FUNDS ADMINISTERED

Issue	Ref. no.	Face amount (round to thousand)
U.S. OBLIGATIONS		
Treasury bills maturing in:		
Regular:		
July 1975.....	007	4,065
August 1975.....	008	4,765
September 1975.....	009	5,260
October 1975.....	010	7,300
November 1975.....	011	2,010

**CONFIDENTIAL SURVEY OF CORPORATE PENSION TRUST HOLDINGS OF SECURITIES ISSUED BY THE UNITED STATES
AND BY FEDERAL AGENCIES REF. NO. 001—Continued**

NUMBER OF CORPORATE PENSION TRUST FUNDS ADMINISTERED—Continued

Issue	Ref. no.	Face amount (round to thousand)
U.S. OBLIGATIONS—Continued		
Treasury bills maturing in—Continued		
Notes:		
7½ percent November 76-N.....	089	5,600
8 percent, February 77-A.....	090	100
7½ percent, April 77-H.....	118	8,980
7½ percent, May 78-D.....	110	13,000
Bonds:		
8½ percent, May 90.....	151	3,500
8½ percent, May 00-05.....	179	2,900
Total face value.....	29X	57,480
OTHER GUARANTEED OBLIGATIONS		
Farm Home Administration:		
Insured notes:		
8½ percent, July 85.....	388	998
WASR METRO BDS		
7.75 percent July 13-C.....	407	750
Partic Cert:		
Ex-im Bank.....		
FHLMC certificates: 8.20 percent, March 05.....	420	10
434	1,100	
FLB Bds:		
5.70, percent July 1975.....	454	100
8.70, percent January 1978.....	476	400
9.15 percent, July 1978.....	481	250
7.15 percent, July 1979.....	490	800
8.10 percent, July 1985.....	509	1,000
Farm Cr Banks: Discount notes.....		
562	2,100	
FNMA:		
Discount notes.....		
10 percent June 1976.....	565	1,000
4½ percent, February 1977.....	580	500
6.40 percent, September 1979.....	589	5
8 percent, December 1983.....	610	1,000
631	1,000	
FHLB:		
Discount notes bonds:		
7½ percent, August 1975-H.....	680	400
9.10 percent, November 1975-L.....	637	240
FHLB		
8.65 percent, February 1979-B.....	720	1,500
9.45 percent, February 1979-D.....	721	740
8.65 percent, May 1979-E.....	723	740
9.50 percent, August 1979-C.....	726	200
Total face value.....	79X	13,968
Grand total face value.....	7XX	71,448

Response of the First National Bank of Chicago

1. \$6,006,000,000.
2. \$1,950,981,023.
3. \$3,586,000,000.
4. \$1,201,310,000.
5. 63.8 percent.
6. None.
7. None.
8. None.
9. None.

10. Top 20 common stock holdings:

	Market value of holdings	Percent of total assets managed	Percent of outstanding shares
1. Standard Oil (Indiana).....	\$585,537	9.65	9.57
2. International Business Machines.....	166,517	2.75	.67
3. Caterpillar Tractor.....	164,843	2.72	5.94
4. Schering—Plough.....	124,806	2.06	4.41
5. Federated Department Stores.....	96,270	1.59	8.39
6. Exxon.....	88,971	1.47	.61
7. First Chicago.....	80,134	1.32	11.79
8. Minnesota Mining & Manufacturing.....	64,031	1.06	1.22
9. Atlantic Richfield.....	51,833	.85	1.22
10. Xerox.....	44,742	.74	1.09
11. Sears, Roebuck.....	44,537	.73	.58
12. Whirlpool.....	43,437	.72	8.10
13. Starling Drug.....	43,034	.71	3.05
14. General Motors.....	42,646	.70	.48
15. General Electric.....	42,340	.70	.69
16. Texas Utilities.....	41,128	.68	3.20
17. American Telephone & Telegraph.....	40,373	.67	.16
18. Baxter Laboratories.....	39,567	.65	3.90
19. American Home Products.....	36,587	.60	.70
20. Johnson & Johnson.....	33,021	.54	.71
Total.....		30.91	

11. There has been some concern that the prudent man rule and related fiduciary responsibility provisions in the new pension law (Employee Retirement Income Security Act of 1974) have substantially discouraged or even eliminated direct investments by pension managers, in small and medium size companies, in venture capital investments or indirect investments through venture capital funds. Could you indicate, including data, what impact this new pension law has had on (a) your venture capital investments (b) diversification of your equity investments and (c) diversification of the types and amounts of your investments.

a. As an investor who has been governed by the Prudent Man Rule of the State of Illinois, we have consistently felt an obligation to diversify the assets under our management. We have diversified these assets between major classes of securities such as common stocks, fixed income securities, real estate and various venture capital investments. We have invested approximately 11½ million dollars in venture capital investments, both directly through our own venture capital activities as well as indirectly through several venture capital funds.

We believe that we have been prudent in committing a very small percentage of our assets to venture capital, and believe that this was not in conflict with previously existing state Prudent Man rules. We do not believe that this position should be changed as a result of the adoption of the Federal Prudent Man Rule and related fiduciary responsibility provisions in the new pension law.

If subsequent interpretations of the Pension Reform Act were to place limitations on venture capital activities such as those which we

have undertaken we would then believe that some specific legislation authorizing this type of investment would become necessary.

b. We have historically placed great emphasis on the diversification of our equity investments so as to avoid concentration in any type or size of company. Accordingly, the new Pension Reform Act has resulted in no meaningful change in what was already a diversified equity portfolio.

c. We have continued to diversify our portfolios across types of investment (equities, bonds, real estate and cash equivalents, along with the modest venture capital investment described above) and have varied this diversification based on our expectations for return from each segment.

TRUST DEPARTMENT ANNUAL REPORT—FOR THE YEAR 1974, THE FIRST NATIONAL BANK OF CHICAGO

Assets	Market value (omit cents)						Total (1)+(2)+(3)+ (5)+(6) (7)
	Trusts and estates				Agencies		
	Employee benefit ¹	Personal trusts ²	Estates ²	Sub-total (2)+(3)	Employee benefit ¹	All others	
	(1)	(2)	(3)	(4)	(5)	(6)	
U.S. Government and Agency obligations.....	202,493,966	31,829,697	7,461,997	39,291,694	9,761,808	20,232,267	271,779,735
State, County and Municipal obligations.....	14,765	267,392,018	8,359,487	275,751,505	369,460	83,851,428	359,887,158
Other obligations.....	899,476,738	179,960,525	22,336,686	202,297,211	55,650,178	96,844,667	1,254,268,794
Common stocks.....	2,080,797,893	1,135,827,278	23,088,402	1,158,915,680	208,013,573	338,817,947	3,786,645,093
Preferred stocks.....	25,668,387	31,073,561	1,477,711	32,551,272	2,318,714	6,901,140	67,439,513
Real estate mortgages.....							
Real estate.....		48,189,972	1,895,033	50,085,005	3,725,118	106,373,577	158,733,700
Savings and loan association accounts.....		174,166	137,279	311,445		13,393	324,838
Time deposits own bank.....	5,478,650	312,223	789,312	1,101,535	350,000	23,927,537	30,857,722
Time deposits other banks.....	4,775,000	8,112,648	3,232,816	11,345,464	1,373,000	4,381,071	21,874,535
Demand deposits own bank.....	16,230,024	5,006,785	632,233	5,639,018	486,645	410,148	22,765,835
Demand deposits other banks.....	259,534	100,000		100,000			359,534
Miscellaneous.....	57,126,141	14,993,577	2,724,546	17,718,123	10,974,709	4,222,349	90,641,322
Total assets.....	3,292,321,098	1,722,972,450	72,135,502	1,795,107,952	292,573,205	686,075,524	6,066,077,779
Total number of accounts.....	520	3,875	418	4,293	112	922	5,847

¹ Insured plans or portions of plans that are funded by insurance should be omitted.

² If separate asset values are available, if not, combined data for the subject accounts should be placed in col. 4.

SUPPLEMENTAL INFORMATION

(In percent)

If values as of review dates used, indicate approximately the percentage of assets valued during the following period for each type of account:

	December	October, November	July, August, September
Employee benefit trusts.....	8.33	16.67	25.00
Personal trusts.....	8.33	16.67	25.00
Estates.....	8.33	16.67	25.00
Employee benefit agencies.....	8.33	16.67	25.00
All other agencies.....	8.33	16.67	25.00
Total assets.....	8.33	16.67	25.00

Note: If review dates are not used, indicate date market values were determined in last 60 days Month Day Year

Number of accounts administered in trust department:		
(a) Trust and estates (except corporate trusts).....		4,824
(b) Corporate accounts.....		3,134
1. Trusts.....		784
2. Registrar.....		182
3. Transfer agent.....		258
4. Others.....		1,910
(c) Agencies.....		2,957
(d) Other.....		1,746
Total accounts.....		12,661

EMPLOYEE BENEFIT ACCOUNTS¹

Type of account	Held as trustee (1)		Held as agent (5)	
	Number	Amount	Number	Amount (indicate where market value not used)
Pension plans.....	300	\$2,024,869,115	32	\$210,010,820
Profit sharing plans.....	162	494,711,676	75	62,137,828
Stock bonus plans.....				
Thrift plans.....	9	687,210,473		
If others (specify):				
Suppl. employment.....	39	57,566,648		
Welfare.....	5	12,336,741	4	16,475,882
Stock purchase.....			1	3,948,675
Investment advisory.....	5	15,626,445		
Total:	520	3,292,321,098	112	292,573,205

¹ Insured plans or portions of plans that are funded by insurance should be omitted.

- Totals should equal totals in cols (1) and (5) on the front of this report.

Note: Total resources as of June call \$17,592,261,200.49. Questions concerning the preparation of this report may be referred to Barry Wolfgram, trust officer.

Response of the Manufacturers Hanover Trust Company

1. The total dollar amount of assets under investment management was \$9,298,541,000 as of September 30, 1975.

2. The total dollar amount of the assets over which we exercise sole or shared investment authority was approximately \$6.97 billion as of September 30, 1975.

3. The total dollar amount of employee benefit funds under management was \$5,109,541,000 as of September 30, 1975.

4. The total dollar amount of employee benefit funds over which we exercise sole or shared investment authority was approximately \$3.83 billion as of September 30, 1975.

5. As of September 30, 1975, 58.7 percent of the employee benefit funds under our management were invested in common stocks.

6. a. No.

b. As of September 30, 1975, our holdings of IBM common shares in accounts over which we exercise investment discretion represented 5.2 percent of our total supervised assets.

7. a. As of September 30, 1975 we held 8.9 percent of the outstanding shares of Automatic Data Processing in employee benefit funds over which we exercise some investment authority.

b. In our total discretionary assets, we held 9.0 percent of Automatic Data Processing's outstanding shares.

8. There are no such affiliations between Manufacturers Hanover and Automatic Data Processing.

9. It is our policy to separate the functions of our trust division and our banking department. Accordingly, we do not have available information concerning Automatic Data Processing (the company referred to in our answer to your item 7), and thus are unable to respond to your item 9. In view of our policy of separation, we believe it is inappropriate for us to identify this company to our banking department either for it to give us the information to forward to you or for it to forward the information directly to you. We respectfully suggest that you address inquiries concerning banking relations of this company to our banking division. For operational purposes, our banking department has a metropolitan division, a national division, and an international division and we do not know which, if any, of those divisions may have such banking relations. Accordingly, if you make such inquiry, we suggest they be directed to Mr. Charles E. Woodruff, Vice Chairman of the Board.

10. Listed below are the largest twenty holdings in our total portfolio of assets under investment management as of September 30, 1975. We do not have investment authority over all of these assets.

Name	Total shares	Outstanding market value		Percent of total portfolio
		Sept. 30, 1975	Sept. 30, 1975	
International Business Machines Corp.....	2,187,268	1.5	416,830,000	4.5
Texaco, Inc.....	12,747,251	4.7	299,560,000	3.2
Shell Oil Co.....	4,472,668	6.6	238,170,000	2.6
Exxon Corp.....	2,604,089	1.2	230,629,000	2.5
Eastman Kodak Co.....	1,985,951	1.2	182,889,000	2.0
Dow Chemical Corp.....	1,209,963	1.3	103,988,000	1.1
Union Carbide Corp.....	1,759,822	2.9	99,863,000	1.1
Atlantic Richfield Co.....	889,638	1.9	89,289,000	1.0
Cities Service Co.....	1,975,178	7.4	85,790,000	.9
Johnson & Johnson.....	1,073,095	1.9	84,610,000	.9
Caterpillar Tractor Co.....	1,174,067	2.1	77,696,000	.8
General Motors Corp.....	1,418,820	.5	73,956,000	.8
Schlumberger.....	949,366	2.6	69,541,000	.8
Hewlett-Packard Co.....	668,219	2.5	65,402,000	.7
American Tel. & Tel. Co.....	1,380,153	.3	63,487,000	.7
American Home Products.....	1,944,258	1.2	61,973,000	.7
Xerox Corp.....	1,133,462	1.4	60,073,000	.7
Sears, Roebuck & Co.....	937,433	.6	57,886,000	.6
Manufacturers Hanover.....	2,162,497	7.3	57,306,000	.6
Digital Equipment Corp.....	463,883	3.9	54,912,000	.6
Total.....				26.8

11. As a trust company incorporated under the laws of the State of New York and acting as a fiduciary under the laws of that state, we

always have been subject to a prudent man requirement which was set forth in an 1869 case, “. . . that the just and true rule is, that the trustee is bound to employ such diligence and such prudence in the care and management (of a trust), as in general, prudent men of discretion and intelligence in such matters, employ in their own affairs.” What is “prudent” depends upon all the facts and circumstances, including the economic, legislative and judicial climate. We think that the enactment of a Federal “prudent man” rule in Section 404 (a) (1) (B) of the Employee Retirement Income Security Act of 1974 has not significantly changed the principles of the “prudent man” rule, and accordingly has not had any appreciable impact on (a) our venture capital investments, (b) diversification of our equity investments and (c) diversification of the types and amounts of our investments. In New York, at least, the Federal statute has merely continued in effect a rule to which fiduciaries have been subject for over a hundred years. Its impact has been negligible, compared with such changes in law over the decades as the amendment to the New York statute in 1950 that for the first time added common stocks to the “legal list” of permitted investments and the amendment in 1970 that established a straight “prudent man” rule without any “legal list.”

Response of the Harris Trust and Savings Bank

1. October 31, 1974: Asset value reported to the Federal Reserve Bank of Chicago. \$6,416,731,421.¹

June 30, 1975: Estimated value of assets under investment management. \$7,990,049,000.²

2. Estimated value as of June 30, 1975, \$7,202,959,000.

3. October 31, 1974: Asset value of employee benefit funds reported to the Federal Reserve Bank of Chicago. \$3,246,745,505.

June 30, 1975: Estimated value of employee benefit funds assets under management, \$4,132,865,000.

