Philanthropy—Corporate

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# THE CHRONICLE OF PHILANTHROPY®

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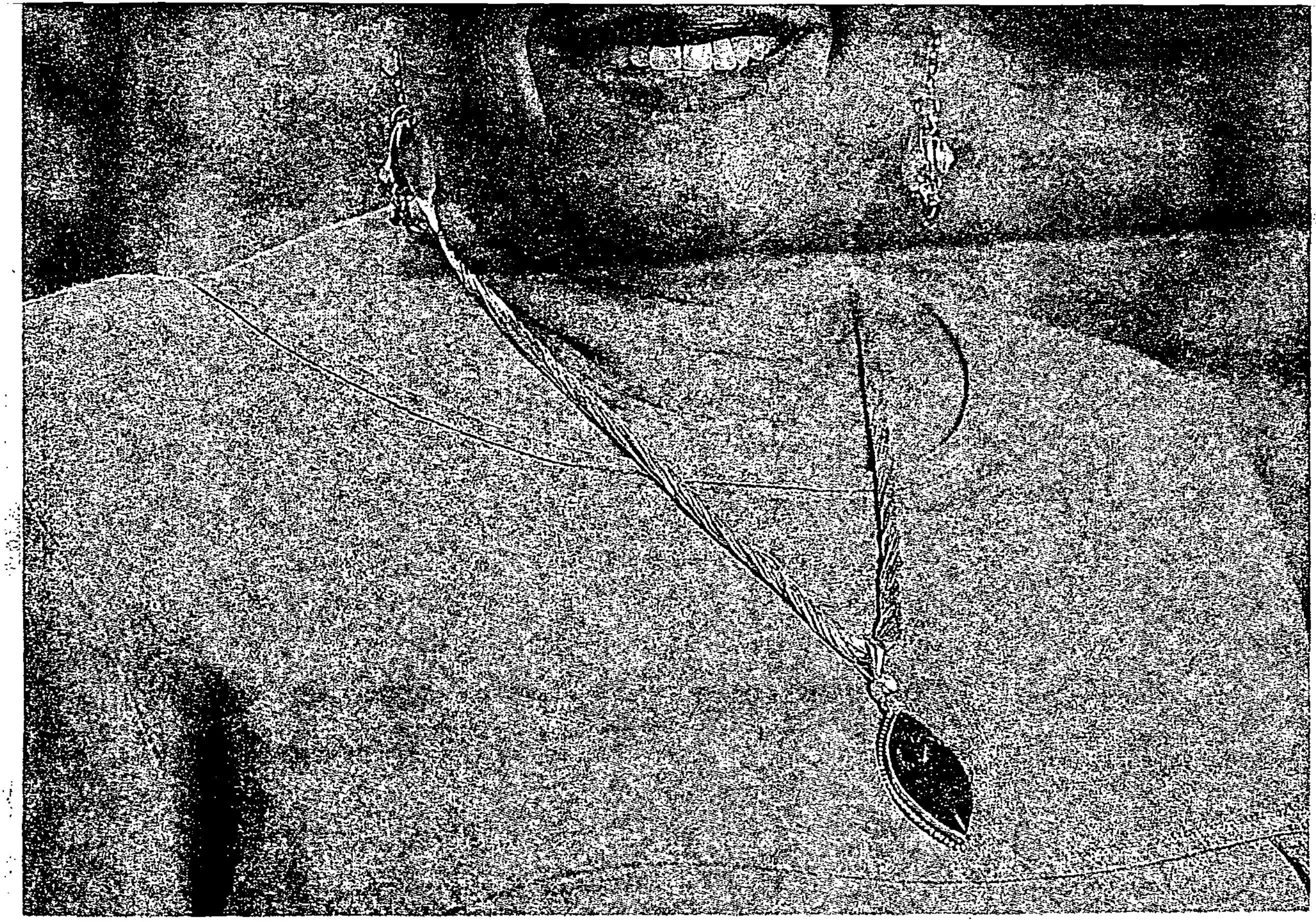
# Corporate Giving's Growth Slows

*Rise in 1999 donations can't match double-digit increases of recent years*

By DEBRA E. BLUM
and HARVY LIPMAN

CHARITABLE GIVING by many of the nation's largest companies will grow at a much slower rate this year than in the recent past.

Among 62 companies that reported their 1999 giving budgets to *The Chronicle,* total cash contributions were expected to increase by 6.1 per cent over last year. Giving at those same companies grew by 14.2 per cent from 1997 to 1998, and the charitable



ROGER MASTROIANNI, FOR THE CHRONICLE

**Laura Johnson of TRW: "It may be enough at times to give just to be a good neighbor. But we needed to see what we are doing over all, to make sure we were supporting things that made sense."**

**By DEBRA E. BLUM and HARVY LIPMAN**

CHARITABLE GIVING by many of the nation's largest companies will grow at a much slower rate this year than in the recent past.

Among 62 companies that reported their 1999 giving budgets to *The Chronicle,* total cash contributions were expected to increase by 6.1 per cent over last year. Giving at those same companies grew by 14.2 per cent from 1997 to 1998, and the charitable donations of a similar group of large companies went up at about the same rate from 1996 to 1997.

**Charitable giving at 91 companies: Pages 8-11.**

The drop in the philanthropic growth rate may be linked to a decline in the growth of corporate earnings. Companies in last year's *Chronicle* survey had seen pre-tax profits rise by 11 per cent from 1996 to 1997. This year, the 62 companies reported a 9.2-per-cent increase in profits, on average, from 1997 to 1998.

At the same time, giving as a percentage of pre-tax profits—one measure of corporate generosity—has remained flat. Counting both cash and in-kind gifts, corporations in the *Chronicle* survey plan to give away in 1999 a median of 0.9 per cent of last year's pre-tax profits—meaning half will give more and half will give less. Companies donated that

*Continued on Page 7*

## Index


| | | | |
|---|---|---|---|
| Books | 45-46 | Grants | 23-31 |
| Coming Events | 53-61 | Letters & Opinion | 50-52 |
| Deadlines | 61-63 | Managing | 37-49 |
| Directory of Services | 55-57 | My View | 50-51 |
| Employment Opportunities | 64-87 | News in Brief | 36, 45 |
| The Face of Philanthropy | 4-5 | People | 47-48 |
| Foundation Annual Reports | 32 | Tax Watch | 49 |
| Fund Raising | 33-36 | Technology | 44 |
| Giving | 7-32 | Watchdog Watch | 48 |


**Philanthropic Boon or Bane?**

Shannon V. Webb (*right*), co-founder of a Dallas company that markets "charitable family limited partnerships," sees them as a bonanza for philanthropy. But critics fear they will not stand up to scrutiny by charity regulators. Story on Page 33.

**Big Growth in Charitable Trusts**

Assets in charitable remainder trusts more than doubled from 1994 to 1997, when Americans held more than 82,000 trusts with a total value of $60.5-billion. Story on Page 36.

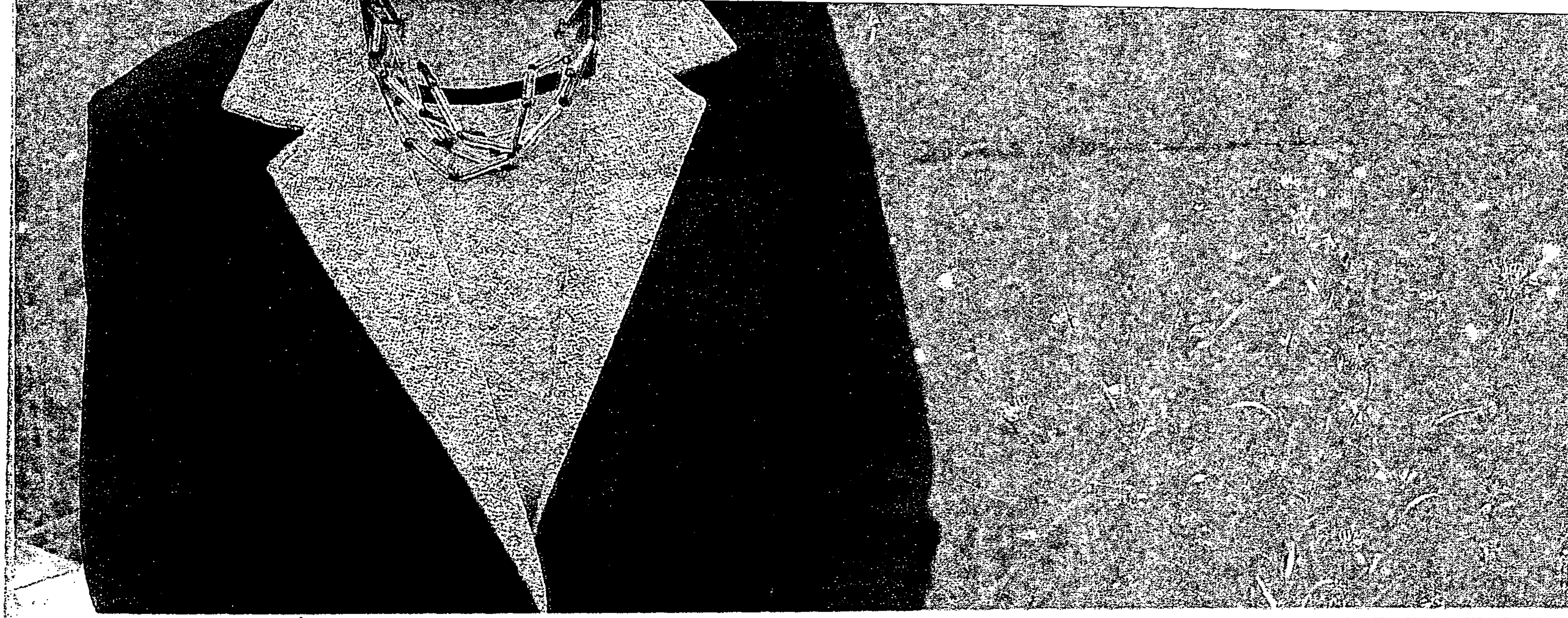
DOUG HOPFER, FOR THE CHRONICLE

**The Chronicle on the Internet: http://philanthropy.com**

**A complete guide to this issue appears on Page 3.**

# GIVING

Gifts, Grants, and Good Works



B. VARTAN BOYAJIAN, FOR THE CHRONICLE

**Amy Longsworth, vice-president for corporate programs at the Nature Conservancy, says that her charity now gets up to 15 per cent of its annual revenue from corporations, in addition to "invaluable" services such as marketing advice from a senior corporate executive at Procter & Gamble.**



# Corporate Giving's Growth Slows

*Continued from Page 1*

same percentage of their previous year's earnings in both 1997 and 1998.