4. Estimated value as of June 30, 1975, \$3,538,584,000.

5. Estimated percentage as of June 30, 1975, 61.1 percent.

6. (a) No one security held with investment discretion in Employee Benefit Funds has an aggregate value in excess of 4% of the value of the aggregate Employee Benefit Funds over which we exercise investment discretion.

(b) The following common stock held with investment discretion has an aggregate value in excess of 4% of the aggregate value of all assets over which we exercise investment discretion: Kellogg Co. common stock, 9.40 percent.

This 9.40 percent represents a value as of June 30, 1975 of \$750,690,320 of which \$741,617,840 is attributable to shares held in the

¹The format and content of the *Trust Department Annual Report Form FR-437*, filed with the Federal Reserve Bank of Chicago for the year, 1974, with asset valuations as of Oct. 31, 1974, has been used as a base for the development of some of the data required for response to this questionnaire.

²Composed of the following elements:

a. Stocks at 128.29 percent of Oct. 31, 1974 market value to reflect increase in the *Standard and Poor "500" Index* from Oct. 31, 1974 through June 30, 1975.

b. Bonds actually held at June 30, 1975 valued at par.

c. All other types of assets valued as a group at an estimated 3 percent of the total value of stocks and bonds at June 30, 1975 as estimated herein.

W. K. Kellogg Foundation Trust. Investment discretion with respect to all assets of this trust is shared by the Bank Trust Department with three individual trustees.

7. (a) There are no instances in which the aggregate Employee Benefit Fund holdings over which we exercise investment discretion exceed, in the case of any single security, 8 percent of the shares outstanding of that security.

(b) There are four instances in which the aggregate holding of a single security over which we exercise investment discretion exceeds 8 percent of the shares outstanding of that security:

<i>Company name</i>	<i>Percent of share Outstanding¹</i>
Combined Communications Corp.....	8.02
Harris Bankcorp, Inc.....	26.29
G. D. Searle and Co.....	27.28
Kellogg Co.....	49.76

¹ Includes percentage of outstanding shares over which Bank Trust Department has shared investment discretion as follows: Combined Communications Corp., 8.02 percent; Harris Bankcorp, Inc. 25.77 percent; G. D. Searle and Co., 2.48 percent; and Kellogg Co., 49.44 percent.

8. List of names and affiliation:

<i>Company name</i>	<i>Name of directors and principal officers</i>	<i>Primary Business Affiliation</i>
G. D. Searle & Co.....	Daniel C. Searle.....	Chief executive officer—G. D. Searle & Co.
	Chalkley J. Hambleton.....	President and director—Harris Bankcorp, Inc. and Harris Trust and Savings Bank.
Harris Bankcorp, Inc.....	William F. Murray.....	Chairman of the board—Harris Bankcorp, Inc. and Harris Trust and Savings Bank.
	Stanley G. Harris, Jr.....	Vice chairman of the board—Harris Bankcorp, Inc. and Harris Trust and Savings Bank.
	Chalkley J. Hambleton.....	President—Harris Bankcorp, Inc. and Harris Trust and Savings Bank.
	Bennett Archambault.....	Chairman and president—Stewart-Warner Corp.
	John W. Baird.....	President—Baird & Warner, Inc.
	Joseph A. Burnham.....	President and chief executive officer—Marshall Field & Co.
	James W. Button.....	Senior vice president—Merchandising, and director—Sears, Roebuck and Co.
	Samuel S. Greeley.....	President and chief executive officer—Masonite Corp.
	Robett C. Guinness.....	Former vice chairman of the board—Standard Oil Co (Indiana).
	Huntington Harris.....	Trustee—Estate of Norman W. Harris.
	Donald P. Kelly.....	President and chief operating officer—Esmark, Inc.
	Joseph B. Lanterman.....	Chairman—AMSTED Industries Inc.
	Remick McDowell.....	Retired chairman of the executive committee—Peoples Co.
	Arthur C. Nielsen, Jr.....	President—A. C. Nielsen Co.
	James E. Oslon.....	President—Illinois Bell Telephone Co.
	George A. Ranney.....	Vice chairman—Inland Steel Co.
	Daniel C. Searle.....	Chief executive officer—G. D. Searle & Co.
	Maynard P. Venema.....	Past chairman of the board—UOP, Inc.
	Theodore H. Roberts ¹	Executive vice president, secretary and treasurer—Harris Bankcorp, Inc. Executive vice president—Harris Trust and Savings Bank.
	Charles M. Bliss ¹	Executive vice president—Harris Bankcorp, Inc. and Harris Trust and Savings Bank.
	Kent W. Duncan ¹	Executive vice president—Harris Bankcorp, Inc. and Harris Trust and Savings Bank.

¹ Bank officer—not a director.

9. Combined Communications Corp.—No relationship.

Harris Bankcorp, Inc.—Harris Trust and Savings Bank is a wholly owned subsidiary of Harris Bankcorp, Inc., a bank holding company, and on a regular basis borrows money from its parent on time certificates of deposit in large amounts. The company also has a demand deposit account with the bank.

G. D. Searle & Co.—This company is an important commercial customer and has a substantial line of credit against which it can borrow. It has been using its line in 1974 and 1975 in significant amounts in excess of \$1 million. The company has demand deposit accounts averaging in excess of \$1 million. From time to time it may purchase time certificates of deposit from the bank in amounts of \$100,000 or more, but our records do not permit us to determine readily what the amounts or time periods involved may have been.

Kellogg Co.—This company is an important commercial customer and has a substantial line of credit against which it can borrow. It has not borrowed against this line in 1974 or in 1975 to date. The company has demand deposit accounts averaging in excess of \$1 million. From time to time it may purchase time certificates of deposit from the bank in amounts of \$100,000 or more, but our records do not permit us to determine readily what the amounts or time periods involved may have been.

10. Top 20 common stock holdings:

Name of stock	Value (thousands)	Percent of total assets ¹ man- aged it represents	Percent of outstanding
Kellogg Co.	\$750,690	9.395	49.76
G. D. Searle	280,944	3.338	27.28
International Business Machines	216,868	2.577	.70
Faxon	136,865	1.626	.66
Eastman Kodak Co.	96,659	1.148	.58
Standard Oil Co. of Indiana	90,300	1.073	1.24
American Home Products	81,563	.969	1.25
Dow Chemical	74,919	.890	.90
Minnesota Mining & Manufacturing	70,517	.838	.92
American Telephone & Telegraph	66,352	.788	.23
General Electric	66,094	.785	.69
Citicorp	64,591	.767	1.36
General Motors	58,852	.699	.42
Weyerhaeuser	57,704	.686	1.09
Sears	55,867	.664	.48
Phillip Morris	51,968	.617	1.74
Burroughs Corp.	51,770	.615	1.23
Meterole	49,462	.588	3.45
Texaco	47,587	.565	.66
Colgate Palmolive	45,675	.543	2.07
Total		29.171	

¹ Percent of total assets managed over which Bank Trust Department has investment discretion.

11. The new pension law has had *no effect* on (a) our venture capital investments, (b) diversification of our equity investments or (c) diversification of the types and amounts of our investments in pension or profit sharing funds except in a very few instances in which the customer has requested a change in the basic stock/bond proportions that were represented in his fund.

The fact that the new pension law has had no effect does not necessarily mean that it does not tend to substantially discourage investments by pension managers in small and medium size companies. It is our view that the new pension law substantially mirrors the "Prudent Man Rule" that has prevailed for many years on a state by state basis. The application of this rule has very much tended to cause a major focus on each individual issue held within a portfolio and has given very little attention to the characteristics of the portfolio as a whole.

If investments in small and medium size companies are to be encouraged, it would seem that some shift in emphasis should occur in the application of the Prudent Man Rule, i.e., it should shift more attention to the characteristics of the total portfolio and the suitability of those overall characteristics in light of the requirements and circumstances surrounding any particular fund. Such an approach would be far preferable to an arbitrary small percentage of the total portfolio that could be invested without regard for risk.

We maintain a collective investment fund for pension and profit sharing accounts through which we invest in common stocks of companies of smaller capitalization than those we consider proper for use on our Working List of approved investments for fiduciary accounts. As of June 30, 1975, this fund was valued at \$103 million, invested in approximately 70 different companies. There is a limit on the percentage of the assets of any employee benefit trust that may be invested in this commingled fund which, at present, is expressed at 5% of the total account in some cases or 10% of the common stock portfolio in other cases. In most accounts the current percentage is well below the limit.

Response of the Bank of America

1. The total dollar amount of our assets under investment management as of June 30, 1975 is \$5,571,945,511.

2. The dollar amount of the assets we manage over which we exercise investment discretion is \$3,095,838,425.

3. The dollar amount of the employee benefit funds under our management is \$5,527,148,979.

4. The dollar amount of the employee benefit funds under our management over which we exercise investment discretion is \$1,903,805,737.

5. Approximately 60 percent of the employee benefit funds under our management are invested in common stocks.

6. We do not have more than 4 percent of one security invested in (a) our aggregate discretionary employee benefit funds or (b) total assets over which we exercise investment discretion.

7. There are no instances in which (a) the aggregate discretionary employee benefit holdings, or (b) total assets over which we exercise investment discretion amount to more than 8 percent of the company's outstanding shares.

8. Not applicable.

9. We are unable to respond to this question for several reasons. First, the Trust Department of the Bank does not maintain records or have information on the commercial relationships with the Bank of issuers whose securities may be held in our trust portfolio. Secondly, because of our duty not to utilize or gain access to "inside information" imposed as a matter of public policy by both the common law and the Federal securities laws we feel it would be improper for us to attempt to obtain the information requested. Finally, even if the information were requested of the commercial side of the Bank we believe that disclosure of this information without the consent of each customer would breach the Bank's duty of confidentiality concerning its transactions and relationships with its customers. While we are endeavoring to be as helpful as possible we hope you will understand

our reluctance to reply to this item for the public policy and legal reasons we have stated.

10. Top 20 common stock holdings:

TOP 20 COMMON STOCK HOLDINGS BANK OF AMERICA TRUST DEPARTMENT

	Shares (thousands)	Estimated market value (thousands)	Percent holdings trust department	Percent of shares outstanding
International Business Machines Corp.....	395	\$73,489	2.4	0.27
Exxon Corp.....	667	57,622	1.8	.29
BankAmerica Corp.....	1,164	48,906	1.6	1.70
Dow Chemical Co.....	466	40,640	1.3	.50
American Tel. & Tel. Co.....	764	37,160	1.2	.13
Getty Oil Co.....	201	36,196	1.2	1.10
Atlantic Richfield Co.....	330	33,347	1.1	.70
General Electric Co.....	725	32,664	1.1	.39
Minnesota Mining & Mfg. Co.....	546	30,904	1.0	.48
Standard Oil Co. (Indiana).....	691	30,518	1.0	.47
American Home Products Corp.....	807	27,041	.9	.51
Eastman Kodak Co.....	294	26,908	.9	.18
Halliburton Co.....	159	26,459	.8	.83
Federated Department Stores, Inc.....	527	23,735	.8	1.20
Standard Oil Co. (Ohio).....	286	23,223	.7	.79
Sears, Roebuck & Co.....	369	22,785	.7	.23
General Motors Corp.....	436	21,665	.7	.15
Ingersoll-Rand Co.....	285	21,193	.7	1.60
Union Carbide Corp.....	375	21,107	.7	.61
Merck & Co., Inc.....	286	19,956	.6	.38
Total.....			21.2	

11. (a) Bank of America Trust Department has almost never participated in the traditional venture capital type investments. (b) the investment policy of the Bank's Trust Department has always stressed broad diversification. This is evidenced by the small percentages of our assets invested in our top 20 holdings. (c) the Trust Department has in the past and still invests in the high quality small to medium sized companies primarily through the use of a pooled fund for employee benefit accounts. Only a very few of the personal trust accounts in the Bank are suitable for the use of small company securities.

ADDENDUM

The below listed elaborations and question reference numbers are submitted to assist in clarifying our responses where it was felt a possibility of misinterpretation was possible.

1. Investment management interpreted as a fiduciary relationship. Therefore, our answer includes shared responsibility as well as sole investment responsibility.

2. Investment discretion interpreted as sole investment responsibility. Therefore, our answer does not include any assets with shared investment responsibility.

3. Your management interpreted as a fiduciary relationship-includes shared and sole responsibility.

4. Investment discretion interpreted as sole responsibility-shared responsibility not included in total.

5. Your management interpreted as a fiduciary-shared responsibility included.

6. and 7. Aggregate discretionary and investment discretion interpreted as sole investment responsibility.

10. Total portfolio and assets managed interpreted as a fiduciary-shared responsibility included.

Response of the National Bank of Detroit, Trust Division

1. \$6,876,853,000.
2. \$3,534,960,000.
3. \$4,905,155,000.
4. \$3,177,849,000.
5. 64.11 percent.
6. Our records indicate that there is only one security (Dow Chemical Company common stock) in which we have more than four percent of (a) our aggregate discretionary employee benefit funds (6.41 percent) or (b) our total assets over which we exercise investment discretion (5.76 percent) invested.
7. Our records indicate that there is only one security in which (a) the aggregate discretionary employee benefit holdings or (b) total assets over which we exercise investment discretion amount to more than 8 percent of the company's outstanding shares. We have 8.76 percent of the Trane Company common stock held in Trust accounts over which we exercise investment discretion.
8. There are no individuals who are both an officer or director of (a) the Trane Company and (b) the National Bank of Detroit or our parent company, the National Detroit Corporation.
9. Information on the commercial account relationships of the National Bank of Detroit is not available to individuals in the Trust Division of the National Bank of Detroit. The desired information would have to be requested, via a subpoena, through the Cashier of the National Bank of Detroit.
10. Top 20 stock holdings:

June 30, 1975			
	Market value ¹	Outstanding shares held by NBD ²	Percent of total outstanding shares held by NBD ²
General Motors ²	\$732,907,000	\$15,470,334	5.41
Dow Chemical.....	203,665,000	2,269,251	2.31
I.B.M.....	166,625,000	797,247	.54
Kresge.....	147,556,000	4,593,198	3.92
Eastman Kodak.....	109,603,000	1,061,530	.66
Chrysler ²	100,764,000	8,142,518	13.67
Exxon.....	96,767,000	987,936	.44
Minnesota Mining & Mfg.....	87,743,000	1,304,735	1.14
American Express.....	87,429,000	2,009,868	2.83
Georgia Pacific.....	82,336,000	1,819,579	3.25
Monsanto.....	80,733,000	1,117,413	3.32
Mobil Oil.....	80,671,000	1,698,337	1.64
Abbott Laboratories.....	80,598,000	1,057,022	7.76
Merck & Co.....	75,785,000	891,591	1.20
Caterpillar Tractor.....	67,959,000	1,016,208	1.78
Johnson & Johnson.....	65,837,000	676,123	1.17
Texaco.....	64,564,000	2,413,608	.88
American Cyanamid.....	62,132,000	2,249,107	4.71
Armstrong Cork.....	56,172,000	2,042,607	7.86
Standard Oil-Indiana.....	55,438,060	1,122,802	.76

¹ Includes shares of common stock held by NBD for which we have no investment responsibility.

² Includes thrift plan holdings for General Motors and Chrysler employees.

Notes: Total assets managed—\$6,876,853,000. Total holdings of 20 common stocks—\$2,499,284,000. Total holdings of common stocks as a percent of total assets managed (June 30, 1975) 36.34.

11. Inasmuch as the Trust Division has always applied the prudent man rule in fiduciary relationships, enactment of ERISA has not

altered the quality standards we customarily apply to equity selection in the employee benefit account sector. In view of higher inflation rates in recent years than the U.S. has experienced historically, however, accompanied by higher long-term interest rates, we have modestly increased our targeted exposure to fixed-income securities in discretionary pension funds during the past year or so. Nevertheless, the Trust Division continues to favor equities over fixed income securities in these accounts by a wide margin. Over the past decade, our equity exposure in pension funds has not changed appreciably.

There has been no change in diversification of common stock investments.

Response of the Wilmington Trust Co.

1. As of December 31, 1974, the most recent date for which the information is readily available, the total dollar amount of assets under our investment management was approximately \$4,550,643,000.

2. As of December 31, 1974, the most recent date for which the information is readily available, the total dollar amount of assets over which we exercise complete investment discretion was approximately \$2,896,000,000.

3. As of December 31, 1974, the most recent date for which the information is readily available, the dollar amount of the employee benefit funds under our management was approximately \$1,775,746,000.

4. As of December 31, 1974, the most recent date for which the information is readily available, the dollar amount of the employee benefit funds over which we exercise complete investment discretion was approximately \$35,000,000.

5. As of December 31, 1974, the most recent date for which the information is readily available, approximately 65.2 percent of the employee benefit funds under our management were invested in common stocks.

6. (a) As of December 31, 1974, the most recent date for which the information is readily available, there was no instance where four percent of our aggregate discretionary employee benefit funds were invested in one security.

(b) As of December 31, 1974, the most recent date for which the information is readily available, there was only one instance where more than four percent of the total assets over which we exercised complete investment discretion were invested in one security. That security was Christiana Securities Company common stock and the investment represented approximately 6.3 percent of the total assets over which we exercise complete investment discretion.

7. (a) As of December 31, 1974, the most recent date for which the information is readily available, there was no instance in which our aggregate discretionary employee benefit holdings amounted to more than 8 percent of the company's outstanding shares.

(b) As of December 31, 1974, the most recent date for which the information is readily available, there was only one instance in which the total assets over which we exercised complete investment discretion amounted to more than 8 percent of the company's outstanding shares.

That security was Christiana Securities Company common stock and the investment represented approximately 16.7 percent of Christiana Securities Company's outstanding shares of common stock.

8. Three people are both an officer or director of Christiana Securities Company and Wilmington Trust Company. They and their primary business affiliations are as follows:

1. Lamont du P. Copeland, Director, E. I. du Pont de Nemours & Company, Vice President, Christiana Securities Company.

2. Irene du Pont, Jr., Senior Vice President, E. I. du Pont de Nemours & Company; President, Christiana Securities Company.

3. George P. Edmonds, Honorary Chairman of Board, Wilmington Trust Company.

9. There is a commercial relationship between Christiana Securities Company and Wilmington Trust Company, namely that company maintains a demand deposit account having a daily average balance during 1975 to date in excess of \$100,000.

10. We respectfully decline to divulge this information inasmuch as it is contrary to our established policy.

11. (a) This question is inapplicable inasmuch as we make no venture capital investments.

(b) and (c) Generally, we have diversified somewhat more and have increased the proportion in fixed income securities.

WILMINGTON TRUST CO.—TRUST DEPARTMENT REPORT FOR 1974

Assets	Market value (omit cents)					Total (6)
	Trusts and estates			Agencies		
	Employee benefit (1)	Personal trusts (2)	Estates (3)	Employee benefit (4)	All others (5)	
US Government and agency obligations.....	30,709,000	71,908,000	3,330,000	.....	142,844,000	248,791,000
State, county, and municipal obligations.....	.....	229,059,000	1,960,000	686,000	218,812,000	450,517,000
Other obligations.....	583,764,000	65,307,000	1,303,000	.....	53,017,000	703,391,000
Common stocks.....	1,157,408,000	1,755,190,000	14,276,000	.....	164,806,000	3,091,680,000
Preferred stocks.....	621,000	7,807,000	153,000	.....	7,297,000	15,878,000
Real estate mortgages.....	212,000	2,479,000	11,000	.....	3,427,000	6,123,000
Real estate.....	.....	5,173,000	573,000	.....	.....	5,746,000
Savings and loan association accounts.....	.....	18,000	27,000	.....	.....	45,000
Time deposits, own bank.....	127,000	238,000	77,000	.....	14,000	456,000
Time deposits, other banks.....	.....	100,000	42,000	.....	.....	142,000
Demand deposits, own bank.....	1,217,000	10,974,000	1,044,000	.....	772,000	14,007,000
Demand deposits, other banks.....	.....	.....	.....	.....	.....	.....
Miscellaneous.....	1,688,000	9,494,000	2,254,000	.....	425,000	13,861,000
Total assets.....	1,775,746,000	2,157,747,000	25,050,000	686,000	591,414,000	4,550,643,000
Total number of accounts.....	349	3,755	154	2	147	4,407

Note: Supplemental information—For the market value or common stock (only) shown in col. 6, indicate approximately when the market value was determined (in percentage distribution) Date—Dec. 31, 100, Dec. 1-30, October, November, July, August, September. Total should not exceed 100 percent.

Return form to: Federal Deposit Insurance Corp., Division of Research, Applied & Statistical Research Unit, 550 Seventeenth Street, N.W., Washington, D.C.

Response of the Northern Trust Company of Chicago

1. \$4,983,324,000.
2. \$2,081,282,000 (sole discretion).
3. \$1,088,938,000.
4. \$728,210,916 (as of September 17, 1975).
5. 61.6 percent.
6. (a) Discretionary employee benefit funds: \$728,210,916. We do not have 4 percent of the above funds invested in one security.
(b) Total assets over which we exercise discretion: (sole responsibility) \$2,081,282,000. We do not have 4 percent of this amount invested in any one security in sole accounts.
7. (a) We do not hold more than 8 percent of any company's outstanding shares in aggregate discretionary employee benefit funds.
(b) We do not hold more than 8 percent of any company's outstanding shares among assets over which we have investment discretion.
8. Not applicable. See question 7.
9. Not applicable. See question 7.
10. Total assets under management, \$4,983,324,000.

	Total value	Percent shares outstanding ¹	Percent assets under management
1. IBM.....	\$152,493,296	0.47	3.06
2. American Express.....	101,538,528	3.08	2.03
3. Eastman Kodak.....	94,239,983	.56	1.89
4. Exxon.....	92,931,015	.44	1.86
5. Sears Roebuck.....	86,507,245	.74	1.73
6. Minnesota Mining & Manufacturing.....	77,495,607	.97	1.55
7. General Electric.....	74,647,004	.77	1.49
8. American Telephone & Telegraph.....	46,028,353	.16	.92
9. Standard Oil of Indiana.....	44,961,267	1.27	.90
10. J.P. Morgan.....	44,230,351	1.53	.88
11. Continental Oil.....	43,962,322	1.19	.88
12. Dow Chemical.....	43,570,985	.49	.87
13. Phillips Petroleum.....	43,562,126	.87	.87
14. Weyerhaeuser.....	43,176,942	.14	.86
15. Caterpillar.....	40,030,271	1.06	.86
16. Union Carbide.....	38,659,836	1.04	.77
17. American Hospital.....	37,284,272	2.73	.74
18. Motorola.....	35,368,292	2.47	.70
19. Texaco.....	33,458,659	.44	.67
20. Monsanto.....	33,065,429	1.14	.66
Total.....			24.19

¹ Percent of shares outstanding as of September 25. Other data as of June 30, 1975.

11. We concur as to the atmosphere of concern caused by ERISA on matters pertaining to investment selection and diversification. In the State of Illinois, a Prudent Man Rule has existed for many years and fiduciary responsibility is not a new concept to any major trust department in this State. Accordingly, ERISA, for us, has only served to make Federal Law out of what has been our State Law for some time. Therefore, because of ERISA, we have not altered the type of investment to be used in Employee Benefit funds nor have we made any significant changes in diversification procedures which have been practiced here long before the advent of ERISA.

Specifically, our thinking and potential utilization of venture capital companies as an investment would be guided solely by our analysis of quality. As a class, we do not exclude these companies as potential investments, but review them individually from a quality standpoint.

Diversification of equities and diversification of types of investments has always been reviewed on a regular basis by our senior investment people and the impact of ERISA has only served to place these questions in sharper focus here.

Response of The First National Bank of Boston

1. \$6,265,533,536.
2. \$5,038,742,069.
3. \$4,162,561,437.
4. \$3,883,253,564.
5. 74.6 percent.
6. No.
7. a. Zayre, 8.89 percent; and b. Zayre, 8.93 percent.
8. None.
9. Zayre: Average demand deposits, \$200,000; line of credit, \$12,000,000 (revolving); and loan, \$6,500,000.
10. Top 20 common stock holdings:

LARGEST STOCKS (AS OF JUNE 30, 1975)

Name	Market value	Percentage of outstanding shares
International Business Machines Corp.....	\$316,631,865	1.0
Eastman Kodak Co.....	286,975,011	1.7
Dow Chemical Co.....	212,837,099	2.5
Exxon Corp.....	185,090,927	.8
Merck & Co., Inc.....	176,598,125	2.7
Minnesota Mining & Manufacturing Co.....	174,889,946	2.2
Xerox Corp.....	165,088,976	2.9
General Electric Co.....	153,461,814	1.5
Procter & Gamble Co.....	143,869,010	1.7
Citicorp.....	141,892,597	2.9
American Home Products Corp.....	130,590,952	1.9
Sears, Roebuck & Co.....	129,769,630	1.1
Burroughs Corp.....	112,588,396	2.6
Coca Cola Co.....	94,052,618	1.7
Eli Lilly & Co.....	85,642,948	1.5
General Motors Corp.....	80,277,746	.5
American Telephone & Telegraph Co.....	67,027,303	.2
Hewlett Packard Co.....	63,446,213	1.9
Digital Equipment Corp.....	61,815,859	4.3
Texas Instruments, Inc.....	60,958,841	2.3
Total.....	2,843,505,876	

Note: These 20 holdings represent 45.4 percent of total assets.

11. a. We do not do venture capital deals.
- b. We are urging greater diversification of equities in account review meetings—nothing formalized and no data.
- c. We have put a 6 percent ceiling on individual investments.

Response of the Continental Bank

1. \$5,800,000,000 as of December 31, 1974.
2. \$2,400,000,000, full investment discretion.
3. \$2,700,000,000.

4. \$1,120,000,000, full investment discretion.
5. 57 percent.
6. (a) IBM, 4.7 percent; (b) IBM, 4.7 percent; Texaco, 4.5 percent; and American Home Prod. 4.4 percent.
7. (a) None, (b) Victor Comptometer Corp., 25 percent and Northwestern Steel and Wire Co., 33 percent.
8. Victor Comptometer Corp., Edward M. Cummings and James M. Termondt; and Northwestern Steel & Wire, George H. Norton, Jr.
9. Due to the sensitive nature of any information coming into the Trust Department concerning a commercial banking relationship, we do not have access to the information asked for by this question.
10. These stock holdings amount to 20 percent of total assets managed.

Company	Millions	Percentage of total outstanding shares
International Business Machines.....	\$110.8	0.45
Texaco.....	107.5	1.88
American Home Products.....	103.9	2.02
Eastman Kodak.....	88.7	.87
Standard Oil (Indiana).....	77.4	1.25
Exxon.....	69.3	.48
Merck.....	68.0	1.39
Procter & Gamble.....	53.6	.79
Minnesota Mining & Manufacturing.....	52.4	.98
Sears, Roebuck.....	52.3	.69
Citicorp.....	48.4	1.40
Burroughs.....	46.8	1.58
Halliburton.....	45.3	1.72
Eli Lilly.....	44.2	.94
Philip Morris.....	42.1	1.58
General Electric.....	42.0	.70
Xerox.....	36.9	.90
Johnson & Johnson.....	33.1	.71
J. C. Penney.....	31.0	1.46
Caterpillar Tractor.....	27.0	.96

11.

EXHIBIT B

The definition of venture capital investments is necessarily imprecise but we regard securities of relatively small companies, for example, capitalizations less than \$50 million, especially when the class of security is relatively illiquid, as venture capital opportunities. For reasons related to our judgements of securities markets, we de-emphasized investments of this type in employee benefit accounts several years prior to the enactment of ERISA. It is possible that our market judgements would change to the extent that we felt that this type of investment was attractive and, in that event, it is further possible that the existence of ERISA would cause us to approach the theory with somewhat more reluctance in the future. However, to date our inactivity in "venture capital investments" has been more a function of market and economic judgements than it has been interpretations of ERISA.

We feel that we have long practiced prudent diversification with regard to both equity investments and types of investments in employee benefit plans. Therefore, we feel that the new pension law has had little if any impact on our practices with regard to diversification.

Response of the Chemical Bank

CHEMICAL BANK,
New York, N.Y., October 9, 1975.

HON. LLOYD BENTSEN,
Chairman, Subcommittee on Financial Markets, Committee on
Finance, U.S. Senate, Washington, D.C.

DEAR SENATOR BENTSEN: This is in reply to your letter of September 8, 1975 with which you enclosed your Bank Trust Questionnaire containing eleven questions. Our answers to the questions follow:

1. Approximately \$6 billion.
2. Approximately \$4.7 billion.
3. Approximately \$3.4 billion.
4. Approximately \$2.3 billion.
5. Approximately 61.6%.

I feel that some comments with respect to our answers to the first five questions are in order. First, our computer system is programmed to give us what we consider to be accurate data with respect to our equity position as of June 30, 1975. However, information with respect to non-equity holdings is not readily available as of June 30th. Accordingly, to arrive at the above figures, we have used our equity position as of June 30 and combined it with an estimate of our non-equity assets as of the same date.

Second, with respect to questions 2 and 4, we have interpreted the phrase "exercise investment discretion" to include all accounts for which we render investment advice, including those in which an outside party's approval must be obtained before a transaction can be completed. In other words, these figures exclude only directed accounts, but include accounts where we act with a co-fiduciary or where we render investment advice on a non-discretionary basis.

6. (a) No.

(b) IBM, 7.4 percent.

7. (a) No.

(b) New York Merchandise Co. Com., 10.81 percent; Troy Mills, Inc. Com., 8.81 percent; Houston Terminal Warehouse & Cold Storage, Class A Com., 8.04 percent; Essex Co. Com., 9.40 percent; and Kentucky Ohio Gas Co. Com., 21.67 percent.

All of the stocks listed were received as a part of an estate where the Bank acts as sole executor. Under the terms of the Will, the residuary estate is to be held in a perpetual trust for a charity and the Bank was directed to hold all of the testator's common stocks in perpetuity. We are attempting to obtain a Court's construction of the Will's provisions in this respect. In addition, we hold a limited number of other common stocks representing more than 8 percent of the outstanding shares. These stocks are not being reported as we do not have complete investment discretion, and for the most part, they consist of family companies held in Personal Trust or Estate accounts where, we feel, disclosure of the holdings would violate our duty of confidentiality to our customers. In no case were any of these stocks purchased by the Bank.