Some companies did see big revenue increases last year, paving the way for big increases in giving this year.

Ford Motor Company and Lucent Technologies were among the 14 companies in the survey that saw profits rise by at least 50 per cent in 1998. Cash giving is expected to go up this year by 42 per cent (to $81.5-million) at Ford and 71 per cent (to $37.3-million) at Lucent.

The *Chronicle* survey is based on data reported by 91 companies that are among the 150 biggest in the United States, based on annual revenue as ranked by *Fortune* magazine. The companies were asked to report their charity budgets for this year and each of the last two years, and to answer questions about their giving habits.

The 91 companies gave a total of about $2.1-billion in cash and $983-million in gifts of company products to charity last year—about $1 out of every $3 in cash and in-kind gifts made by companies nationwide, according to estimates in *Giving USA*, an annual report that measures American philanthropy.

Gifts from big and small companies nationwide account for about 5 per cent of all the donations that American charities receive each year, *Giving USA* estimates.

**The Big Winner: Education**

Education-related charities were the biggest beneficiaries of grants from the country's largest corporations. Among the companies in the *Chronicle* survey, more than half reported that the biggest share of their gifts in 1998 went to support education.

And as companies continue to sharpen the focus of their philanthropy to dovetail with their over-

*Continued on Page 12*

# Charitable Giving at 91 Major Corporations

| | Cash giving in 1997 | Cash giving in 1998 | Percentage change | 1999 estimated cash giving | Percentage change | 1997 cash and product giving | 1998 cash and product giving | Percentage change |
|---|---|---|---|---|---|---|---|---|
| Abbott Laboratories (Abbott Park, Ill.) | $10,148,000 | $11,061,000 | + 9.0% | n/a | n/a | $60,148,000 | $71,061,000 | + 18.1% |
| Aetna (Hartford, Conn.) | 10,387,473 | 14,656,637 | + 41.1 | $17,790,135 | + 21.4% | 10,387,473 | 14,656,637 | + 41.1 |
| AlliedSignal (Morristown, N.J.) | 9,959,390 | 9,909,633 | – 0.5 | 10,010,843 | + 1.0 | 9,959,390 | 9,909,633 | – 0.5 |
| Allstate Corporation (Northbrook, Ill.)† | 7,700,000 | 9,000,000 | + 16.9 | 9,400,000 | + 4.4 | 7,700,000 | 9,000,000 | + 16.9 |
| Aluminum Company of America (Pittsburgh)† | 15,009,000 | 16,500,000 | + 9.9 | 17,500,000 | + 6.1 | 15,009,000 | 16,500,000 | + 9.9 |
| American Express Company (New York) | 23,900,000 | 24,700,000 | + 3.3 | 27,300,000 | + 10.5 | 23,900,000 | 24,700,000 | + 3.3 |
| Ameritech Corporation (Chicago) | 26,105,258 | 27,686,500 | + 6.1 | n/a | n/a | 26,105,258 | 27,686,500 | + 6.1 |
| AMR Corporation (Fort Worth)† | 980,844 | 1,167,429 | + 19.0 | n/a | n/a | 980,844 | 1,167,429 | + 19.0 |
| AT&T Corporation (New York) | 48,372,420 | 49,066,192 | + 1.4 | 48,000,000 | – 2.2 | 64,641,666 | 61,066,192 | – 5.5 |
| Bank of America (Charlotte, N.C.) | n/a | 91,500,000 | n/a | 100,000,000 | + 9.3 | n/a | 91,500,000 | n/a |
| Bankers Trust Corporation (New York) | 11,101,762 | 13,728,295 | + 23.7 | 14,000,000 | + 2.0 | 11,101,762 | 13,728,295 | + 23.7 |
| Bell Atlantic Corporation (New York) | 38,257,651 | 31,478,568 | – 17.7 | n/a | n/a | 38,257,651 | 31,478,568 | – 17.7 |
| BellSouth Corporation (Atlanta) | 23,400,000 | 24,700,000 | + 5.6 | 24,300,000 | – 1.6 | 23,400,000 | 24,700,000 | + 5.6 |
| Boeing Company (Seattle) | 42,500,000 | 46,792,068 | + 10.1 | 45,000,000 | – 3.8 | 51,300,000 | 53,822,668 | + 4.9 |
| Bristol-Myers Squibb Company (New York) | 22,109,720 | 27,737,557 | + 25.5 | 35,122,295 | + 26.6 | 52,109,720 | 87,737,557 | + 68.4 |
| Caterpillar (Peoria, Ill.) | 13,759,426 | 15,358,258 | + 11.6 | 17,000,000 | + 10.7 | 13,759,426 | 15,358,258 | + 11.6 |
| Chase Manhattan Corporation (New York) | 48,600,000 | 48,400,000 | – 0.4 | 49,100,000 | + 1.4 | 48,600,000 | 48,400,000 | – 0.4 |
| Chevron Corporation (San Francisco) | 22,301,271 | 23,312,977 | + 4.5 | 19,300,000 | – 17.2 | 22,301,271 | 23,312,977 | + 4.5 |
| CIGNA Corporation (Philadelphia) | 10,210,913 | 9,259,046 | – 9.3 | n/a | n/a | 10,210,913 | 9,259,046 | – 9.3 |
| Citigroup (New York) | 47,479,417 | 56,513,540 | + 19.0 | 40,000,000 | – 29.2 | 47,479,417 | 56,513,540 | + 19.0 |
| Coca-Cola Company (Atlanta) | 30,809,000 | 31,676,000 | + 2.8 | 19,700,000 | – 37.8 | 30,809,000 | 31,676,000 | + 2.8 |
| Compaq Computer Corporation (Houston) | 3,299,429 | 4,500,000 | + 36.4 | 4,200,000 | – 6.7 | 5,206,111 | 7,700,000 | + 47.9 |
| ConAgra (Omaha) [1] | 9,049,981 | 9,708,243 | + 7.3 | n/a | n/a | 9,049,981 | 9,708,243 | + 7.3 |
| Dayton Hudson Corporation (Minneapolis) [2] | 45,850,000 | 60,700,000 | + 32.4 | 71,400,000 | + 17.6 | 45,850,000 | 60,700,000 | + 32.4 |
| Deere & Company (Moline, Ill.) [3] | 7,674,476 | 7,586,825 | – 1.1 | 7,830,450 | + 3.2 | 8,224,476 | 8,136,825 | – 1.1 |
| Dell Computer Corporation (Round Rock, Tex.) [2] | 1,324,062 | 2,740,000 | + 106.9 | n/a | n/a | 1,324,062 | 2,740,000 | + 106.9 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| CIGNA Corporation (Philadelphia) | [illegible] | [illegible] | [illegible] | | | | | |
| Citigroup (New York) | 47,479,417 | 56,513,540 | + 19.0 | 40,000,000 | – 29.2 | 47,479,417 | 56,513,540 | + 19.0 |
| Coca-Cola Company (Atlanta) | 30,809,000 | 31,676,000 | + 2.8 | 19,700,000 | – 37.8 | 30,809,000 | 31,676,000 | + 2.8 |
| Compaq Computer Corporation (Houston) | 3,299,429 | 4,500,000 | + 36.4 | 4,200,000 | – 6.7 | 5,206,111 | 7,700,000 | + 47.9 |
| ConAgra (Omaha) [1] | 9,049,981 | 9,708,243 | + 7.3 | n/a | n/a | 9,049,981 | 9,708,243 | + 7.3 |
| Dayton Hudson Corporation (Minneapolis) [2] | 45,850,000 | 60,700,000 | + 32.4 | 71,400,000 | + 17.6 | 45,850,000 | 60,700,000 | + 32.4 |
| Deere & Company (Moline, Ill.) [3] | 7,674,476 | 7,586,825 | – 1.1 | 7,830,450 | + 3.2 | 8,224,476 | 8,136,825 | – 1.1 |
| Dell Computer Corporation (Round Rock, Tex.) [2] | 1,324,062 | 2,740,000 | + 106.9 | n/a | n/a | 1,324,062 | 2,740,000 | + 106.9 |
| Duke Energy Corporation (Charlotte, N.C.)† | 8,285,175 | 6,959,345 | – 16.0 | 10,750,000 | + 54.5 | 8,285,175 | 6,959,345 | – 16.0 |
| Dynegy (Houston) | 683,000 | 660,000 | – 3.4 | 750,000 | + 13.6 | 683,000 | 660,000 | – 3.4 |
| E.I. du Pont de Nemours & Company (Wilmington, Del.) | 26,200,000 | 24,300,000 | – 7.3 | n/a | n/a | 32,800,000 | 88,300,000 | + 169.2 |
| Eastman Kodak Company (Rochester, N.Y.) | 10,608,883 | 10,965,722 | + 3.4 | 12,000,000 | + 9.4 | 10,746,334 | 11,177,613 | + 4.0 |
| Electronic Data Systems Corporation (Plano, Tex.) | 7,564,976 | 7,007,142 | – 7.4 | n/a | n/a | 7,564,976 | 7,007,142 | – 7.4 |
| Enron Corporation (Houston) | 8,600,000 | 8,615,000 | + 0.2 | 9,085,000 | + 5.5 | 8,600,000 | 8,615,000 | + 0.2 |
| Exxon Corporation (Irving, Tex.) | 55,402,070 | 57,947,563 | + 4.6 | n/a | n/a | 55,402,070 | 57,947,563 | + 4.6 |
| Fannie Mae (Washington) | 28,304,649 | 35,265,877 | + 24.6 | n/a | n/a | 28,304,649 | 35,265,877 | + 24.6 |
| Federated Department Stores (Cincinnati) [2] | 12,737,504 | 13,202,729 | + 3.7 | 14,100,000 | + 6.8 | 12,737,504 | 13,202,729 | + 3.7 |
| First Union Corporation (Charlotte, N.C.) | 17,202,000 | 35,675,530 | + 107.4 | 36,500,000 | + 2.3 | 18,221,000 | 36,684,447 | + 101.3 |
| Fluor Corporation (Irvine, Cal.) [3] | 4,806,825 | 4,852,157 | + 0.9 | 5,350,000 | + 10.3 | 4,806,825 | 4,852,157 | + 0.9 |
| Ford Motor Company (Dearborn, Mich.) | 53,425,000 | 57,598,000 | + 7.8 | 81,500,000 | + 41.5 | 55,159,000 | 58,139,000 | + 5.4 |
| Freddie Mac (McLean, Va.) | 11,200,000 | 13,720,000 | + 22.5 | 16,800,000 | + 22.4 | 11,200,000 | 13,720,000 | + 22.5 |
| General Electric Company (Fairfield, Conn.) | 50,200,000 | 58,000,000 | + 15.5 | 61,700,000 | + 6.4 | 50,200,000 | 58,000,000 | + 15.5 |
| General Motors Corporation (Detroit) | 52,200,000 | 50,500,000 | – 3.3 | n/a | n/a | 66,500,000 | 66,000,000 | – 0.8 |
| Georgia–Pacific Corporation (Atlanta) | 6,009,000 | 4,513,000 | – 24.9 | 4,350,000 | – 3.6 | 6,339,000 | 4,843,000 | – 23.6 |
| Goodyear Tire & Rubber Company (Akron, Ohio) | 4,300,000 | 4,800,000 | + 11.6 | 5,000,000 | + 4.2 | 4,300,000 | 4,800,000 | + 11.6 |
| GTE Corporation (Irving, Tex.) | 26,500,000 | 27,500,000 | + 3.8 | 30,000,000 | + 9.1 | 26,500,000 | 27,500,000 | + 3.8 |
| Hewlett–Packard Company (Palo Alto, Cal.) [3] | 14,923,000 | 14,842,000 | – 0.5 | n/a | n/a | 57,855,000 | 60,091,000 | + 3.9 |