8. None.

9. We do not have access to information of this type in the Trust Department, so that we are unable to reply to this question.

10. Top 20 common stock holdings :

Rank No.	Security description	Market value (Thousands)	Percentage of outstanding shares
1	International Business Machines Corp.....	\$394,212	1.269
2	Exxon Corp.....	162,198	.780
3	Eastman Kodak Co.....	81,985	.493
4	American Telephone & Telegraph Co.....	69,942	.243
5	Standard Oil Co. of Indiana.....	66,405	.924
6	General Electric Co.....	63,162	.652
7	Xerox Corp.....	62,331	1.124
8	Atlantic Richfield Co.....	62,306	1.274
9	Minnesota Mining & Manufacturing Co.....	55,821	.729
10	Union Carbide Corp.....	52,977	1.400
11	Merck & Co.....	51,006	.796
12	Ingersoll Rand Co.....	49,263	3.345
13	Philip Morris, Inc.....	46,893	1.493
14	Citicorp.....	44,060	.913
15	Sears Roebuck & Co.....	42,881	.372
16	Kerr-McGee Corp.....	42,654	1.818
17	Allied Chemical Corp.....	41,265	3.798
18	Caterpillar Tractor.....	39,369	1.027
19	R. J. Reynolds Industries, Inc.....	38,850	1.454
20	Burroughs Corp.....	36,225	.856
Total.....		1,503,805	
Top 20 percentage of total assets managed (approximately \$6,000,000,000 equals 100 percent).....			25.1

11. A number of factors, including the enactment of ERISA, have caused us to reduce substantially our investment of pension funds in venture capital situations. First, the generally poor results achieved on venture capital investments made during the late 1960's, combined with the inability of small companies to secure "second round" debt or equity financing in the public marketplace, has resulted in our adopting investment policies to discourage venture capital and private placement investments. Additionally, the decision of the New York Court of Appeals in *The Bank of New York v. Spitzer* in early 1975 rejecting the "total return" concept in evaluating the prudence of a trustee in making individual investments has discouraged investments in small and medium-sized companies, as well as venture capital and private placement situations. Finally, the prudent man rule and related fiduciary responsibility provisions of ERISA, combined with the overall directions contained in ERISA regarding diversification, has consciously or subconsciously, resulted in more diversification of our equity investments with most portfolios now holding from 15-25% more stocks than they held pre-1975. In addition, larger percentages of our portfolios are now being invested in "cash equivalent" securities, fixed income corporate and government securities, as well as real estate than ever before. While this diversification may be the result of the kinds of markets we have been operating in during the past 24 months and the suddenness of changes that occur today, obviously the provisions of ERISA would also appear to have contributed significantly to these changes in investment policies and strategies.

During 1975 to date, we have made not investments in venture capital situations or "restricted" securities, except in real estate through our Commingled Real Estate and Mortgage Fund and certain large pension funds directly.

We have publicly disclosed our holdings for the last two years and, as requested, enclose copies of our reports.

We trust that this information will be helpful to you in your study.

Sincerely yours,

W. PERRY NEFF.

Response of the Cleveland Trust

CLEVELAND TRUST.

Cleveland, Ohio October 31, 1975.

Senator LLOYD BENTSEN,
Chairman, Subcommittee on Financial Markets, Committee on Finance, U.S. Senate, Washington, D.C.

DEAR SENATOR BENTSEN: In response to your letter of September 8, 1975 which contained a "Bank Trust Questionnaire" of the same date. The Cleveland Trust Company is not a national bank and therefore not subject to the quarterly reporting requirements of the Comptroller of the Currency. However, I have enclosed a copy of our report to the Federal Reserve as of December 31, 1974 relating to our Trust Department holdings. This information has also been published on page 71 (copy enclosed) of *Trust Assets of Insured Commercial Banks 1974*, published by Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency.

The Bank Trust Questionnaire covers information that is (i) not available to the Trust Department; (ii) considered confidential by the Trust Department; and (iii) not available from our current record keeping facilities without a substantial amount of personnel time, effort and expense being devoted thereto. Accordingly, it is not possible for us to respond to your inquiry.

Very truly yours,

JOHN F. MILLER.

Enclosure.

BANK NAME	TRUSTS AND ESTATES				AGENCIES		TOTAL
	EMPLOYEE BENEFIT	PERSONAL TRUSTS	ESTATES	PERS TRUSTS AND ESTATES	EMPLOYEE BENEFIT	ALL OTHERS	
MORGAN GUARANTY TRUST COMPANY OF NEW YORK CITY, NEW YORK	10,712,491			2,400,772	740,434	3,294,050	17,436,556
FIRST NATIONAL CITY BANK NEW YORK CITY, NEW YORK	6,500,164	4,606,702	113,073		1,191,176	3,152,065	15,644,061
PANKERS TRUST COMPANY NEW YORK CITY, NEW YORK	10,560,914			2,747,052	104,074	1,010,149	14,502,988
THE CHASE MANHATTAN BANK (NATIONAL) NEW YORK CITY, NEW YORK	7,363,733	2,496,115	494,863		110,640	1,661,939	12,135,260
MELLEN BANK, N. A. PITTSBURGH, PENNSYLVANIA	3,086,502	2,040,665	73,470		3,155,073	980,396	9,336,193
UNITED STATES TRUST COMPANY OF NEW NEW YORK CITY, NEW YORK	1,486,406	2,753,843	211,192		456,760	3,026,966	8,735,167
MANUFACTURERS HANOVER TRUST COMPANY NEW YORK CITY, NEW YORK	3,528,330	2,223,596	157,032		1,401,575	731,787	8,042,320
BANK OF AMERICA NATIONAL TRUST AND SAN FRANCISCO, CALIFORNIA	3,730,330	1,030,964	423,045		201,243	199,159	6,465,330
HARRIS TRUST AND SAVINGS BANK CHICAGO, ILLINOIS	2,807,017	2,009,069	79,555		439,729	1,081,362	6,416,732
THE FIRST NATIONAL BANK OF CHICAGO CHICAGO, ILLINOIS	3,292,321	1,722,972	72,136		292,573	606,076	6,066,070
CONTINENTAL ILLINOIS NATIONAL BANK CHICAGO, ILLINOIS	2,277,247	1,917,193	164,256		450,601	982,940	5,800,237
NATIONAL BANK OF DETROIT DETROIT, MICHIGAN	3,444,860	816,070	84,009		572,720	729,015	5,646,630
CHEMICAL BANK NEW YORK CITY, NEW YORK	2,480,746	1,641,140	101,343		150,511	722,010	5,095,750
THE NORTHWEST TRUST COMPANY CHICAGO, ILLINOIS	670,049	2,720,724	113,519		171,926	1,127,020	4,811,239
THE FIRST NATIONAL BANK OF BOSTON BOSTON, MASSACHUSETTS	2,096,550	1,360,679	39,010		79,010	299,405	4,674,761
WILMINGTON TRUST COMPANY WILMINGTON, DELAWARE	1,775,746	2,157,747	25,050		406	591,414	4,550,643
THE CLEVELAND TRUST COMPANY CLEVELAND, OHIO	1,491,211	1,974,451	64,657		20,313	569,062	4,099,694

TRUST DEPARTMENT ANNUAL REPORT

For the Year 1974

Certificate Number (FR use only) _____
 The Cleveland Trust Company (Name of bank) _____
 Cleveland (City) _____ Ohio (State) _____

(000's omitted)
REVISION

ASSETS	INDIVIDUAL ASSETS				AGENCIES		TOTAL		#
	(1) EMPLOYEE BENEFIT	(2) PERSONAL TRUSTS	(3) ESTATES	(4) SUB TOTAL* (2) + (3)	(5) EMPLOYEE BENEFIT	(6) ALL OTHERS	(7) (1)-(2)-(3)-(5)-(6)	(8)	
U.S. Government and Agency obligations	63,575,073	21,559,119	2,157,577		4,065,476	29,306,377	118,994,050		
State, County and Municipal obligations	-0-	21,934,159	2,950,897		-0-	49,482,757	274,406,513		
Other obligations	542,435,553	101,765,727	4,791,776		6,435,947	92,203,659	782,616,712		
Common stocks	343,751,367	1,504,518,265	18,289,292		9,234,468	377,857,463	2,748,155,016		
Preferred Stocks	14,061,948	39,441,841	915,247		375,162	8,022,974	52,817,177		
Real estate mortgages	2,141,735	1,760,303	432,644		-0-	470,204	4,655,681		
Real estate	715,351	11,558,999	3,677,746		-0-	646,828	21,898,434		
Savings and Loan Association accounts	52,083	257,856	803		13,240	83,636	407,618		
Time deposits own bank	13,745,628	16,868,626	6,501,712		17,748	10,258,678	47,394,362		
Time deposits other banks	18,371	195,267	-0-		-0-	353,417	567,505		
Demand deposits own bank	5,445,715	8,399,333	389,652		131,533	2,292,132	16,658,385		
Demand deposits other banks	-0-	-0-	-0-		-0-	-0-	-0-		
Miscellaneous	5,447,830	10,867,774	4,663,907		16,373	7,128,227	28,124,111		
Total Assets	1,491,211,349	1,974,451,250	44,657,448		20,312,957	569,061,825	4,092,694,829		
Total Number of Accounts	491	5563	227		47	1250	7576		

*Note: Columns (2) and (3) may be combined in column (4) if the breakdown between personal trusts and estates is not available from bank records.

SUPPLEMENTAL INFORMATION

If values as of review dates are used, indicate approximately the percentage of assets valued during the following periods for each type of account.

	DECEMBER	OCTOBER, NOVEMBER	JULY, AUGUST SEPTEMBER
Employee Benefit Trusts	%	%	%
Personal Trusts	%	%	%
Estates	%	%	%
Personal Trusts and Estates combined*	%	%	%
Employee Benefit Agencies	%	%	%
All other Agencies	%	%	%
Total assets	%	%	%

If review dates are not as above, indicate the month, day and year. MONTH DAY YEAR

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Response of the Wells Fargo Bank, N.A. Trust Division

- | | |
|---------------------------------|---------|
| 1. \$2,660,000,000 (estimated). | 6. No. |
| 2. \$1,460,000,000 (estimated). | 7. No. |
| 3. \$750,000,000 (estimated). | 8. N/A. |
| 4. \$600,000,000 (estimated). | 9. N/A. |
| 5. 70 percent (estimated). | 10. (a) |

Issue:

	<i>Market value as of Oct. 30, 1975</i>	
1. IBM	-----	\$56,609,463
2. Procter & Gamble	-----	54,009,700
3. Exxon	-----	40,957,573
4. Caterpillar Tractor	-----	37,951,091
5. AT&T	-----	37,364,550
6. Standard Oil-California	-----	33,392,064
7. Utah International	-----	31,733,135
8. General Motors	-----	30,686,289
9. General Electric	-----	28,537,885
10. Eastman Kodak	-----	27,566,589
11. Dow Chemical	-----	27,095,248
12. Stauffer Chemical	-----	24,134,664
13. Phillips Petroleum	-----	22,099,541
14. R. J. Reynolds	-----	18,215,390
15. Sears Roebuck	-----	17,780,080
16. Standard Oil-Indiana	-----	16,750,731
17. Wells Fargo	-----	16,672,953
18. Lucky Stores	-----	15,170,826
19. Union Carbide	-----	14,522,771
20. PG&E	-----	13,449,316

(b) 21 percent of total assets managed.

11. The Employment Retirement Income Security Act of 1974 has not resulted in any change in venture capital investments within our organization. The only employee benefit plan investments of the venture capital type were made several years ago. Since that date no sales or additional investments have been made that involve venture capital funds. While no specific change has occurred in our approach to venture capital activities, it is fair to state that ERISA tends to inhibit fiduciary institutions from undertaking venture capital investments as well as commitments to purchase equity in small or medium size capitalization firms.

Our policy with regard to diversification of equity investments has not been modified as a result of ERISA. We maintained diversification levels above those of the industry before ERISA and our pre-existing diversification guidelines appear to satisfy the requirements of ERISA as we understand them.

Similarly, our diversification of investment types and amounts has not been changed by the enactment of ERISA. We typically employ both fixed income and equity investments in employee benefit plans. Many of our portfolios currently include real estate investment as a part of the equity component along with common stock representation. The fixed income component for the most part is composed of debt obligations although we employ mortgage investments in a few of our employee benefit portfolios.

TRUST DEPARTMENT ANNUAL REPORT

For the Year 19 74.

.....WELLS FARGO BANK, N.A.....
 (Name of bank)

.....SAN FRANCISCO.....
 (City)

.....SAN FRANCISCO.....
 (County)

.....CALIFORNIA.....
 (State)

ASSETS	MARKET VALUE (unit cents)						TOTAL (1) + (2) + (3) + (4) + (5) + (6)
	TRUSTS AND ESTATES				AGENCIES		
	(1) EMPLOYEE BENEFIT*	(2) PERSONAL TRUSTS**	(3) ESTATES**	(4) SUB-TOTAL (2) + (3)	(5) EMPLOYEE BENEFIT*	(6) ALL OTHERS	
U.S. Government and Agency obligations	41,914,000	30,812,000	16,252,000	67,874,000	2,713,000	12,500,000	110,900,000
State, County and Municipal obligations	45,000	1,078,000	15,572,000	17,695,000	2,600,000	68,573,000	27,966,000
Other obligations	292,272,000	2,322,000	4,215,000	298,809,000	12,210,000	111,400,000	777,500,000
Common stocks	690,997,000	620,243,000	69,271,000	1,380,511,000	6,022,000	382,037,000	1,449,569,000
Preferred stocks	4,000,000	13,221,000	1,125,000	18,346,000	2,000	31,500,000	51,600,000
Real estate mortgages	22,643,000	169,107,000	2,781,000	194,531,000	99,000	1,079,000	197,000,000
Real estate	15,207,000	20,000,000	22,107,000	57,314,000	0	4,753,000	127,500,000
Special dividend accumulation accounts	1,713,000	1,400,000	732,000	3,845,000	0	60,000	4,000,000
Time deposits in own bank	22,219,000	33,100,000	30,104,000	85,423,000	112,000	22,000,000	139,215,000
Time deposits in other banks	70,000	1,100,000	534,000	1,704,000	0	21,000	1,725,000
Demand deposits in own bank	2,013,000	6,577,000	2,230,000	10,820,000	1,207,000	1,267,000	21,670,000
Demand deposits in other banks	83,000	0	0	83,000	0	0	83,000
U.S. Savings Bonds	11,600,000	11,000,000	13,700,000	36,300,000	112,000	64,000	57,913,000
U.S. Government and Agency securities	932,320,000	1,332,000,000	128,072,000	2,392,712,000	22,120,000	201,300,000	2,816,132,000
U.S. Government and Agency accounts	2,037,000	5,730,000	1,107,000	9,874,000	10,000	600	9,884,000

* If a company is a participant in a plan that is funded by insurance it will be omitted.
 ** If, for a given asset, values are available, if not, combined data for the subject accounts should be placed in column (4).