n/a Not available. *Includes cash and product giving. † Giving figures for corporate foundations only. ** Percentage cannot be calculated; company lost money that year.

Notes: Unless otherwise noted, the worth of company products is based on their full market value, and figures cover fiscal years ending December 31. Figures in parentheses represent losses.

[1] Fiscal year ending May 30. [2] Fiscal year ending January 31. [3] Fiscal year ending October 31.

| 1999 estimated cash and product giving | Percentage change | 1997 pre-tax profits (in millions) | 1998 pre-tax profits (in millions) | 1998 giving as a percentage of 1997 pre-tax profits* | 1999 giving as a percentage of 1998 pre-tax profits* | Fortune 500 rank | Industry | Notes |
|---|---|---|---|---|---|---|---|---|
| n/a | n/a | $11,900 | $12,500 | + 0.6% | n/a | 133 | Pharmaceuticals | Does not include gifts to overseas charities and donations by corporate divisions. Expects giving to increase this year. |
| $17,790,135 | + 21.4% | 1,511 | 1,408 | + 1.0 | + 1.3% | 61 | Insurance | |
| 10,010,843 | + 1.0 | 1,716 | 1,943 | + 0.6 | + 0.5 | 100 | Aerospace | |
| n/a | n/a | 4,434 | 4,745 | + 0.2 | n/a | 42 | Insurance | |
| n/a | n/a | 1,601 | 1,605 | + 1.0 | n/a | 96 | Metals | |
| 27,300,000 | + 10.5 | 2,750 | 2,664 | + 0.9 | + 1.0 | 72 | Financial | |
| n/a | n/a | 3,684 | 5,637 | + 0.8 | n/a | 87 | Telecommunications | Expects giving to increase this year. |
| n/a | n/a | 1,646 | 2,164 | + 0.1 | n/a | 71 | Airlines | Expects giving this year to remain about the same as in 1998. |
| 64,000,000 | + 4.8 | 6,836 | 8,307 | + 0.9 | + 0.8 | 10 | Telecommunications | |
| n/a | n/a | ** | ** | n/a | n/a | 11 | Commercial banking | Corporation formed by merger in 1998; no prior data available. |
| 14,000,000 | + 2.0 | 1,239 | 163 | + 1.1 | + 8.6 | 140 | Commercial banking | |
| 35,000,000 | + 11.2 | 3,984 | 4,941 | + 0.8 | + 0.7 | 25 | Telecommunications | |
| 24,300,000 | – 1.6 | 5,400 | 5,800 | + 0.5 | + 0.4 | 52 | Telecommunications | |
| 54,000,000 | + 0.3 | (341) | 1,397 | ** | + 3.9 | 9 | Aerospace | Value of products donated includes in-kind gifts and surplus equipment. |
| 115,122,295 | + 31.2 | 4,482 | 4,268 | + 2.0 | + 2.7 | 77 | Pharmaceuticals | |
| 17,000,000 | + 10.7 | 2,413 | 2,174 | + 0.6 | + 0.8 | 58 | Industrial and farm equipment | |
| 49,100,000 | + 1.4 | 5,910 | 5,930 | + 0.8 | + 0.8 | 23 | Commercial banking | |
| n/a | n/a | 5,502 | 1,834 | + 0.4 | n/a | 38 | Petroleum refining | |
| n/a | n/a | 1,650 | 2,010 | + 0.6 | n/a | 57 | Insurance | Expects giving this year to remain about the same as in 1998. |
| 40,000,000 | – 29.2 | 10,750 | 9,269 | + 0.5 | + 0.4 | 7 | Commercial banking | |
| 19,700,000 | – 37.8 | 6,055 | 5,198 | + 0.5 | + 0.4 | 73 | Beverages | 1999 estimate does not include subsidiaries. |
| 8,400,000 | + 9.1 | 2,758 | (2,662) | + 0.3 | ** | 28 | Computers, office equipment | Because company acquired Digital Equipment Corporation in June 1998, corporate giving is an estimate. |
| n/a | n/a | 1,018 | 1,021 | + 1.0 | n/a | 50 | Food | Expects giving this year to remain about the same as in 1998. |
| 71,400,000 | + 17.6 | 1,241 | 1,511 | + 4.9 | + 4.7 | 30 | General merchandisers | |
| 8,380,450 | + 3.0 | 1,516 | 1,584 | + 0.5 | + 0.5 | 113 | Industrial and farm equipment | |
| n/a | n/a | 1,368 | 2,084 | + 0.2 | n/a | 78 | Computers, office equipment | Company is in fiscal year 2000; first-quarter giving from its |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| n/a | n/a | 1,650 | 2,010 | + 0.6 | n/a | 57 | Insurance | Expects giving this year to remain about the same as in 1998. |
| 40,000,000 | – 29.2 | 10,750 | 9,269 | + 0.5 | + 0.4 | 7 | Commercial banking | |
| 19,700,000 | – 37.8 | 6,055 | 5,198 | + 0.5 | + 0.4 | 73 | Beverages | 1999 estimate does not include subsidiaries. |
| 8,400,000 | + 9.1 | 2,758 | (2,662) | + 0.3 | ** | 28 | Computers, office equipment | Because company acquired Digital Equipment Corporation in June 1998, corporate giving is an estimate. |
| n/a | n/a | 1,018 | 1,021 | + 1.0 | n/a | 50 | Food | Expects giving this year to remain about the same as in 1998. |
| 71,400,000 | + 17.6 | 1,241 | 1,511 | + 4.9 | + 4.7 | 30 | General merchandisers | |
| 8,380,450 | + 3.0 | 1,516 | 1,584 | + 0.5 | + 0.5 | 113 | Industrial and farm equipment | |
| n/a | n/a | 1,368 | 2,084 | + 0.2 | n/a | 78 | Computers, office equipment | Company is in fiscal year 2000; first-quarter giving from its foundation was $220,000. Expects giving to increase this year. |
| 10,750,000 | + 54.5 | 2,108 | 2,647 | + 0.3 | + 0.4 | 81 | Utilities, gas, and electric | |
| 750,000 | + 13.6 | 150 | 159 | + 0.4 | + 0.5 | 110 | Pipelines | |
| n/a | n/a | 4,680 | 2,613 | + 1.9 | n/a | 16 | Chemicals | Expects giving this year to remain about the same as in 1998. |
| 12,000,000 | + 7.4 | 53 | 2,106 | + 21.1 | + 0.6 | 121 | Scientific and photographic equipment | |
| n/a | n/a | 1,142 | 1,134 | + 0.6 | n/a | 90 | Computer and data services | Expects giving to decrease this year. |
| 9,085,000 | + 5.5 | 15 | 878 | + 57.4 | + 1.0 | 27 | Pipelines | 1999 figures do not include donations from Portland General Electric or the PGE–Enron Foundation in Portland, Ore. PGE is a subsidiary of Enron. |
| n/a | n/a | 12,798 | 9,056 | + 0.5 | n/a | 4 | Petroleum refining | |
| n/a | n/a | 4,300 | 4,600 | + 0.8 | n/a | 26 | Financial | Expects giving to increase this year. |
| 14,100,000 | + 6.8 | 958 | 1,163 | + 1.4 | + 1.2 | 95 | General merchandisers | |
| 38,000,000 | + 3.6 | 3,800 | 4,000 | + 1.0 | + 1.0 | 56 | Commercial banking | |
| 5,350,000 | + 10.3 | 268 | 387 | + 1.8 | + 1.4 | 116 | Engineering, construction | |
| 82,100,000 | + 41.2 | 10,803 | 25,396 | + 0.5 | + 0.3 | 2 | Motor vehicles and parts | |
| 16,800,000 | + 22.4 | 1,960 | 2,350 | + 0.7 | + 0.7 | 79 | Financial | |
| 61,700,000 | + 6.4 | 11,200 | 13,500 | + 0.5 | + 0.5 | 5 | Electronics, electrical equipment | |
| n/a | n/a | 7,792 | 4,612 | + 0.8 | n/a | 1 | Motor vehicles and parts | Pre-tax profits are from 1998 annual report. Product donations in 1997 and 1998 include in-kind gifts. |
| 4,650,000 | – 4.0 | (118) | 198 | ** | + 2.3 | 122 | Forest and paper products | |
| 5,000,000 | + 4.2 | 743 | 1,003 | + 0.6 | + 0.5 | 130 | Rubber and plastic products | Does not include gifts to overseas charities. |
| 30,000,000 | + 9.1 | 4,418 | 4,045 | + 0.6 | + 0.7 | 45 | Telecommunications | |
| n/a | n/a | 4,455 | 4,091 | + 1.3 | n/a | 14 | Computers, office equipment | Expects giving this year to remain about the same as in 1998. |



*Continued on Page 10*

# Charitable Giving at 91 Major Corporations

Continued from Page 9

| | Cash giving in 1997 | Cash giving in 1998 | Percentage change | 1999 estimated cash giving | Percentage change | 1997 cash and product giving | 1998 cash and product giving | Percentage change |
|---|---|---|---|---|---|---|---|---|
| Home Depot (Atlanta) [2] | $6,100,287 | $8,560,182 | + 40.3% | n/a | n/a | $10,300,000 | $13,004,000 | + 26.3% |
| Intel Corporation (Santa Clara, Cal.) | 38,537,841 | 41,569,557 | + 7.9 | n/a | n/a | 96,301,152 | 95,230,340 | – 1.1 |
| International Business Machines Corporation (Armonk, N.Y.) | 26,600,000 | 37,100,000 | + 39.5 | n/a | n/a | 96,800,000 | 116,100,000 | + 19.9 |
| Johnson & Johnson (New Brunswick, N.J.) | 49,400,000 | 50,800,000 | + 2.8 | $53,400,000 | + 5.1% | 146,300,000 | 176,200,000 | + 20.4 |
| Lockheed Martin Corporation (Bethesda, Md.) | 18,150,000 | 17,900,000 | – 1.4 | 17,700,000 | – 1.1 | 18,150,000 | 17,900,000 | – 1.4 |
| Lucent Technologies (Murray Hill, N.J.) [4] | 15,700,000 | 21,800,000 | + 38.9 | 37,300,000 | + 71.1 | 15,700,000 | 21,800,000 | + 38.9 |
| May Department Stores Company (St. Louis)† [5] | 14,000,000 | 15,000,000 | + 7.1 | n/a | n/a | 14,000,000 | 15,000,000 | + 7.1 |
| McDonald's Corporation (Oak Brook, Ill.) | 5,617,365 | 5,299,631 | – 5.7 | n/a | n/a | 5,617,365 | 5,299,631 | – 5.7 |
| MCI Worldcom (Washington) | 5,327,245 | 4,365,101 | – 18.1 | 3,758,000 | – 13.9 | 5,327,245 | 4,365,101 | – 18.1 |
| McKesson HBOC Corporation (San Francisco) [6] | 2,950,000 | 3,550,000 | + 20.3 | 4,250,000 | + 19.7 | 3,050,000 | 3,650,000 | + 19.7 |
| Merck & Company (Whitehouse Station, N.J.) | 33,000,000 | 37,000,000 | + 12.1 | 40,000,000 | + 8.1 | 190,000,000 | 221,000,000 | + 16.3 |
| Merrill Lynch & Company (New York) | 31,400,000 | 29,200,000 | – 7.0 | n/a | n/a | 31,400,000 | 29,200,000 | – 7.0 |
| Metropolitan Life Insurance Company (New York) | 13,605,413 | 16,629,185 | + 22.2 | 17,800,000 | + 7.0 | 13,605,413 | 16,629,185 | + 22.2 |
| Microsoft Corporation (Redmond, Wash.) [7] | 14,000,000 | 17,483,000 | + 24.9 | 26,000,000 | + 48.7 | 73,100,000 | 107,083,000 | + 46.5 |
| Minnesota Mining & Manufacturing Company (St. Paul) | 16,068,463 | 15,817,417 | – 1.6 | n/a | n/a | 34,989,839 | 32,425,871 | – 7.3 |
| Mobil Corporation (Fairfax, Va.) | 31,212,000 | 41,706,000 | + 33.6 | n/a | n/a | 31,212,000 | 41,706,000 | + 33.6 |
| J. P. Morgan & Company (New York) | 17,789,292 | 17,674,377 | – 0.6 | 17,000,000 | – 3.8 | 17,789,292 | 17,674,377 | – 0.6 |
| Morgan Stanley, Dean Witter, Discover & Company (New York) [8] | 17,900,000 | 20,500,000 | + 14.5 | n/a | n/a | 17,900,000 | 20,500,000 | + 14.5 |
| Motorola (Schaumburg, Ill.) | 12,565,167 | 14,740,204 | + 17.3 | n/a | n/a | 12,565,167 | 14,740,204 | + 17.3 |
| Nationwide Insurance Enterprise (Columbus, Ohio) | 11,517,990 | 11,356,153 | – 1.4 | 10,462,000 | – 7.9 | 11,517,990 | 11,356,153 | – 1.4 |
| New York Life Insurance Company (New York) | 2,250,000 | 4,300,000 | + 91.1 | 5,200,000 | + 20.9 | 2,250,000 | 4,300,000 | + 91.1 |
| PG&E Corporation (San Francisco) | 10,900,000 | 10,000,000 | – 8.3 | 11,000,000 | + 10.0 | 10,900,000 | 10,000,000 | – 8.3 |
| J. C. Penney Company (Plano, Tex.) [2] | 24,370,000 | 24,401,000 | + 0.1 | 25,296,000 | + 3.7 | 27,152,000 | 27,815,800 | + 2.4 |
| PepsiCo (Purchase, N.Y.) | 11,800,000 | 13,200,000 | + 11.9 | n/a | n/a | 36,800,000 | 38,200,000 | + 3.8 |
| Pfizer (New York) | 24,141,000 | 31,288,000 | + 29.6 | n/a | n/a | 105,478,000 | 123,907,000 | + 17.5 |
| Philip Morris Companies (New York) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | | [illegible] | 17,000,000 | – | 3.8 | 17,789,292 | 17,674,377 | – | 0.6 |
| Morgan Stanley, Dean Witter, Discover & Company (New York) [8] | 17,900,000 | 20,500,000 | + | 14.5 | n/a | | n/a | 17,900,000 | 20,500,000 | + | 14.5 |
| Motorola (Schaumburg, Ill.) | 12,565,167 | 14,740,204 | + | 17.3 | n/a | | n/a | 12,565,167 | 14,740,204 | + | 17.3 |
| Nationwide Insurance Enterprise (Columbus, Ohio) | 11,517,990 | 11,356,153 | – | 1.4 | 10,462,000 | – | 7.9 | 11,517,990 | 11,356,153 | – | 1.4 |
| New York Life Insurance Company (New York) | 2,250,000 | 4,300,000 | + | 91.1 | 5,200,000 | + | 20.9 | 2,250,000 | 4,300,000 | + | 91.1 |
| PG&E Corporation (San Francisco) | 10,900,000 | 10,000,000 | – | 8.3 | 11,000,000 | + | 10.0 | 10,900,000 | 10,000,000 | – | 8.3 |
| J. C. Penney Company (Plano, Tex.) [2] | 24,370,000 | 24,401,000 | + | 0.1 | 25,296,000 | + | 3.7 | 27,152,000 | 27,815,800 | + | 2.4 |
| PepsiCo (Purchase, N.Y.) | 11,800,000 | 13,200,000 | + | 11.9 | n/a | | n/a | 36,800,000 | 38,200,000 | + | 3.8 |
| Pfizer (New York) | 24,141,000 | 31,288,000 | + | 29.6 | n/a | | n/a | 105,478,000 | 123,907,000 | + | 17.5 |
| Philip Morris Companies (New York) | 60,000,000 | 60,000,000 | | 0.0 | 60,000,000 | | 0.0 | 74,000,000 | 74,000,000 | | 0.0 |
| Phillips Petroleum (Bartlesville, Okla.) | 8,025,751 | 8,854,000 | + | 10.3 | 5,200,000 | – | 41.3 | 8,025,751 | 8,854,000 | + | 10.3 |
| Procter & Gamble Company (Cincinnati) [7] | 38,611,871 | 44,228,104 | + | 14.5 | 46,125,000 | + | 4.3 | 44,871,947 | 48,228,104 | + | 7.5 |
| Prudential Insurance Company of America (Newark, N.J.) | 25,646,364 | 26,499,484 | + | 3.3 | 31,447,167 | + | 18.7 | 25,646,364 | 26,499,484 | + | 3.3 |
| Raytheon Company (Lexington, Mass.) | 7,250,000 | 10,800,000 | + | 49.0 | 10,800,000 | | 0.0 | 7,250,000 | 10,800,000 | + | 49.0 |
| Reliant Energy (Houston) | 6,206,441 | 7,216,000 | + | 16.3 | 10,700,000 | + | 48.3 | 6,206,441 | 7,216,000 | + | 16.3 |
| Sara Lee Corporation (Chicago) [7] | 13,517,000 | 16,343,000 | + | 20.9 | 16,244,000 | – | 0.6 | 34,351,000 | 31,984,000 | – | 6.9 |
| SBC Communications (San Antonio) | 30,000,000 | 55,000,000 | + | 83.3 | 59,000,000 | + | 7.3 | 30,000,000 | 55,000,000 | + | 83.3 |
| Sprint Corporation (Westwood, Kan.) | 6,599,358 | 7,303,174 | + | 10.7 | n/a | | n/a | 6,599,358 | 7,303,174 | + | 10.7 |
| State Farm Insurance (Bloomington, Ill.) | 28,291,523 | 29,400,000 | + | 3.9 | n/a | | n/a | 28,291,523 | 29,400,000 | + | 3.9 |
| Supervalu (Minneapolis) [9] | 2,046,833 | n/a | | n/a | 1,700,000 | | n/a | 4,351,306 | 1,382,190 | – | 68.2 |
| Texaco (White Plains, N.Y.) | 18,067,839 | 27,683,433 | + | 53.2 | 26,000,000 | – | 6.1 | 18,067,839 | 33,983,433 | + | 88.1 |
| Textron (Providence, R.I.) | 6,200,000 | 6,500,000 | + | 4.8 | 6,500,000 | | 0.0 | 6,200,000 | 6,500,000 | + | 4.8 |
| TRW (Cleveland) | 11,373,139 | 7,994,582 | – | 29.7 | 8,600,000 | + | 7.6 | 11,373,139 | 7,994,582 | – | 29.7 |
| United Parcel Service of America (Atlanta)† | 31,200,000 | 36,300,000 | + | 16.3 | 40,000,000 | + | 10.2 | 31,200,000 | 36,300,000 | + | 16.3 |
| United Technologies Corporation (Hartford, Conn.) | 14,085,389 | 15,648,900 | + | 11.1 | 16,450,613 | + | 5.1 | 14,085,389 | 15,648,900 | + | 11.1 |
| US West (Denver)† | 28,648,771 | 24,484,362 | – | 14.5 | 23,100,000 | – | 5.7 | 28,648,771 | 24,484,362 | – | 14.5 |
| USX Corporation (Pittsburgh)† [8] | 6,000,000 | 7,200,000 | + | 20.0 | 7,000,000 | – | 2.8 | 6,000,000 | 7,200,000 | + | 20.0 |
| Wal-Mart Stores (Bentonville, Ark.) [2] | 60,167,420 | 79,143,645 | + | 31.5 | 87,500,000 | + | 10.6 | 60,167,420 | 79,143,645 | + | 31.5 |
| Washington Mutual (Seattle) | 3,640,225 | 10,405,534 | + | 185.8 | 15,000,000 | + | 44.2 | 3,640,225 | 10,405,534 | + | 185.8 |
| Xerox Corporation (Stamford, Conn.) | 15,000,000 | 15,000,000 | | 0.0 | 15,000,000 | | 0.0 | 15,000,000 | 15,000,000 | | 0.0 |