SUPPLEMENTAL INFORMATION

If values as of review dates are used, indicate approximately the percentage of assets valued during the following period for each type of account:

Employee Benefit Trusts	.....
Personal Trusts	.....
Estates	.....
Employee Benefit Agencies	.....
All Other Agencies	.....
Total Assets	.....

December	October, November	July, A. Aug., September
.....
.....
.....
.....
.....
.....

If review dates are not used, indicate date market values were determined in last 60 days December / 31 / 1974
 Month Day Year

Number of accounts administered in trust department:		
(a) Trusts and estates (except corporate trusts).....		9,781
(b) Corporate accounts.....		1,111
1. Trusts.....		270
2. Registrar.....		126
3. Transfer agent.....		98
4. Others.....		617
(c) Agencies.....		2,519
(d) Other.....		281
Total accounts.....		13,792

EMPLOYEE BENEFIT ACCOUNTS¹

Type of account	Held as trustee (1)		Held as agent (5)	
	Number	Amount	Number	Amount (indicate where market value not used #)
Pension plans.....	622	662,478,000	8	18,855,000
Profit sharing plans.....	1,303	269,892,000	2	394,000
Stock bonus plans.....				
Thrift plans.....	112	9,989,000	1	1,518,000
If others (specify):				
Retirements.....			2	256,000
Safekeeping.....			1	218,000
Welfare.....			2	769,000
Union security.....			2	185,000
Totals².....	2,037	942,359,000	18	22,195,000

¹ Insured plans or portions of plans that are funded by insurance should be omitted.

² Totals should equal totals in cols. (1) and (5) on the front of this report.

Note: Total resources as of June call \$11,714,906,576.28.

Response of Girard Bank

1. \$3,364,000,000, managed assets (exclusive of custody) as defined by the Federal Reserve, June 30, 1975.

2. \$1,014,583,000, an estimate of assets over which we exercise full investment discretion, June 30, 1975.

3. \$775,000,000, an estimate of total employee benefit assets, June 30, 1975.

4. \$630,000,000, an estimate of employee benefit assets over which we exercise full investment discretion, June 30, 1975.

5. 55 percent, estimated percent of total employee benefit assets (see question No. 3) invested in common stocks.

6. a. No, there is no individual investment over which we have full discretion in the employee benefit area exceeding \$25,200,000 (4 percent of question No. 4).

b. No, there is no individual investment over which we have full discretion in the Trust Department exceeding \$40,600,000 (4 percent of question No. 2).

7. a. No, there are no instances in the employee benefit area where full discretion holdings exceed 8 percent of the company's outstanding shares.

b. Yes, Emery, Ind., 16 percent. Emery Industries is the only Trust Department investment where we exercise full discretion over more than 8 percent of the company's outstanding shares.

8. George H. Brown, Jr., director of Emery Industries, Girard Company and various other corporations including Phila. Elec. Co. and the Fidelity Mutual Life Insurance Co.

9. Such information is not available to the trust department.

10. Table represents amounts as of June 30, 1975.

Holding	Amount of managed holding (in thousands)	Percent of managed assets (question No. 1)	Percent of outstanding shares ¹
Rohm & Haas.....	\$130,781	3.9	13.0
IBM.....	105,282	3.1	.3
Exxon.....	89,155	2.7	.4
Proctor & Gamble.....	62,038	1.8	.8
Campbell Soup.....	52,584	1.6	4.8
A.T. & T.....	50,864	1.5	.2
SmithKline Corp.....	41,146	1.2	5.1
Eastman Kodak.....	40,190	1.2	.2
Weiss Markets.....	39,634	1.2	32.0
General Motors.....	36,543	1.1	.3
Atlantic Pichfield.....	36,233	1.1	.8
General Electric.....	32,841	1.0	.4
Pfizer, Inc.....	31,208	.9	1.4
Merck & Co.....	30,490	.9	.5
Emery Industries.....	29,950	.9	36.4
Texaco.....	29,397	.9	.4
Sears, Roebuck.....	28,875	.9	.3
CitiCorp.....	28,753	.9	.6
Minnesota Mining.....	28,360	.8	.4
Continental Corp.....	27,352	.8	2.5
Total.....		28.4	

¹ As these figures represent situations in which we have varying degrees of investment discretion, we felt it would be pertinent to show a further breakdown of those holdings in excess of 1 percent.

Holding	Percent full authority	Percent shared authority	Percent advisory authority	Total percent of outstanding
Rohm & Hass.....	0.7	99.1	0.2	13.0
Campbell Soup.....	.2	99.3	.5	4.8
SmithKline Corp.....	10.5	89.2	.3	5.1
Weiss Markets.....	0	100.0	0	32.0
Pfizer, Inc.....	44.0	56.0	0	1.4
Emery Ind.....	44.4	41.0	14.6	36.4
Continental Corp.....	8.4	89.8	1.8	2.5

11. a. We presently plan no venture capital investments under ERISA although it should be noted we have never made more than a nominal commitment to the area.

b. There is a tendency toward greater diversification although we have historically limited individual portfolios to a 3 to 5 percent investment in a single security when circumstances would permit. No other specific data is available.

c. A tendency toward a higher percentage of fixed income securities, particularly with new money. No other specific data is available.

Response of the Security Pacific National Bank

1. \$2,802,000,000, this figure includes only those accounts for which we have full or shared investment responsibility. It also includes some accounts in which we do not have custody of the assets. Total assets in our custody amounted to \$5,608,400,000 when last valued on or prior to June 30, 1975.

2. \$2,802,000,000, see response to question #1 above. The dollar amount of assets managed over which we have sole, unshared investment discretion was \$1,478,600,000.

3. \$312,800,000, this figure includes only those employee benefit accounts for which we have full or shared investment responsibility. Total employee benefit funds in our custody amounted to \$1,144,200,000 when last valued on or prior to June 30, 1975.

4. \$312,800,000, this figure excludes public retirement systems for which we act as investment advisor.

5. 57.0 percent, of those employee benefit accounts for which we have full or shared investment responsibility, common stocks represent 57.0 percent of the total funds. In respect to total employee benefit funds in our custody, common stocks represent 62.5 percent of the total funds. These figures exclude public retirement systems for which we act as investment advisor.

6. (a) No; and (b) No.

7. (a) No.

(b) No, it is assumed that inquiry relates to publicly held stock and not to closely held stock.

8. Not applicable.

9. Not applicable.

10. Top 20 common stock holdings:

20 LARGEST STOCK HOLDINGS, JUNE 30, 1975

[Dollars in thousands]

Common stock	Market value	Percent of assets managed	Percent of outstanding shares held
1. AMP, Inc. ¹	\$190,870	6.81	13.83
2. International Business Machines.....	120,454	4.30	.39
3. Union Oil Co. ¹	100,676	3.59	7.13
4. Eastman Kodak Co.....	65,940	2.35	.40
5. American Telephone & Telegraph Co.....	59,418	2.12	.21
6. Exxon Corp.....	52,221	1.86	.03
7. Standard Oil Co. of Indiana.....	37,233	1.33	.05
8. General Electric Co.....	36,392	1.30	.04
9. Sears, Roebuck & Co.....	36,070	1.29	.03
10. Dow Chemical Co.....	35,096	1.25	.42
11. Procter & Gamble Co.....	34,122	1.22	.42
12. American Home Products Corp.....	32,783	1.17	.05
13. General Motors Corp.....	32,681	1.16	.03
14. Standard Oil Co of California.....	32,287	1.15	.60
15. Dart Industries, Inc. ¹	30,456	1.09	5.57
16. Citicorp.....	29,725	1.06	.62
17. Merck & Co., Inc.....	27,363	.98	.43
18. Schering-Plough Corp. ¹	27,108	.97	.86
19. Atlantic Richfield Co.....	25,867	.92	.53
20. Burroughs Corp.....	24,360	.87	.35

¹ Investment authority restricted with respect to all or majority of shares held.

11. The new pension legislation has not had a significant effect upon our investment process or decisions, which we continue to make as prudent fiduciaries as we have in the past. We continue to avoid venture capital situations for fiduciary accounts and we remain broadly diversified in our equity investments. The diversification of the types and amounts of our investments remains substantially the same as before ERISA.

Response of the Crocker National Bank

1. The book value of assets held in the Trust and Investment Division of Crocker National Bank as of June 30, 1975 was \$5,854,040,000. We assume that "investment management" includes trust accounts of all types.

2. \$3,036,585,014.

3. The book value of all employee benefit funds as of June 30, 1975 was \$1,443,396,000.

4. \$1,205,179,743.

5. 69.4 percent.

6. Yes. Standard Oil Company of California. The bank is trustee of that Company's Employee Stock Plan. Our investment discretion is limited to the temporary investment of cash reserves awaiting permanent investment in the Company's stock. The holding represents 32.4 percent of (a) and 7.8 percent of (b).

7. No.

8. Not applicable.

9. Not applicable.

10. Top 20 common stock holdings:

	Amount of holding	Percent of outstanding shares
Eastman Kodak Corp.....	965,487,877	0.46
International Business Machines.....	55,866,656	.21
Hewlett Packard Co.....	39,181,905	1.59
Exxon Corp.....	35,834,263	.18
Dow Chemical Corp.....	34,125,157	.42
Procter & Gamble Co.....	31,424,607	.47
Standard Oil Co. of California.....	30,646,636	.62
American Home Products Corp.....	26,468,780	.51
General Electric Co.....	22,068,516	.28
General Motors Corp.....	21,782,197	.16
Caterpillar Tractor Co.....	21,349,696	.58
American Telephone & Telegraph.....	20,533,388	.08
Minnesota Mining & Manufacturing Co.....	18,874,669	.33
Safeway Stores, Inc.....	14,596,824	1.28
Pacific Gas & Electric Co.....	14,581,987	.92
BankAmerica Corp.....	14,003,211	.55
Crocker National Corp.....	13,731,196	5.67
Sears, Roebuck & Co.....	13,691,940	.14
Chicago Bridge & Iron Co.....	13,602,054	1.73
DuPont (E. I.) de Nemours & Co.....	13,255,751	.23
Total.....	521,108,320	.....

Note: 17.2 percent of total assets managed.

11. Since the enactment of the Employee Retirement Income Security Act of 1974, we have made no investments in venture capital situations. Even prior to 1975, our interest in venture capital was very limited. Two venture capital funds were purchased in 1970-71 for two of our largest accounts. Together they represent about 3% of each account. It has always been our position that individual venture capital investments involved more risk than was prudent for employee benefit plans.

From time to time, we have purchased the equities of small to medium-sized companies. These companies are carefully screened, and the prudent man rule is one of many factors considered. Companies with sales of less than 50 million are generally not considered, and those with revenues of \$100 million plus are preferred. Market capitalization of \$25 million is a minimum and \$100 million plus is typical. The equity investments of our portfolios have always been diversified. Most accounts contain 30-50 individual equity issues.

Likewise, we have diversified the accounts by types of investments. For most of 1973 and 1974, our accounts were invested about 20% cash and equivalents, 40% bonds and 40% common stocks. Presently, we are about 5% cash and equivalents, 40% bonds and 55% common stocks. In many of the larger accounts, real estate mortgages have been included as fixed-income investments along with bonds. As an additional diversification measure, we are considering the purchase of real estate equities.

In summary, it is fair to say that ERISA has not affected our practices with regard to diversification of equities or diversification of types or amounts of investments. However, our screens for small and medium-sized companies have been expanded, and it is more difficult for these companies to be considered for use.

Response of the Wachovia Bank and Trust Co.

1. \$2,744,317,153.67.
2. \$2,367,487,925.96.
3. \$1,028,104,302.50.
4. \$654,865,427.53.
5. 48.2 percent.
6. a. No; b. No.
7. a. No.
b. Chatham Manufacturing Company, 44.27 percent; Henredon Furniture Industries Inc., 15.88 percent; and Hanes Corp, 13.44 percent.
8. Chatham Manufacturing Company, A. K. Davis, Retired Chairman of the Board, Wachovia Bank & Trust Company, N.A.
Hanes Corporation, Gordon Hanes, Chairman of the Board, Hanes Corporation; John G. Medlin Jr., President and Chief Operating Officer, Wachovia Bank & Trust Company, N.A.; and William S. Smith, Vice Chairman, R. J. Reynolds Industries, Inc.
9. Not available at present time.
10. Top 20 common stock holdings:

Description	Amount	Percent total assets managed	Percent of outstanding shares ¹
R. J. Reynolds Industries, Inc.....	\$162,356,610	5.9	5.8
Burlington Industries, Inc.....	87,773,604	3.2	13.4
International Business Machine Corp.....	54,699,300	2.0	.2
Halliburton Co.....	43,582,512	1.6	1.4
Exxon Corp.....	31,622,958	1.2	.2
Atlantic Richfield Co.....	27,360,466	1.0	.5
Marsh & McLennan Cos.....	26,755,740	1.0	4.0
Phillips Petroleum Co.....	26,413,464	1.0	.6
Blue Bell, Inc.....	26,382,372	1.0	15.6
General Electric Co.....	26,326,707	1.0	.3
Eastman Kodak Co.....	23,856,350	.9	.2
Eaton Corp.....	22,702,329	.8	4.7
Wachovia Corp.....	21,190,753	.8	7.9
Duke Power Co.....	20,120,096	.7	2.4
NCR Corp.....	19,387,646	.7	2.8
Abbott Laboratories.....	19,317,343	.7	2.0
American Telephone & Telegraph Co.....	18,942,464	.7	.1
Emerson Electric Co.....	17,516,961	.6	1.0
ARA Services, Inc.....	15,023,193	.5	1.9
Xerox Corp.....	15,012,246	.5	.4

¹ Including convertible preferred.

11. a. Because of ERISA, we feel it is no longer appropriate to make venture capital investments in a retirement fund. While our investments in this area had been minimal prior to enactment of ERISA, we now believe that no investments of this type are appropriate.

b. Clearly, ERISA calls for diversified portfolios. This provision has had very little or no impact on our investment structure in that our portfolios have always been diversified, and we have felt it important to avoid concentration in a very small number of equities.

c. Our investment policy has always called for a reasonable balance among types of investments in our retirement fund portfolios. ERISA by itself has not had a great deal of impact on the diversification of types of investments; however, we have established limits for equity investments which are lower than they might have otherwise been. It clearly does not seem appropriate to have a retirement fund which is almost entirely invested in equities.

Response of the Irving Trust Co.

1. The estimated total market value of assets in accounts over which we exercised any degree of investment supervisory responsibility as of December 31, 1974 was \$1,688,042,000.

2. The estimated total market value of assets in accounts over which we exercised sole investment discretion as of December 31, 1974 was \$945,275,000.

3. The estimated total market value of employee benefit funds over which we exercised any degree of investment supervisory responsibility as of December 31, 1974 was \$826,742,000.