n/a Not available. *Includes cash and product giving. † Giving figures for corporate foundations only. ** Percentage cannot be calculated; company lost money that year.

Notes: Unless otherwise noted, the worth of company products is based on their full market value, and figures cover fiscal years ending December 31. Figures in parentheses represent losses.

[2] Fiscal year ending January 31.
[4] Fiscal year ending September 30.
[5] Fiscal year ending January 30.
[6] Fiscal year ending March 31.
[7] Fiscal year ending June 30.
[8] Fiscal year ending November 30.
[9] Fiscal year ending February 27.

| 1999 estimated cash and product giving | Percentage change | 1997 pre-tax profits (in millions) | 1998 pre-tax profits (in millions) | 1998 giving as a percentage of 1997 pre-tax profits* | 1999 giving as a percentage of 1998 pre-tax profits* | Fortune 500 rank | Industry | Notes |
|---|---|---|---|---|---|---|---|---|
| n/a | n/a | $2,002 | $2,654 | + 0.6% | n/a | 32 | Specialty retailers | Expects to give $15-million in cash and in-kind donations this year. |
| n/a | n/a | 10,659 | 9,137 | + 0.9 | n/a | 40 | Electronics, semiconductors | |
| n/a | n/a | 9,027 | 9,040 | + 1.3 | n/a | 6 | Computers, office equipment | Expects giving to increase this year. |
| $178,400,000 | + 1.2% | 4,576 | 4,269 | + 3.9 | + 4.2% | 51 | Pharmaceuticals | |
| 17,700,000 | – 1.1 | 1,937 | 1,661 | + 0.9 | + 1.1 | 41 | Aerospace | |
| 37,300,000 | + 71.1 | 1,467 | 3,750 | + 1.5 | + 1.0 | 33 | Electronics, electrical equipment | |
| n/a | n/a | 1,279 | 1,395 | + 1.2 | n/a | 120 | General merchandisers | Expects giving this year to remain about the same as in 1998. |
| n/a | n/a | 11,409 | 12,421 | 0.0 | n/a | 134 | Food services | Figures do not include giving by regional offices or international entities. |
| 3,758,000 | – 13.9 | 663 | (1,571) | + 0.7 | ** | 80 | Telecommunications | MCI and Worldcom Communications merged in September 1998; profit figure for 1997 is for Worldcom only. |
| 4,350,000 | + 19.2 | 115 | 176 | + 3.2 | + 2.5 | 59 | Wholesalers | |
| 240,000,000 | + 8.6 | 6,462 | 8,133 | + 3.4 | + 3.0 | 37 | Pharmaceuticals | |
| n/a | n/a | 3,050 | 2,096 | + 1.0 | n/a | 19 | Securities | Expects giving this year to remain about the same as in 1998. |
| 17,800,000 | + 7.0 | 1,700 | 2,100 | + 1.0 | + 0.8 | 39 | Insurance | |
| 101,000,000 | – 5.7 | 5,314 | 7,117 | + 2.0 | + 1.4 | 109 | Computer software | |
| n/a | n/a | 3,440 | 1,952 | + 0.9 | n/a | 103 | Scientific, photographic, and control equipment | Figures are from annual report. Product donations for 1997 and 1998 include in-kind donations. |
| n/a | n/a | 6,365 | 3,060 | + 0.7 | n/a | 13 | Petroleum refining | |
| 17,000,000 | – 3.8 | 2,154 | 1,417 | + 0.8 | + 1.2 | 76 | Commercial banking | |
| 10,500,000 | – 48.8 | 4,274 | 5,385 | + 0.5 | n/a | 29 | Securities | |
| n/a | n/a | 1,816 | (1,374) | + 0.8 | n/a | 34 | Electronics, electrical equipment | Does not include gifts to overseas charities. |
| 10,462,000 | – 7.9 | 775 | 274 | + 1.5 | + 3.8 | 125 | Insurance | |
| 5,200,000 | + 20.9 | 2,013 | 2,471 | + 0.2 | + 0.2 | 68 | Insurance | |
| 11,000,000 | + 10.0 | 1,264 | 1,289 | + 0.8 | + 0.9 | 65 | Utilities, gas, and electric | |
| 28,496,000 | + 2.4 | 925 | 955 | + 3.0 | + 3.0 | 31 | General merchandisers | |
| n/a | n/a | 2,309 | 2,263 | + 1.7 | n/a | 54 | Beverages | Expects giving to increase this year. |
| n/a | n/a | 2,864 | 2,594 | + 4.3 | n/a | 106 | Pharmaceuticals | Figures do not include overseas subsidiaries. |
| 74,000,000 | 0.0 | 10,611 | 9,087 | + 0.7 | + 0.8 | 8 | Tobacco | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10,500,000 | – | 48.8 | 4,274 | 5,385 | + | 0.5 | | n/a | 29 | Securities | |
| n/a | | n/a | 1,816 | (1,374) | + | 0.8 | | n/a | 34 | Electronics, electrical equipment | Does not include gifts to overseas charities. |
| 10,462,000 | – | 7.9 | 775 | 274 | + | 1.5 | + | 3.8 | 125 | Insurance | |
| 5,200,000 | + | 20.9 | 2,013 | 2,471 | + | 0.2 | + | 0.2 | 68 | Insurance | |
| 11,000,000 | + | 10.0 | 1,264 | 1,289 | + | 0.8 | + | 0.9 | 65 | Utilities, gas, and electric | |
| 28,496,000 | + | 2.4 | 925 | 955 | + | 3.0 | + | 3.0 | 31 | General merchandisers | |
| n/a | | n/a | 2,309 | 2,263 | + | 1.7 | | n/a | 54 | Beverages | Expects giving to increase this year. |
| n/a | | n/a | 2,864 | 2,594 | + | 4.3 | | n/a | 106 | Pharmaceuticals | Figures do not include overseas subsidiaries. |
| 74,000,000 | | 0.0 | 10,611 | 9,087 | + | 0.7 | + | 0.8 | 8 | Tobacco | |
| 5,200,000 | – | 41.3 | 1,900 | 421 | + | 0.5 | + | 1.2 | 143 | Petroleum refining | Does not include gifts to overseas charities. |
| n/a | | n/a | 3,415 | 3,780 | + | 1.4 | | n/a | 17 | Soaps, cosmetics | |
| 31,447,167 | + | 18.7 | 1,370 | 2,597 | + | 1.9 | + | 1.2 | 20 | Insurance | Changed accounting system between 1997 and 1998. 1997 and 1998 profit figures are not comparable. |
| 10,800,000 | | 0.0 | 790 | 1,467 | + | 1.4 | + | 0.7 | 69 | Electronics, electrical equipment | |
| 10,700,000 | + | 48.3 | 749 | 1,005 | + | 1.0 | + | 1.1 | 147 | Utilities, gas, and electric | |
| 28,244,000 | – | 11.7 | 1,484 | (443) | + | 2.2 | | ** | 64 | Food | Value of product donations based on the production cost, not the fair-market value, of items. |
| 59,000,000 | + | 7.3 | 2,658 | 6,374 | + | 2.1 | + | 0.9 | 35 | Telecommunications | |
| n/a | | n/a | 1,583 | 842 | + | 0.5 | | n/a | 88 | Telecommunications | Cash donations from corporation in 1997 and 1998 do not include subsidiaries. |
| n/a | | n/a | ** | 1,962 | | n/a | | n/a | 12 | Insurance | Company foundation expects to give between $10-million and $11-million this year. |
| 1,700,000 | | 23.0 | 291 | 316 | | n/a | + | 0.5 | 86 | Wholesalers | |
| 28,000,000 | – | 17.6 | 3,327 | 701 | + | 1.0 | + | 4.0 | 24 | Petroleum refining | |
| 6,500,000 | | 0.0 | 650 | 760 | + | 1.0 | + | 0.9 | 144 | Aerospace | |
| 8,600,000 | + | 7.6 | 240 | 746 | + | 3.3 | + | 1.2 | 142 | Motor vehicles and parts | Donations from the corporate-giving program are estimates. |
| 40,000,000 | + | 10.2 | 1,600 | 2,900 | + | 2.3 | + | 1.4 | 46 | Mail, package, freight delivery | |
| 16,450,613 | + | 5.1 | 1,700 | 2,000 | + | 0.9 | + | 0.8 | 43 | Aerospace | |
| 23,100,000 | – | 5.7 | 700 | 1,508 | + | 3.5 | + | 1.5 | 135 | Telecommunications | |
| 7,000,000 | – | 2.8 | 1,400 | 989 | + | 0.5 | + | 0.7 | 47 | Petroleum refining | |
| 87,500,000 | + | 10.6 | 6,500 | 6,800 | + | 1.2 | + | 1.3 | 3 | General merchandisers | |
| 15,000,000 | + | 44.2 | 337 | 472 | + | 3.1 | + | 3.2 | 128 | Savings institutions | |
| 15,000,000 | | 0.0 | 2,141 | 763 | + | 0.7 | + | 2.0 | 63 | Computers, office equipment | |

# *Companies' Charitable Gifts Follow Their Revenue and Go Overseas*

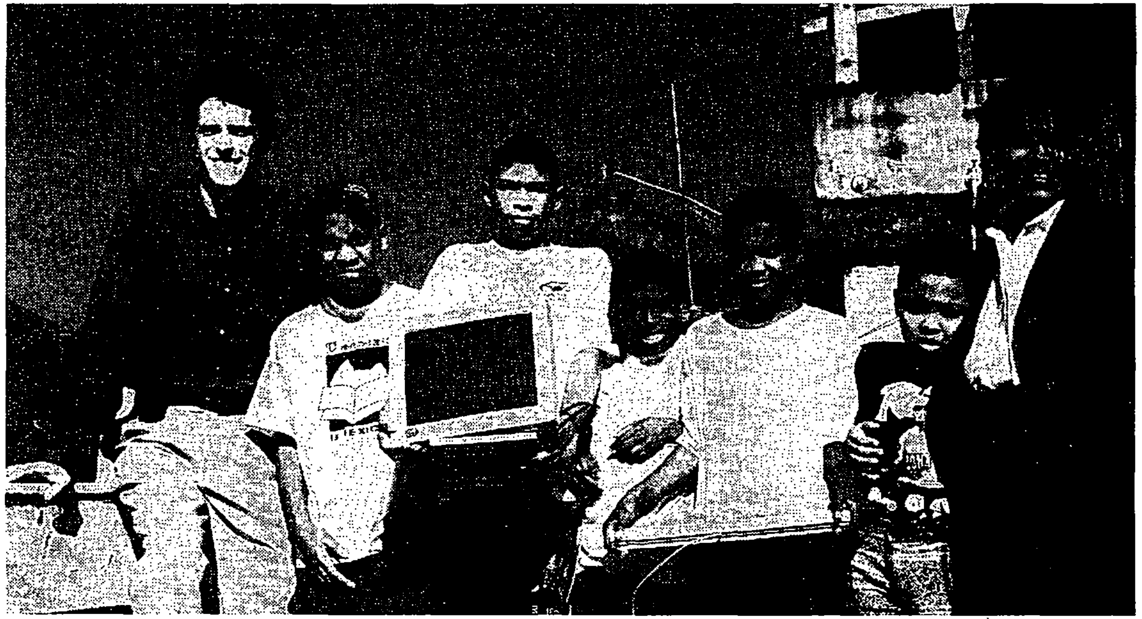
Before 1996, less than 1 per cent of the Eastman Kodak Company's charitable gifts went to organizations overseas. This year, the Rochester, N.Y., company, which sells film worldwide, expects to give away as much as $1.4-million in other countries, or 12 per cent of its $12-million gifts budget.

Two years ago, the oil-producer Texaco spent $3.2-million on philanthropy abroad, representing about 18 per cent of its total giving budget. This year, the company plans to spend as much as $7-million on international grants, or more than one-quarter of its charity budget.

In devoting a growing portion of their charitable dollars to organizations abroad, Eastman Kodak and Texaco are representative of many of America's biggest companies. International giving is flourishing, observers say, because companies are tailoring their giving programs to more closely fit their business operations, which are increasingly likely to include plants, offices, employees, and customers overseas.

"As revenue streams shift internationally, so does philanthropy," says Kiernan Murray, manager of the Texaco Foundation. Mr. Murray notes that Texaco operates in more than 150 countries and has many joint ventures with companies around the world. Last year, at least half of the company's revenue came from outside the United States.

Other companies in the *Chron-*



MAX SAVISHINSKY, GLOBAL PARTNERSHIPS

**Among Microsoft's first-ever overseas gifts was $150,000 and computer equipment donated to a Brazilian charity run by Rodrigo Baggio (left).**

to a non-profit group in Brazil that helps people in poor neighborhoods gain access to computers. In addition, Microsoft's subsidiary in Brazil is donating software valued at $4.5-million to the charity and is arranging for employees to volunteer their time to help train computer teachers.

**Pfizer.** The pharmaceutical giant last fall made its largest-ever overseas gift—$60-million worth of medication over two years to treat and prevent eye disease in five countries. Pfizer also pledged $3-million in cash to help fight the disease trachoma, which has blinded six million people in de-

In addition to the money earmarked for international grants, the company spends money abroad through some of its domestic grant programs. For example, this year the company is taking to Mexico its arts-education program, called Start Smart, which trains teachers to use arts in the classroom.

Linda B. Gortinsky, a consultant to corporations who has studied businesses' contributions overseas, says that while more and more companies are sending some of their charitable dollars abroad, she expects international-giving programs to grow slowly.

A recent gift from Bristol-Myers Squibb Company, a New York drug maker, to help African women and children afflicted with the AIDS virus was snubbed by officials in the South African government who said that the company's plans for the gift weren't in line with national health policies.

In May, Bristol-Myers announced that it would spend $100-million over five years—in Botswana, Lesotho, Namibia, South Africa, and Swaziland—on research, medical training, and education and support for women and children infected with the AIDS virus.

they could gain more-relevant experience by visiting other African nations.