4. The estimated total market value of employee benefit funds over which we exercised sole investment discretion as of December 31, 1974 was \$680,401,000.

5. On December 31, 1974 approximately 52 percent of the employee benefit funds over which we exercised any degree of investment supervisory responsibility was invested in common stocks.

6. On December 31, 1974 no single security represented more than 4 percent of the total market value of (a) all accounts over which we exercised sole investment discretion or (b) all employee benefit accounts over which we exercised sole investment discretion.

7. On December 31, 1974 we held approximately 18 percent of the outstanding common shares of ICM Realty (an American Stock Exchange listed real estate investment trust) in various accounts over which we exercise sole investment discretion. In no other case did we hold more than 8% of the outstanding shares of any company.

8. We know of no person who is an officer or director of ICM Realty and also an officer or director of Irving Trust Company.

9. This question has been referred to and will be answered independently by our general counsel in view of long-standing company policies governing the relationship and controlling the exchange of information between our commercial and trust activities.

10. Indicated below as of December 31, 1974 are the top 20 stocks held in accounts over which we exercised any degree of investment supervisory responsibility, the approximate market value of each issue and the percentage of outstanding shares held of each issue:

Issue	Approximate market value	Percentage of outstanding shares
International Business Machines Corp.....	\$69,249,000	0.3
Avon Products, Inc.....	52,383,000	3.1
Schlumberger, Ltd.....	25,744,000	.6
Eastman Kodak Co.....	22,950,000	.2
General Electric Co.....	18,723,000	.3
Ocean Drilling & Exploration Co.....	18,445,000	4.3
Schering-Plough Corp.....	18,179,000	.6
Merck & Co., Inc.....	16,859,000	.3
American Telephone & Telegraph Co.....	15,299,000	.1
Exxon Corp.....	13,647,000	.1
Baxter Laboratories, Inc.....	12,665,000	1.2
Weyerhaeuser Co.....	12,395,000	.4
Dow Chemical Co.....	12,369,000	.2
Lowe's Cos., Inc.....	12,183,000	5.1
Johnson & Johnson.....	11,913,000	.3
Procter & Gamble Co.....	11,847,000	.2
Minnesota Mining & Manufacturing Co.....	11,772,000	.2
Betz Laboratories, Inc.....	11,014,000	4.8
American Home Products Corp.....	11,012,000	.2
Atlantic Richfield Co.....	10,664,000	.3

The total market value of these issues represents approximately 23.1 percent of the total market value of assets held in accounts over which we exercise any degree of investment supervisory responsibility.

11. (a) We have not made venture capital investments with pension fund monies under our management. However, we do maintain two pooled funds devoted in one case to the stocks of small to medium size companies and in the other to private placements, generally ones with equity features. The character of these funds has not changed since ERISA nor has our inclination to use them diminished. It should be noted, however, that these pooled funds are quite small and at no time has their aggregate value exceeded 5% of the employee benefit funds under our management.

(b) It has long been our policy to diversify pension trust investments broadly. ERISA has had no particular impact on our investment strategy either in terms of predisposing us to purchase fewer stocks or to change the character of our equity selections. Recognizing that size is not an exclusive measure of a company's financial strength or earnings potential, we have in the past and will continue to buy the shares of small to medium size companies which we deem to be of appropriate quality.

(c) Though ERISA has had no discernible impact on our investment strategy, we have been influenced by the troubled state of the U.S. economy and capital markets to buy somewhat fewer stocks over the last year and we have changed our industry emphasis slightly. Following is a scheme derived from a composite of pension funds under our management, as of year-end in each case, over the last three years:

(in percent)

	1972	1973	1974
Temporary investments (commercial paper, bank certificates of deposit, U.S. Treasury bills)	7.4	10.2	16.1
Fixed income investments	13.2	14.2	32.2
Equities	79.5	75.6	51.6

Perhaps it should be noted that the average maturity of our composite bond portfolio has been shortened substantially during the past three years and emphasis has been placed on upgrading the quality of our holdings.

Industry emphasis in our composite stock portfolio has shifted somewhat over the past few years as indicated by the following data with respect to selected industries:

(in percent)

	1972	1973	1974
Amusement and leisure time	7.59	3.37	2.7
Banking and financial	1.42	1.12	.8
Building material and equipment	5.69	5.59	3.7
Chemicals	2.15	3.92	7.3
Drugs	4.72	5.25	6.7
Electrical and electronics	7.09	3.91	2.7
Environmental control	3.30	3.23	2.5
Food and allied products	7.65	3.24	3.5
Hospital supply	9.26	9.77	9.9

[In percent]

	1972	1973	1974
Household products.....	4.65	4.57	4.8
Insurance.....	3.21	4.71	4.8
Machinery.....	1.66	3.74	3.9
Metals.....	.26	1.73	.9
Multi-industry.....	5.62	6.72	3.5
Office equipment.....	10.97	11.44	11.8
Paper and forest products.....	.74	1.64	4.3
Petroleum.....	4.39	9.75	1.9
Petroleum supply.....	2.92	3.68	11.4
Real estate.....	2.42	1.60	1.2
Retail trade.....	8.41	4.64	5.4
Transportation—Airlines.....	.15	.94	0
Transportation—General.....	1.14	2.72	1.7
Utilities.....	.13	.72	.7

Response of the United California Bank

1. \$1,954,182,872 at market as of June 30, 1975 (we have interpreted this question to mean assets for which we have some degree of investment discretion, either alone or shared with others, such as Co-Trustees, Consultants or Committees.)

2. \$1,451,570,484 (we have interpreted "investment discretion" as used in this question as intended to mean that investment authority, to the extent granted under the controlling trust instrument, is vested solely in us. As was the case in the 1973 questionnaire, there is a question as to the precise meaning of terms such as "investment management", "management" and "investment discretion" for purposes of the questionnaire. Such terms standing alone have no universally standard meaning.)

3. \$975,682,940 (as in question No. 1, we have interpreted this question to mean assets for which we have some degree of investment discretion, either alone or shared with others.)

4. \$921,433,711 (see comment under question No. 2 above.)

5. 40 percent, as applied to the amount listed in answer to question 3.

6. (a) Rockwell International Corp., 11 percent; and Southern California Edison, 5 percent.

(b) Rockwell International Corp., 7 percent.

See comments to question No. 10 below as to circumstances under which all but a nominal amount of the Rockwell and Southern California Edison securities are held.

7. (a) No (excepting Rockwell International Corp. and Pacific Lighting Corp. security holdings as not coming within the purview of investment discretion for purposes of this question—(see comments to question 10.)

(b) H. F. Ahmanson & Co., 11 percent (all received into a group of companion trusts.) Holdings of more than 8 in percent closely held, smaller corporations received by us mainly in probate estates have not been considered to come within the purview of this question.

8. None.

9. H. F. Ahmanson & Co. demand deposits: 1974, \$148,000; and 1975, \$117,000.

10. Please list the top twenty common stock holdings in your total portfolio,* the dollar amount of each of these holdings, the percentage of your total assets managed that these 20 holdings represent and the

percentage of outstanding shares in each of these companies your holdings represent?

TOP 20 COMMON STOCK HOLDINGS

	Market value, June 30, 1975	Total percentage outstanding
1. Rockwell International Corp.....	\$39,382,336	0.14
2. Southern California Edison Co.....	48,478,225	.05
3. Pacific Lighting Corp.....	36,852,835	.11
4. H. F. Ahmanson & Co.....	26,547,500	.11
5. Walt Disney Productions.....	25,952,758	.02
6. International Business Machines Corp.....	21,071,798	.001
7. Continental Corp.....	16,972,719	.02
8. American Hospital Supply Corp.....	14,265,654	.01
9. Southern Railway Co.....	13,936,890	.02
10. Eastman Kodak.....	13,499,525	.001
11. Exxon Corp.....	12,437,088	.001
12. Standard Oil Co. of California.....	11,819,891	.002
13. General Motors Corp.....	11,522,746	.001
14. Aetna Life & Casualty Co.....	10,513,893	.01
15. Procter & Gamble Co.....	9,879,715	.001
16. Dow Chemical Co.....	9,442,419	.001
17. Engelhard Minerals & Chemical Corp.....	8,101,787	.01
18. Citicorp.....	7,775,691	.002
19. General American Transport Corp.....	7,724,165	.02
20. Schlumberger, Ltd.....	7,470,603	.001

¹ Over 99 percent of the Rockwell International and Southern California Edison and 95 percent of the Pacific Lighting stocks as shown above are held in trusts for the benefit of employees of those companies, which trusts specifically restrict us to the purchase of company stock, with no conventional investment management discretion in the trustee.

² All of the noted H. F. Ahmanson & Co. stock was received into a group of companion trusts, and for which management is substantially shared with outside confidaries.

³ Over 99 percent of the Walt Disney Productions Co. holding was received through a probate estate and investment management is shared with outside confidaries. Nearly 80 percent of the American Hospital Supply holding was received through 1 probate estate.

Note: Top 20 holdings represent 21 percent of total assets managed. But see the comments below relative to 6 of the larger stock holdings.

11. There has been some concern that the prudent man rule and related fiduciary responsibility provisions in the new pension law (Employee Retirement Income Security Act of 1974) has substantially discouraged or even eliminated direct investments by pension managers, in small and medium size companies, in venture capital investments or indirect investments through venture capital funds. Could you indicate, including data, what impact this new pension law has had on (a) your venture capital investments (b) diversification of your equity investments, and (c) diversification of the types and amounts of your investments.

Although the new pension law has had no material impact on our investment decisions to date, we feel the concern pointed out in the question to be a valid one and our investment policies could be materially affected in the future, dependent on the direction of the interpretive course of the new law as developed by judicial decisions and applicable federal agency regulations. We would point out that the ERISA prudent man rule, on its face, does not appear to substantially differ from the prudent man rule set out in Section 2261 of the California Civil Code which was applicable to employee benefit trust in California prior to preemption by the new federal law. (The cited California rule still applies to trusts other than employee benefit trusts.) Thus, it is a question of whether the federal court and agency construction of the now applicable ERISA rule will be consistent or inconsistent with that of the California rule for us to determine what if any effect will be had on our investment approach.

Response of the National City Bank of Cleveland, Ohio

All June 30, 1975 aggregate asset values are estimates.

1. \$2,648,000,000.
2. \$1,899,000,000.
3. \$1,321,000,000.
4. \$1,225,000,000.
5. Approximately 60 percent.
6. No.
7. No (precludes any response to questions 8 and 9).
8. See answer to 7.
9. See answer to 7.
10. Top 20 common stock holdings:

Issue	Common shares as of Sept. 15, 1975	Sept. 15, 1975 market value (thousands)	Percentage of outstanding stock
Standard Oil Co. of Ohio	1,905,514	\$136,244.2	7.0
Lubrizol Corp.	2,828,637	127,288.7	14.1
TRW, Inc.	3,906,905	90,347.2	14.5
Marathon Oil Co.	1,605,429	77,863.3	5.3
International Business Machine Corp.	410,516	77,484.9	.3
Exxon Corp.	596,452	52,413.2	.3
Dow Chemical Co.	550,067	46,893.2	.6
Hanna Mining Co.	1,027,642	44,445.5	11.7
Standard Oil Co. of Indiana	512,301	23,886.0	.3
General Motors Corp.	428,104	21,886.8	.15
Weyerhaeuser Co.	576,713	20,112.9	.5
General Electric Co.	436,328	19,307.5	.2
Safeway Stores, Inc.	388,985	18,963.0	1.5
Sears, Roebuck & Co.	252,479	15,937.7	.2
American Telephone & Telegraph Corp.	334,798	15,275.2	.05
Abbott Laboratories	422,218	14,830.4	1.6
Capital Holding Corp.	647,139	12,376.5	2.3
Trans Union Corp.	468,472	11,828.9	4.7
Whirlpool Corp.	515,370	11,016.0	1.4
General Telephone & Electric Corp.	490,665	10,794.4	.4

Note: Any holdings which exceed the aforementioned percentage levels include corporate thrift plans and agency accounts in which the bank exercises no direct voting control or investment discretion.

11. No material changes.

Response of the Provident National Bank

1. As of December 31, 1974, \$2,337,086,486.
2. Not available.
3. \$400,000,000.
4. \$230,000,000.
5. 57 percent.
6. a. No; b. No.
7. No.
8. None.
9. None.

10. Top 20 common stock holdings:

Equity	Amount	Percentage of trust assets	Percentage of outstanding shares
Exxon Corp.....	\$83,800,000	3.5	0.57
International Business Machines Corp.....	81,200,000	3.4	.33
Merck & Co., Inc.....	52,200,000	2.2	1.04
Kerr-McGee Corp.....	37,300,000	1.5	2.08
American Telephone & Telegraph Co.....	35,100,000	1.5	.14
I.N.A. Corp.....	32,300,000	1.3	4.54
General Electric Corp.....	28,400,000	1.2	.47
General Motors Corp.....	25,300,000	1.0	.29
V.F. Corp.....	22,900,000	.9	16.11
American Natural Gas Co.....	22,100,000	.9	3.38
Atlantic Richfield Co.....	19,800,000	.8	.46
Standard Oil Co. of Indiana.....	19,700,000	.8	.31
Lukens Steel Co.....	18,200,000	.7	31.58
Sears Roebuck & Co.....	17,600,000	.7	.23
E.I. du Pont de Nemours & Co.....	17,000,000	.7	.38
Continental Oil Co.....	16,400,000	.7	.68
Mobil Oil Corp.....	15,400,000	.6	.41
Standard Oil of California.....	13,800,000	.5	.37
Betz Laboratories, Inc.....	13,800,000	.5	5.78
Flour Corp.....	12,600,000	.5	4.40

11 a. The Trust Division does not invest in venture capital investments.

11 b. The Trust Division emphasizes investing in larger market capitalization companies.

11 c. The Trust Division has always stressed diversification. Recently, the Employee Benefit Investments have shifted from equities to bonds. In the past the ratio was 75 percent to 25 percent. Presently, the ratio is 65 percent to 35 percent.

TRANSACTIONS

Securities	Date	Purchase (P) or sale (S)	Price per share	Total price	Number of shares	Exchange	Broker
American Express.....	Mar. 27, 1975	(P)	38 $\frac{7}{8}$		2,500	OTC.....	Loeb Rhodes.
Do.....	do.....	(P)	39	\$389,687.50	7,500	do.....	Do.
American Telephone & Telegraph.....	May 14, 1975	(P)	52	1,300,000.00	25,000	Lay off.....	Morgan Stanley.
Armco Steel.....	May 21, 1975	(P)	28 $\frac{1}{2}$	855,000.00	30,000	NYSE.....	Solomon Bros.
Do.....	May 15, 1975	(P)	30	300,000.00	10,000	do.....	Kuhn Loeb.
Avon Products.....	Mar. 27, 1975	(P)	38	760,000.00	20,000	do.....	Kidder Peabody.
Borden.....	May 29, 1975	(P)	24 $\frac{1}{4}$	965,150.00	39,800	do.....	First Boston.
Commonwealth Edison.....	June 2, 1975	(P)	26		20,000	3d market.....	Weeden.
Do.....	do.....	(P)	26.10	1,042,000.00	20,000	do.....	Do.
Do.....	June 3, 1975	(P)	26.17	523,400.00	20,000	do.....	Cantor Fitzgerald.
Continental Telephone.....	May 14, 1975	(P)	12 $\frac{3}{4}$	132,600.00	10,400	do.....	Jefferies.
Do.....	Mar. 5, 1975	(P)	12 $\frac{1}{2}$		1,900		Edwards & Hawly.
Do.....	do.....	(P)	12 $\frac{5}{8}$		900		Do.
Do.....	do.....	(P)	12 $\frac{3}{4}$		10,400		Do.
Do.....	do.....	(P)	12 $\frac{7}{8}$		5,400		Do.
Do.....	do.....	(P)	13		23,500		Do.
Do.....	do.....	(P)			5,000	MWSE.....	Do.
Do.....	do.....	(P)		547,459.82	37,100	NYSE.....	Do.
Do.....	June 11, 1975	(P)	12 $\frac{5}{8}$		2,100		Edwards & Hawly.
Do.....	do.....	(P)	12 $\frac{5}{4}$		2,900		Do.
Do.....	do.....	(P)	13		25,000		Do.
Do.....	do.....	(P)			15,000	NYSE.....	Do.
Do.....	do.....	(P)			10,000	Boston.....	Do.
Do.....	do.....	(P)			5,000	MWSE.....	Do.
Dow Chemical.....	Mar. 25, 1975	(P)	72 $\frac{3}{8}$	455,512.50	5,000	3d market.....	Jefferies.
Do.....	do.....	(P)	72 $\frac{5}{8}$	739,475.00	10,200	do.....	Do.
ERC Corp.....	May 8, 1975	(P)	16 $\frac{5}{8}$			OTC.....	Shields Model Roland.
Do.....	do.....	(P)	17 $\frac{1}{4}$	222,375.00	13,000	do.....	Do.
Economic Labs.....	May 7, 1975	(P)	27 $\frac{3}{8}$	273,750.00	10,000	Secondary.....	Reynolds.
Exxon Corp.....	Mar. 25, 1975	(P)	69 $\frac{3}{8}$	1,048,125.00	15,000	3d market.....	Weeden.
Do.....	Apr. 4, 1975	(P)	71	1,078,000.00	15,400	do.....	Do.

TRANSACTIONS—Continued

Securities	Date	Purchase (P) or sale (S)	Price per share	Total price	Number of shares	Exchange	Broker
Gannett, Inc.	Mar. 31, 1975	(P)	33	990,000.00	30,000	NYSE	Kidder Peabody.
Gardner Denver	May 22, 1975	(P)	25 $\frac{3}{8}$	2,664,375.00	105,000	Secondary	Goldman Sachs.
General Motors Corp.	May 8, 1975	(P)	44 $\frac{1}{8}$	442,500.00	10,000	NYSE	Merrill Lynch.
Goodyear Tire & Rubber.	Mar. 13, 1975	(P)	17	732,700.00	43,100	2d market	Faulkner Dawkins.
Hobart	Apr. 17, 1975	(P)	21	224,700.00	10,700	OTC	Shields & Co.
Illinois Power	May 14, 1975	(P)	22 $\frac{5}{8}$	678,125.00	25,000	MWSE	Halsey Stuart.
Do	do	(P)	22 $\frac{1}{2}$	5,000	5,000	do	Do.
Do	May 16, 1975	(P)	21 $\frac{1}{2}$	270,900.00	12,600	NYSE	Halsey Stuart.
Do	June 3, 1975	(P)	25	7,600	7,600	do	Goldman Sachs.
Do	do	(P)	24 $\frac{3}{8}$	5,000	5,000	do	Do.
Do	do	(P)	24 $\frac{3}{8}$	900	900	do	Do.
Do	do	(P)	---	3,900	3,900	MWSE	Do.
Do	do	(P)	---	9,600	9,600	NYSE	Do.
Do	June 12, 1975	(P)	25	1,193,200.00	47,500	do	Do.
Do	Mar. 17, 1975	(P)	27 $\frac{1}{2}$	286,000.00	10,400	do	William D. Witter.
Knight Ridder Newspapers.	Apr. 28, 1975	(P)	28 $\frac{1}{2}$	570,000.00	1,500	4th market	Brandt Zwick.
Do	Mar. 27, 1975	(P)	71	710,000.00	10,000	NYSE	Morgan Stanley.
Marathon Oil	June 3, 1975	(P)	43 $\frac{1}{4}$	656,250.00	15,000	do	Lehman.
Do	May 9, 1975	(P)	39 $\frac{1}{4}$	953,012.50	23,900	3d market	Jefferies.
Do	May 7, 1975	(P)	37 $\frac{1}{4}$	464,325.00	12,300	NYSE	Solomon Bros.
Martin Marietta	Mar. 20, 1975	(P)	16 $\frac{1}{4}$	6,500	6,500	do	Becker.
Do	do	(P)	16 $\frac{1}{4}$	1,500	1,500	do	Do.
Do	do	(P)	16	12,000	12,000	do	Do.
Do	do	(P)	---	1,000	1,000	PCSE	Do.
Do	do	(P)	---	313,750.00	19,000	NYSE	Do.
Maytag	May 9, 1975	(P)	27 $\frac{1}{2}$	\$490,500.00	18,000	do	White Weld.
Mobil Oil Corp.	Mar. 21, 1975	(P)	40 $\frac{1}{2}$	5,000	5,000	do	Oliphant.
Do	do	(P)	40 $\frac{3}{8}$	404,232.50	1,900	do	Do.
National Gypsum	May 28, 1975	(P)	12 $\frac{1}{4}$	232,750.00	19,000	do	Smith Barney.
Do	May 15, 1975	(P)	13 $\frac{1}{4}$	132,500.00	10,000	3d market	Jefferies.
Pennsylvania Power & Light.	Apr. 3, 1975	(P)	18	450,000.00	25,000	Secondary	First Boston.
RCA Corp.	June 10, 1975	(P)	19 $\frac{1}{8}$	203,891.00	10,600	NYSE	Drexel Burnham & Co.
Scott and Fetzer	Mar. 12, 1975	(P)	13 $\frac{1}{2}$	280,800.00	20,800	do	Gruman.
Seaboard Coastline Industries.	Mar. 24, 1975	(P)	28 $\frac{1}{4}$	---	---	do	Mitchell Hutchinson.
Do	do	(P)	28 $\frac{1}{4}$	437,812.50	15,500	do	Do.
Do	Apr. 17, 1975	(P)	27 $\frac{3}{4}$	283,050.00	10,200	do	Tucker Anthony.
Sedco, Inc.	May 7, 1975	(P)	31 $\frac{3}{4}$	948,750.00	30,000	do	First Boston.
Sony Corp.	Feb. 24, 1975	(P)	8 $\frac{1}{2}$	85,000.00	10,000	OTC	Donaldson Lufkin.
Southwestern Public Service.	June 4, 1975	(P)	10 $\frac{1}{2}$	205,000.00	20,000	NYSE	Hugh Johnson.
Do	June 2, 1975	(P)	10	500,000.00	50,000	do	Paine Webber.
Standard Oil of California.	Mar. 20, 1975	(P)	25 $\frac{1}{4}$	1,010,000.00	40,000	3d market	Weeden.
Sterling Drug	May 13, 1975	(P)	20	200,000.00	10,000	NYSE	Halsey Stuart.
Syntex	May 7, 1975	(P)	40 $\frac{1}{4}$	401,250.00	10,000	MWSE	Jessup & Lamont.
Texaco	Apr. 16, 1975	(P)	24 $\frac{1}{2}$	---	50,000	do	Goldman Sachs.
Do	do	(P)	---	3,500	3,500	MWSE	Do.
Do	do	(P)	---	1,225,000.00	46,500	NYSE	Do.
United Aircraft	Mar. 21, 1975	(P)	40 $\frac{1}{4}$	---	1,100	2d market	Donaldson Lufkin.
Do	do	(P)	40 $\frac{1}{4}$	---	4,100	do	Do.
Do	do	(P)	40 $\frac{1}{4}$	---	12,900	do	Do.
Do	do	(P)	40 $\frac{1}{4}$	---	100	do	Do.
Do	do	(P)	40 $\frac{1}{4}$	852,823.75	2,800	do	Do.
U.S. Fidelity & Guaranty.	Mar. 24, 1975	(P)	31 $\frac{1}{2}$	630,000.00	20,000	NYSE	Jefferies.
Caterpillar Tractor CV 5 $\frac{1}{2}$ percent 6/30/2000.	June 3, 1975	(P)	100	1,500,000.00	1,500,000	OTC	Neuberger Berman.
Champion International 1.20 CV PFD.	Apr. 2, 1975	(P)	15 $\frac{1}{2}$	155,000.00	10,000	NYSE	Kidder Peabody.
Mesa Petroleum Co. \$1.60 CUM CV PFD.	May 7, 1975	(P)	23	230,000.00	10,000	OTC	Donaldson Lufkin & Jenrette.
Pennwalt 1.60 CM CV 2ND SER PFD B.	Apr. 2, 1975	(P)	20	200,000.00	10,000	PBW	Parrish.
Almaden Vineyards, Inc.	May 8, 1975	(S)	9 $\frac{5}{8}$	116,462.50	12,100	PCSE	Jefferies & Co.
American Telephone & Telegraph.	Apr. 7, 1975	(S)	$\frac{1}{2}$	8,000.00	16,000	OTC	Butcher & Singer.
Armstrong Cork	May 1, 1975	(S)	25 $\frac{3}{4}$	772,500.00	30,000	NYSE	Goldman Sachs.
Do	May 7, 1975	(S)	26	---	20,000	do	First Boston.
Do	do	(S)	26 $\frac{1}{4}$	1,044,000.00	20,000	do	Do.
Do	May 6, 1975	(S)	26 $\frac{1}{4}$	795,000.00	30,000	do	Goldman Sachs.
Do	May 29, 1975	(S)	21 $\frac{3}{4}$	619,875.00	28,500	do	G. S. Gruman.

TRANSACTIONS—Continued

Securities	Date	Purchase (P) or sale (S)	Price per share	Total price	Number of shares	Exchange	Broker
Avon Products.....	May 1, 1975	(S)	45 $\frac{3}{4}$	453,750.00	10,000	3d market..	Jefferies.
Do.....	do.....	(S)	46	460,000.00	10,000	NYSE.....	Drexel Burnham.
Black & Decker.....	Apr. 18, 1975	(S)	33 $\frac{3}{4}$			do.....	Faulkner Dawkins.
Do.....	do.....	(S)	33 $\frac{3}{4}$			do.....	Do.
Do.....	do.....	(S)	33 $\frac{3}{4}$	1,448,044.63	43,750	do.....	Do.
Borden, Inc.....	Apr. 1, 1975	(S)	23		160	do.....	Solomon Bros.
Do.....	do.....	(S)	22	2,297,286.51	104,000	do.....	Do.
Carborundum.....	Apr. 14, 1975	(S)	35	1,657,259.22	47,600	do.....	Loeb Rhodes.
Christiana Securities.....	May 1, 1975	(S)	120		1,000	OTC.....	Solomon Bros.
Do.....	do.....	(S)	120 $\frac{1}{4}$		1,000	do.....	Do.
Do.....	do.....	(S)	120 $\frac{1}{2}$		1,000	do.....	Do.
Do.....	do.....	(S)	120 $\frac{3}{4}$		1,000	do.....	Do.
Do.....	do.....	(S)	121		4,000	do.....	Do.
Do.....	do.....	(S)	121 $\frac{1}{2}$		1,000	do.....	Do.
Do.....	do.....	(S)	121 $\frac{3}{4}$	1,208,750.00	1,000	do.....	Do.
Continental Investment Corp. Mass.	June 5, 1975	(S)	121 $\frac{3}{4}$	5,355.50	21,422	do.....	L. C. Weward Co.
Dayco Corp.....	May 16, 1975	(S)	10 $\frac{1}{4}$	105,000.00	10,000	NYSE.....	Yairnall Biddle Mitchell Hutchinson.
Digital Equipment.....	Apr. 18, 1975	(S)	102 $\frac{1}{4}$		100		Do.
Do.....	do.....	(S)	102 $\frac{1}{2}$		100		Do.
Do.....	do.....	(S)	102 $\frac{3}{4}$		1,000		Do.
Do.....	do.....	(S)	102 $\frac{7}{8}$		300		Do.
Do.....	do.....	(S)	103		6,000		Do.
Do.....	do.....	(S)	103 $\frac{1}{4}$		1,000		Do.
Do.....	do.....	(S)	103 $\frac{1}{2}$		500		Do.
Do.....	do.....	(S)	103 $\frac{3}{4}$		200		Do.
Do.....	do.....	(S)	103 $\frac{1}{2}$		650		Do.
Do.....	do.....	(S)	103 $\frac{3}{4}$		2,700		Do.
Do.....	do.....	(S)	103 $\frac{1}{2}$		2,600		Do.
Do.....	do.....	(S)	103 $\frac{7}{8}$		100		Do.
Do.....	do.....	(S)	104		200		Do.
Do.....	do.....	(S)	104 $\frac{1}{4}$		200		Do.
Do.....	do.....	(S)	104 $\frac{1}{2}$		1,100		Do.
Do.....	do.....	(S)			1,300	MWSE.....	Do.
Do.....	do.....	(S)		1,723,136.24	15,400	NYSE.....	Do.
R. R. Donnelley & Sons.	June 16, 1975	(S)	22 $\frac{1}{4}$	1,104,627.75	50,000	do.....	Edwards Hawly.
Dow Chemical.....	May 29, 1975	(S)	86 $\frac{3}{4}$	936,900.00	10,800	MWSE.....	Merrill Lynch.
Eaton Corp.....	June 10, 1975	(S)	\$1.00	30,000.00	30,000	OTC.....	Loeb Rhodes.
Federated Department Stores.	Apr. 18, 1975	(S)	45 $\frac{1}{4}$	918,528.18	20,300	NYSE.....	Jessup & Lamont.
Fluor Corp.....	June 16, 1975	(S)	39 $\frac{3}{4}$	395,242.05	10,000	do.....	Wertheim.
General Electric.....	May 29, 1975	(S)	44 $\frac{3}{4}$	903,950.00	20,200	3d market..	Jefferies & Co.
Grolier, Inc.....	May 16, 1975	(S)	2 $\frac{3}{4}$	37,537.50	14,300	NYSE.....	Yairnall Biddle.
Gulf Oil.....	May 9, 1975	(S)	19	233,757.00	12,303	PCSE.....	Shearson Hayden Stone.
Do.....	Apr. 16, 1975	(S)	19 $\frac{3}{4}$	980,880.25	50,000	NYSE.....	Goldman Sachs.
Household Finance.....	Mar. 31, 1975	(S)	16 $\frac{3}{4}$	1,650,000.00	100,000	do.....	Oppenheimer.
Howard Johnson.....	May 9, 1975	(S)	13 $\frac{7}{8}$	138,750.00	10,000	do.....	Do.
Do.....	May 29, 1975	(S)	12 $\frac{3}{4}$	840,825.00	66,600	do.....	Loeb Rhodes.
Kellogg Co.....	Apr. 10, 1975	(S)	16 $\frac{7}{8}$	297,039.02	12,400	do.....	Woods, Struthers & Winthrop, Inc.
Kennecott Copper.....	Apr. 29, 1975	(S)	36 $\frac{1}{4}$	2,911,254.33	81,000	do.....	Oppenheimer.
Kresge.....	May 29, 1975	(S)	28 $\frac{3}{4}$	513,000.00	18,000	do.....	Blythe Eastman.
Masco.....	do.....	(S)	48 $\frac{3}{4}$	560,625.00	11,500	3d market..	Cantor Fitzgerald.
Maytag.....	Apr. 18, 1975	(S)	28 $\frac{3}{4}$	748,785.62	26,200	NYSE.....	White Weld.
Mesa Petroleum.....	June 2, 1975	(S)	22		4,300	do.....	E. F. Hutton.
Do.....	do.....	(S)	22 $\frac{1}{8}$		400	do.....	Do.
Do.....	do.....	(S)	22 $\frac{1}{4}$		11,600	do.....	Do.
Do.....	do.....	(S)	22 $\frac{3}{8}$	361,550.00	1,200	do.....	Do.
Do.....	May 30, 1975	(S)	21		22,000	do.....	Do.
Do.....	do.....	(S)	21 $\frac{3}{4}$	673,250.00	10,000	do.....	Do.
Middle South Utilities.....	May 14, 1975	(S)	13 $\frac{7}{8}$		40,000		Halsey Stuart.
Do.....	do.....	(S)	13 $\frac{3}{4}$		10,000		Do.
Do.....	do.....	(S)			40,000	do.....	Do.
Do.....	do.....	(S)		629,500.00	10,000	MWSE.....	Do.
Do.....	May 22, 1975	(S)	13 $\frac{1}{2}$	594,000.00	44,000	NYSE.....	Do.
Do.....	May 16, 1975	(S)	13 $\frac{1}{4}$	337,500.00	25,000	do.....	Do.
Olin Corp.....	June 16, 1975	(S)	26 $\frac{1}{2}$			do.....	Kuhn Loeb.
Do.....	do.....	(S)	26 $\frac{3}{4}$	391,299.76	14,863	do.....	Do.
Philadelphia Electric Co.	May 13, 1975	(S)	13 $\frac{1}{2}$			do.....	Halsey Stuart Bache.
Do.....	do.....	(S)	13 $\frac{1}{4}$	162,164.50	11,902	do.....	Do.
Do.....	Apr. 23, 1975	(S)	12 $\frac{3}{4}$	165,750.00	13,000	do.....	First Boston.
Ramada Inns.....	May 27, 1975	(S)	4.95	148,500.00	30,000	3d market..	Jefferies.
Revco D S Inc.....	May 20, 1975	(S)	33 $\frac{7}{8}$		12,100	OTC.....	Rear Stearn.
Do.....	do.....	(S)	33 $\frac{1}{2}$	413,237.50	1,000	do.....	Do.