Jon Weisberg, director of international public affairs for Bristol-Myers, says that since the concerns were raised, the company has shifted its plans to allow for more African physicians to be trained in Africa. Forty-five of the 55 doctors to begin training next month, he says, will stay in Africa. The company and government officials also are planning a two-day workshop this month to discuss how the program might be run.

### Getting Help

To avoid some of the hassles of grant making abroad, some companies donate to American charities that work overseas and suggest that the money be used for specific projects in areas of the world where the company does business. A growing number of businesses are also turning to organizations that act as a sort of gifts broker.

United Way International, for example, has what it calls its Donor Advised Gift Program. Companies give money to the program and make recommendations for the money's use. United Way International works closely with the donor companies but makes the final decision on all donations and takes care of all the logistics.

In 1997, United Way International managed $30,000 in its donor-advised program. This year, it expects to manage $1.4-milseas.

"As revenue streams shift internationally, so does philanthropy," says Kiernan Murray, manager of the Texaco Foundation. Mr. Murray notes that Texaco operates in more than 150 countries and has many joint ventures with companies around the world. Last year, at least half of the company's revenue came from outside the United States.

Other companies in the *Chronicle* survey of the nation's biggest corporations are significantly increasing their commitment to overseas giving, and some are giving internationally for the first time. Among them:

**Microsoft**. The Seattle computer-software company is making its first-ever overseas grants this year, setting aside $2.5-million for such gifts out of a total cash giving budget of $26-million. Among the grants: $150,000 the charity and is arranging for employees to volunteer their time to help train computer teachers.

**Pfizer.** The pharmaceutical giant last fall made its largest-ever overseas gift—$60-million worth of medication over two years to treat and prevent eye disease in five countries. Pfizer also pledged $3-million in cash to help fight the disease trachoma, which has blinded six million people in developing countries.

**TRW.** The Cleveland company, which manufactures parts for the automotive, space, defense, and telecommunications industries, is stepping up its international gifts as the company continues to expand abroad. TRW, which this year bought a British car-parts company, plans to give away $250,000 overseas—more than three times what it did last year.

taking to Mexico its arts-education program, called Start Smart, which trains teachers to use arts in the classroom.

Linda B. Gortinsky, a consultant to corporations who has studied businesses' contributions overseas, says that while more and more companies are sending some of their charitable dollars abroad, she expects international-giving programs to grow slowly.

Corporations that give abroad, she says, can run into a multitude of challenges and dilemmas.

"You have to communicate through different time zones, deal with local currencies versus U.S. currency, decide if things will be managed locally or internationally, make sure you're not violating cultural norms, and do the paperwork to get the tax deduction," she says.

government who said that the company's plans for the gift weren't in line with national health policies.

In May, Bristol-Myers announced that it would spend $100-million over five years—in Botswana, Lesotho, Namibia, South Africa, and Swaziland—on research, medical training, and education and support for women and children infected with the AIDS virus.

But South Africa's health minister—who last month became the country's foreign-affairs minister—expressed concern that the company's program did not meet the country's needs and said it was unacceptable to the government. Among other problems, according to the minister: It did not make sense for South African doctors to be sent to the United States for training—as Bristol-Myers's plan calls for—when

nor Advised Gift Program. Companies give money to the program and make recommendations for the money's use. United Way International works closely with the donor companies but makes the final decision on all donations and takes care of all the logistics.

In 1997, United Way International managed $30,000 in its donor-advised program. This year, it expects to manage $1.4-million.

"We are working with a lot more companies because they are pushing the idea of giving abroad," says Gregory Berzonsky, program director at United Way International. "Companies are looking at their programs and seeing that they should be thinking as globally with their philanthropy as they do with the rest of their business." —DEBRA E. BLUM

## Companies That Made 25% or More of Their Gifts in Products in 1998

| | Non-cash gifts | What they donate | Percentage of total giving |
|---|---|---|---|
| Abbott Laboratories | $60,000,000 | pharmaceuticals, consumer products | 84.4% |
| Microsoft Corporation | 89,600,000 | computer software | 83.7 |
| Merck & Company | 184,000,000 | pharmaceuticals, vaccines | 83.3 |
| Hewlett-Packard Company | 45,249,000 | computer products | 75.3 |
| Pfizer | 92,619,000 | pharmaceuticals, consumer products | 74.7 |
| E.I. du Pont de Nemours & Company | 64,000,000 | intellectual property | 72.5 |
| Johnson & Johnson | 125,400,000 | pharmaceuticals, consumer products | 71.2 |
| Bristol-Myers Squibb Company | 60,000,000 | pharmaceuticals, consumer products | 68.4 |
| International Business Machines Corporation | 79,000,000 | computers and other technology | 68.0 |
| PepsiCo | 25,000,000 | beverages, food | 65.4 |
| Intel Corporation | 53,660,783 | computer products | 56.3 |
| Minnesota Mining & Manufacturing Company | 16,608,454 | health-care and consumer products | 51.2 |
| Sara Lee Corporation | 15,641,000 | food, clothing | 48.9 |
| Compaq Computer Corporation | 3,200,000 | computer products | 41.6 |
| Home Depot | 4,443,818 | building supplies | 34.2 |

# Growth Rate of Giving Is Slowing at Top Companies, Survey Finds

*Continued from Page 7*

all business plans, youth-related causes appear to be the biggest winners.

At least 10 corporations in the *Chronicle* survey are working on or have recently completed formal reviews of their giving programs. Among them are three companies—Lucent Technologies, Texaco, and TRW—that have decided to put a greater emphasis on either youth development or early-childhood education.

Many companies that are evaluating their giving are also deciding to devote a growing portion of their philanthropy to overseas causes. A 1996 Conference Board study found—and more-recent anecdotal evidence suggests—that gifts to charities abroad account for a relatively small but fast-growing segment of corporate philanthropy. (See story above.)

Some of the movement of charitable dollars abroad may be attributed to the continuing flood of mergers and acquisitions among America's top companies. As corporations acquire international companies—or are acquired by them, as was the case in the German company Daimler-Benz's merger with Detroit's Chrysler Corporation—some charity dollars are likely to move abroad.

### Mergers Worry Charities

Even when mergers and acquisitions are limited to the United States, the dynamics of companies' philanthropy can be expected to change. In many cases, charity officials worry about losing corpo-

*Continued on Page 14*

# Education Charities Are the Biggest Beneficiaries of Corporate Giving

*Continued from Page 12*

rate patrons, as company headquarters consolidate or move. Those officials also fear that companies that are involved in restructuring may be too busy to worry about philanthropy, and that the giving budgets of newly formed companies may be less than the total amount that the smaller companies had been giving before the deal was completed. (See story below.)

The new Bank of America, which was created last year by the

**Wal-Mart, with more than 2,900 stores, distributed the most money to charities last year—about $79-million.**

merger of NationsBank Corporation, in Charlotte, N.C., and San Francisco's BankAmerica Corporation, set out to allay such concerns from the start. At the announcement of its merger last year, the company also announced a series of new charitable grants and organized a company-wide employee-volunteer day.

This year, Bank of America plans to donate more money than any other company in the *Chronicle* survey—$100-million. That's $30 million more than the total

HOME DEPOT

**Home Depot employees participate in their company's philanthropy by preparing boxes of relief supplies for Oklahoma City residents whose homes were damaged in a tornado.**

1997, when they were separate companies.

The new bank's budget includes $10-million for the United Way's child-development program, called Success by 6. The company has pledged a total of $50-million to the program over five years.

Among the other top cash givers in the *Chronicle* survey are seven

year. They are Dayton Hudson Corporation, Ford Motor Company, General Electric Company, Johnson & Johnson, Philip Morris Companies, SBC Communications, and Wal-Mart Stores.

Of the companies in the *Chronicle* survey, the retailer Wal-Mart, with more than 2,900 stores around the country, distributed

When gifts of company products are included, the pharmaceutical maker Merck & Company catapults to the top of this year's list of donors. Merck plans to donate drugs valued at $200-million, along with $40-million in cash.

Two other pharmaceutical companies, Johnson & Johnson and Bristol-Myers Squibb Company,

tions are counted. Along with cash donations, Johnson & Johnson plans to give away $125-million in drugs this year, while Bristol-Myers plans to donate drugs valued at $80-million.

*Still another drug company,* Pfizer—which made a $300-million donation last year—would have topped 1998's giving list, but that cash contribution was made to the company's own foundation and will be counted only as the money is given out in grants over the coming years. This year, the foundation plans to give away $16.5-million, up from $3.1-million in 1998. The company also plans to make additional cash and product donations, but officials declined to estimate the total value.

### Companies Decrease Gifts

Among the survey's other findings:

▶ Seventeen companies that reported cash budgets for 1999 expect their giving to decrease this year. Among them were several oil companies, which suffered revenue losses last year because of drastic declines in oil prices. The largest expected drops are at Chevron (17.2 per cent), Citigroup (29.2 per cent) Coca-Cola Company (37.8 per cent), and Phillips Petroleum (41.3 per cent).

▶ Ten companies expect their 1999 giving to be more than 2.5 per cent of 1998 pre-tax profits. The leaders are Bankers Trust Corporation, at 8.6 per cent of pre-tax profits; Dayton-Hudson Corporation, at 4.7 per cent; Johnson & Johnson, at 4.2 per cent; and Texaco, at 4.0 per cent. The Bankers Trust figure was so high because

Francisco's BankAmerica Corporation, set out to allay such concerns from the start. At the announcement of its merger last year, the company also announced a series of new charitable grants and organized a company-wide employee-volunteer day.