TRANSACTIONS—Continued

Securities	Date	Purchase (P) or sale (S)	Price per share	Total price	Number of shares	Exchange	Broker
Rorer Amchen	May 9, 1975	(S)	23	361,100.00	15,700	NYSE	First Manhattan.
Seaboard Coastlines	May 15, 1975	(S)	23	230,000.00	10,000	do	Solomon Bros.
Smithkline Corp	June 5, 1975	(S)	56	560,000.00	10,000	do	Shields Model.
Do	June 16, 1975	(S)	54	1,350,000.00	25,000	do	Olyphant.
U.S. Gypsum Co	Apr. 1, 1975	(S)	91	188,034.28	10,000	do	W. H. Newbolds son.
United Technology	May 16, 1975	(S)	48	132,000.00	27,500	do	Goldman Sachs.
Do	May 20, 1975	(S)	48	528,000.00	11,000	do	Do.
Do	May 27, 1975	(S)	48	481,000.00	10,000	do	Do.
Universal Oil Products	May 12, 1975	(S)	14 $\frac{1}{2}$	326,250.00	22,500	do	Do.
Viacom International, Inc.	Apr. 25, 1975	(S)	7 $\frac{7}{8}$	142,852.50	18,140	do	Drexel Burnham.
Virginia Electric & Power Co.	Apr. 8, 1975	(S)	10 $\frac{1}{8}$	1,062,500.00	10,000	do	Do.
West Point-Pepperell	May 15, 1975	(S)	36	1,830,000.00	50,000	do	Lehman Bros.
Weyerhaeuser	Apr. 16, 1975	(S)	36	501,150.92	14,000	MWSE	E. F. Hutton.
Winter Park Telephone	June 3, 1975	(S)	6 $\frac{1}{4}$	155,250.00	23,000	OTC	Drexel Burnham.
Economic Labs CV S DB 5.125 percent June 1, 1991	May 6, 1975	(S)	112	1,064,000.00	950,000	do	Wechsler & Krumholz.
S. S. Kresge CV 6 percent July 15, 1999	Apr. 30, 1975	(S)	99 $\frac{1}{4}$	496,250.00	500,000	do	Kidder Peabody.
Do	May 1, 1975	(S)	99 $\frac{1}{2}$	497,500.00	500,000	do	Do.

*Trust Division 20 largest common stock holdings
(As of December 31, 1971)*

Company	Market value (millions)
International Business Machines Corp	\$101.5
Standard Oil Company of New Jersey	76.8
General Motors Corp	63.4
Merck & Company, Inc	45.2
General Electric Co	44.1
VF Corp	40.7
Sears, Roebuck & Company	32.2
Kerr-McGee Corp	29.9
E. I. Du Pont de Nemours & Company	28.6
Philadelphia Electric Co	27.1
Mobil Oil Corp	24.1
American Telephone & Telegraph Co	23.9
Gulf Oil Corp	19.4
INA Corp	18.3
Kraftco Corp	17.4
Standard Oil Company of Indiana	16.7
Provident National Corp	15.9
Standard Oil Company of California	15.8
Texaco, Inc	15.8
American Electric Power Company, Inc	14.3

*Trust Division 20 largest common stock holdings
(As of December 31, 1972)*

<i>Company</i>	<i>Market value (millions of dollars)</i>
International Business Machines Corp.....	\$125.4
Exxon Corp.....	97.6
General Motors Corp.....	66.3
Merck & Company, Inc.....	63.7
General Electric Co.....	51.8
VF Corp.....	49.0
Kerr-McGee Corp.....	40.0
Sears, Roebuck & Company.....	34.4
Mobil Oil Corp.....	30.0
E. I. du Pont de Nemours & Company.....	26.8
INA Corp.....	25.1
American Telephone & Telegraph Co.....	24.4
Philadelphia Electric Co.....	23.9
American Natural Gas Co.....	22.3
Standard Oil Company (Indiana).....	20.5
Standard Oil Company of California.....	20.3
Provident National Corp.....	20.1
Eastman Kodak Co.....	19.9
Gulf Oil Corp.....	15.3
Texaco, Inc.....	15.2

*Trust division, 20 largest common stock holdings
(As of December 31, 1974)*

<i>Company</i>	<i>Market value (millions of dollars)</i>
1. Exxon Corp.....	83.8
2. IBM Corp.....	81.2
3. Merck & Co., Inc.....	52.2
4. Kerr-McGee Corp.....	37.3
5. American Tel. & Tel. Co.....	35.1
6. INA Corp.....	32.3
7. General Electric Co.....	28.4
8. General Motors Corp.....	25.3
9. V.F. Corp.....	22.9
10. American Natural Gas Co.....	22.1
11. Atlantic Richfield Co.....	19.8
12. Standard Oil Co. Ind.....	19.7
13. Lukens Steel Co.....	18.2
14. Sears, Roebuck & Co.....	17.6
15. E. I. du Pont de Nemours & Co.....	17.0
16. Continental Oil Co.....	16.4
17. Mobil Oil Corp.....	15.4
18. Standard Oil of Cal.....	13.8
19. Betz Laboratories, Inc.....	13.8
20. Fluor Corp.....	12.6

Response of the Mercantile-Safe Deposit & Trust Co.

1. As of June 30, 1975, \$2.6 billion of assets were under the investment management of Mercantile-Safe Deposit and Trust Company.

2. It is estimated that Mercantile-Safe Deposit and Trust Company exercised sole investment authority over \$1.04 billion in assets as of June 30, 1975.

3. As of June 30, 1975, \$453 million of employee benefit funds were under investment management of Mercantile-Safe Deposit and Trust Company.

4. It is estimated that sole investment authority was exercised over \$180 million of employee benefit funds as of June 30, 1975.

5. Sixty-seven percent of employee benefit funds were invested in common stocks on June 30, 1975.

6. There is no one security which represents more than four percent of our employee benefit funds or total assets over which we exercise investment discretion.

7a. No.

7b. Information as to the percent of holdings of any particular company over which we have investment discretion is not normally disclosed. Of publicly-held companies (companies registered under Section 12 of the Securities Act of 1934), we hold as fiduciary, exercising the sole right to vote more than 8 percent of the voting stock of the following: Mercantile Bankshares Corp., 12.1 percent of combined common and convertible preferred.

In addition, there are 52 closely-held companies in which over 8 percent of the outstanding shares are held by Mercantile-Safe Deposit and Trust Company.

8. Not applicable.

9. The Trust Division does not have access to credit files or balances information.

10. Top 20 common stock holdings:

	Percent of outstanding shares on Sept. 16, 1975	Dec. 31, 1974 market value	Percent of total holdings on Dec. 31, 1974
International Business Machines.....	0.3	\$69,034,560	2.
Exxon Corp.....	.3	60,651,855	3.0
Reynolds (R.J.) Industries, Inc.....	2.9	57,217,592	2.8
A. E. Staley Manufacturing Co. ¹	40.8	48,243,301	2.3
American Home Products Corp.....	1.0	43,066,231	2.1
Eastman Kodak Co.....	.4	37,100,965	1.8
General Electric Co.....	.3	35,592,334	1.7
Sears, Roebuck & Co.....	.5	30,151,521	1.5
Warner-Lambert Co.....	1.5	29,536,364	1.5
Minnesota Mining & Manufacturing Co.....	.7	26,209,793	1.3
Lilly (Eli) & Co.....	.4	23,141,760	1.1
American Telephone & Telegraph Co.....	.1	22,641,654	1.1
Merck & Co., Inc.....	.6	22,619,007	1.1
U.S. Fidelity & Guaranty Co.....	4.7	20,244,830	1.0
Procter & Gamble Co.....	.4	19,921,941	1.0
Johnson & Johnson.....	.5	19,220,429	.9
Atlantic Richfield Co.....	.5	18,625,076	.9
Burroughs Corp.....	.9	18,153,446	.9
General Motors Corp.....	.2	17,807,817	.9
Black & Decker Manufacturing Co.....	2.6	17,350,422	.9
Total.....			31.2

¹ Shares being distributed.

² Mar. 1, 1975.

11. a. Not applicable, since we have not considered venture capital investments appropriate for retirement accounts.

b. Our policies for diversification inequities are the same as before.

c. The new law coupled with stock market volatility in recent years resulted in our shifting to a minimum of 25 percent in bonds to cover more of the actuarial requirement through income yield.

Response of the Fidelity Bank

1. \$1,979,539,576.

2. \$1,427,160,428.

3. \$310,869,826.

4. \$310,564,518.

5. 42.8 percent.

6. We hold no security representing over 4 percent of total assets under which we exercise investment discretion in whole or in part. The following common stocks at market value aggregate in excess of 4 percent of discretionary employee benefit funds. These common stock holdings are obviously substantially held in other than employee benefit assets.

	<i>Percent of aggregate employee benefit plans</i>
1. IBM	24.0
2. Campbell Soup.....	18.4
3. Exxon Corp.....	17.5
4. Merck & Co.....	13.4
5. E. I. duPont.....	13.3
6. SmithKline Corp.....	12.6
7. General Motors.....	11.9
8. General Electric.....	10.5
9. American Tel. & Tel.....	9.6
10. Phillips Petroleum.....	9.4
11. Sears, Roebuck & Co.....	8.3
12. Mobil Oil.....	7.6
13. Texaco, Inc.....	7.5
14. INA	7.1
15. Dow Chemical.....	5.9
16. Atlantic Richfield.....	5.7
17. Eastman Kodak.....	4.7
18. Standard Oil of Indiana.....	4.6
19. Rohm & Haas.....	4.3

7. We hold the following common stocks which represent over 8 percent of the company's outstanding shares:

	<i>Percent of out- standing shares</i>
1. Fidecor, Inc.....	11.2
2. Penn Virginia Corp.....	12.5
3. West Co., Inc.....	27.4

	<i>Officer as director</i>
8. 1. Fidecor, Inc.....	Parent of The Fidelity Bank.
2. Penn Virginia Corp.*.....	E. B. Leisenring, Jr., President of Penn Virginia Corp. and Director of Fidecor, Inc.
3. West Co., Inc.....	None.

*Penn Virginia Corp. owns about 33 percent of Westmoreland Coal Co. Mr. E. B. Leisenring, Jr. is president of this company. Mr. Samuel H. Ballam, Jr., president of Fidecor, Inc. and The Fidelity Bank is a director as is William R. Klaus, esquire. Mr. Klaus is a director of Fidecor, Inc. and The Fidelity Bank.

9. Not available.

10. Top 20 common stock holdings:

	Market value	Percent of shares outstand- ing	Percent of total assets managed
1. International Business Machines	\$74,677,512	0.3	3.8
2. Campbell Soup Co	56,877,617	6.2	2.9
3. Exxon Corp	54,327,585	.4	2.7
4. Merck & Co., Inc	41,737,106	.4	2.1
5. E. I. du Pont de Nemours	41,354,568	.9	2.1
6. SmithKline Corp	39,190,365	5.8	2.0
7. General Motors Corp	37,195,446	.4	1.9
8. General Electric Co	32,531,312	.5	1.6
9. American Telephone & Telegraph	30,025,869	.1	1.5
10. Phillips Petroleum Co	29,259,100	.9	1.5
11. Sears, Roebuck & Co	25,933,313	.3	1.3
12. Mobil Oil Corp	23,603,220	.6	1.2
13. Texaco, Inc	23,255,545	.4	1.2
14. INA Corp	22,087,688	.8	1.1
15. Dow Chemical Co	18,419,995	.4	.9
16. Atlantic Richfield Co	17,720,389	.4	.9
17. Eastman Kodak Co	14,700,578	.1	.7
18. Standard Oil Co. of Indiana	14,230,111	.2	.7
19. Rohm & Haas Co	13,385,398	2.3	.7
20. American Electric Power Co	12,126,168	1.2	.6
Total			31.4

Note: All valuations were as of Dec. 31, 1974. The valuations as of June 30, 1975 were not available.

Response of the Bank of New York

We wish not to participate in your present survey.