This year, Bank of America plans to donate more money than any other company in the *Chronicle* survey—$100-million. That's $30-million more than the total donated by both NationsBank and BankAmerica Corporation in 1997, when they were separate companies.

The new bank's budget includes $10-million for the United Way's child-development program, called Success by 6. The company has pledged a total of $50-million to the program over five years.

Among the other top cash givers in the *Chronicle* survey are seven companies that plan to give away at least $50-million in cash this year. They are Dayton Hudson Corporation, Ford Motor Company, General Electric Company, Johnson & Johnson, Philip Morris Companies, SBC Communications, and Wal-Mart Stores.

Of the companies in the *Chronicle* survey, the retailer Wal-Mart, with more than 2,900 stores around the country, distributed the most money to charities last year—about $79-million.

When gifts of company products are included, the pharmaceutical maker Merck & Company catapults to the top of this year's list of donors. Merck plans to donate drugs valued at $200-million, along with $40-million in cash.

Two other pharmaceutical companies, Johnson & Johnson and Bristol-Myers Squibb Company, move to the No. 2 and No. 3 spots, respectively, when product dona-

**Home Depot employees participate in their company's philanthropy by preparing boxes of relief supplies for Oklahoma City residents whose homes were damaged in a tornado.**

HOME DEPOT

ron (17.2 per cent), Citigroup (29.2 per cent) Coca-Cola Company (37.8 per cent), and Phillips Petroleum (41.3 per cent).

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*Continued on Page 16*

# *Spate of Corporate Mergers is Reshaping Philanthropy Nationwide*

By DEBRA E. BLUM and HARVY LIPMAN

Corporate mergers are changing the shape of business giving nationwide.

In the past year, at least 9 of the 100 companies listed by *Fortune* magazine in 1998 as America's largest corporations have either merged with, been acquired by, or entered into merger discussions with another business on the list.

Two others—Chrysler Corporation (No. 7 on last year's Fortune 500) and Amoco Corporation (No. 22)—disappeared from this year's list after they merged with foreign corporations. One more—the Atlantic Richfield Company—is about to cease its existence, being acquired by BP Amoco, the company created when Amoco merged with British oil giant BP last year. And numerous others acquired smaller companies over the course of 1998 and 1999.

All of which has some in the non-profit world worried that charitable giving might end up far down the list of priorities for companies engaged in such mega-mergers.

"My concern is that one and one may not necessarily be two," said Rick Cohen, president of the National Committee for Responsive Philanthropy.

Mr. Cohen said that he was particularly concerned about the effects of bank mergers. He says the federal Community Reinvestment Act, which requires banks to show that they are making loans in the neighborhoods where they operate, has also encouraged significant bank giving to local non-profit organizations.

But as local banks are swallowed by national financial groups, he said, "the decision making may be much more distant from the philanthropic entity than it used to be." That, he fears, could lead to fewer donations to local non-profit organizations.

## Mixed Influence of Mergers

Responses to *The Chronicle's* annual survey of giving by big companies shows that the influence of mergers has been mixed.

At Citigroup, the new corporation that was formed by the October merger of Citicorp and the Travelers Group, charitable giving fell by nearly 40 per cent from 1998 to 1999.

Paul M. Ostergard, chief executive of the Citigroup Foundation, said the two companies had a combined budget for charitable giving in 1998 of about $55-million. The new corporation's 1999 budget is $40-million.

"This is a transition year," Mr. Ostergard said. "There were large overlaps in the kind of programs being supported. There was duplication, and inconsistencies between the goals. I'm operating on the assumption that our giving is going to go up next year by a generous factor."

Among the issues that had to be resolved was what to do with Citicorp's gift-matching program for employees, which was already running over budget even before the merger created a worldwide company with 170,000 workers.

Travelers, on the other hand, had never offered to match employee gifts.

The merged corporation came up with a plan intended to be a compromise: It got rid of the matching-grant plan, but promised to make a $500 gift to any charity where a corporate employee volunteered at least 50 hours annually.

While giving went down as a result of that merger, the union of BankAmerica Corporation and NationsBank Corporation had a more positive result for charities. The newly formed Bank of America increased its overall giving by about 10 per cent, to about $100-million.

Lynn E. Drury, president of the Bank of America Foundation, said the new company also had to decide which of two very different foundation structures to adopt. BankAmerica was very centralized, with the foundation board making nearly all the decisions, according to Ms. Drury. NationsBank was much more decentralized, with only 30 per cent of the giving budget granted directly by headquarters, while 70 per cent was designated for regional and local officials to give away. The new company opted for the decentralized model.

## Foreign Acquisitions

Two of the nation's largest corporations merged with foreign corporations, but that did not cause them to cut backon charitable giving in the United States.

DaimlerChrysler, the new company formed when Chrysler merged with Daimler-Benz, will increase its donations in 1999, according to W. Frank Fountain, president of the DaimlerChrysler Corporate Fund. "We remain the largest corporate contributor to charity in Michigan," Mr. Fountain said.

With most of the company's plants still in the United States, Mr. Fountain added, the fund remains focused on the same priority Chrysler always had: education. "We're concerned about our future work force," he continued. "We're reinvesting back into the communities where our employees are highly concentrated."

Paula Banks, executive director of the BP Amoco Foundation, said that the new company is still "in the process of integrating all our programs."

According to the corporation's report on community activity, it donated $65-million in 1998, of which $37-million went to U.S. charities. Amoco had given about $14-million the year before, although Ms. Banks could not give a comparable figure for BP.

# *New Studies Provide Insight Into Why Companies Give and Who Benefits*

Three new studies on corporate philanthropy shed light on why large companies give—and what kinds of organizations they support:

► A national study of 226 large companies by a University of New Hampshire professor found that while most corporations say their official policy is to use philanthropy to further their business goals, few actually do so in practice.

► A study commissioned by *Fortune* magazine found that nearly all of the nation's big companies support programs that benefit young people.

► A study of Dallas businesses found that large companies tend to focus on causes like education while small ones are more likely to give to charities that help the poor.

In the University of New Hampshire study, Jerry D. Marx, an assistant professor of social work, found that 86 per cent of companies said they believed that corporate giving should meet two objectives: helping a charity and advancing corporate strategies. But most of those companies did not rank typical bottom-line objectives—such as increasing sales—high among their giving goals.

Instead, Mr. Marx found, the companies were more likely to rank improving their public image high among their goals.

And while many of the companies in the survey said that their philanthropy plays an important role in the achievement of their business goals, more than half of the companies reported that they seldom or never evaluate the results of their contributions programs.

Mr. Marx's study also found differences between the 194 companies with strategic giving plans and the 32 companies that had no such plans. Those with plans are much more likely to give to education-related causes, for example, and are also more likely to devote a smaller portion of their charitable dollars to United Ways.

### Gifts Benefit Youngsters

The *Fortune* magazine study was based on data from 167 of the 500 top revenue-producing companies as ranked by *Fortune* in 1997. It found that all but two of the companies direct at least some of their philanthropic resources to charities that help young people. Those resources include money from corporations and their foundations, employee-volunteer efforts, marketing programs involving charities, in-kind services, and product donations. More than one-third of the companies devote 60 per cent or more of their resources to youth programs, with about 15 companies directing more than 80 per cent to such efforts.

Nine out of ten of the companies said they supported schools, programs that provide mentors for school-aged kids, and programs to help disadvantaged youngsters. Over half of the companies said they expected growth this year in their employee-volunteer programs—nearly all of which benefit young people. Thirty-eight per cent planned to increase their cash donations to help youth groups.

The *Fortune* magazine study was paid for by American General, a Houston financial company, and was conducted by DG&A, a Washington consulting firm.

### Big and Small Companies

A survey conducted for the Dallas Foundation by the University of Connecticut's Center for Survey Research and Analysis found that giving patterns varied according to the size of a company. The study was based on responses from 100 companies that are among the biggest earners in the Dallas area, plus 410 other companies in the area that were selected at random.

Larger companies tended to support education more heavily than did smaller companies, the survey found. Small businesses tended to make grants to help the poor, the hungry, or the homeless, the survey found.

The study also found that 94 per cent of the large businesses said that showing the company to be a good corporate citizen was an important motivation for giving. Only 71 per cent of the smaller companies said the same. Ninety per cent of the big businesses, compared with 59 per cent of the other businesses, said that improving employee morale was also an important reason for the company to support charities.

Free copies of the Dallas study, "Dallas Survey on Corporate Giving: Building a Better Community," can be obtained by contacting the Dallas Foundation, 900 Jackson Street, Suite 150, Dallas 75202; (214) 741-9848.

Results of the *Fortune* study were first reported in a special advertising section of the magazine's May 24 issue. A complete copy of the survey analysis is available for $45 for businesses and $35 for non-profit organizations from DG&A, 4812 Ellicott Street, N.W., Washington 20016; (202) 296-7121.

A copy of the study by Mr. Marx appears in the June issue of the journal *Nonprofit and Voluntary Sector Quarterly*, published by the Association for Research on Nonprofit Organizations and Voluntary Action. An issue of the journal can be purchased for $19, plus $3.50 shipping, from Sage Publications, 2455 Teller Road, Thousand Oaks, Cal. 91320; (805) 499-9774. —DEBRA E. BLUM

# As Companies Consolidate, Charities Worry About Losing Corporate Patrons

*Continued from Page 14*

$1.2-billion to $163-million while its giving remained the same. In 1997 and 1998, the commercial-banking company gave away little more than 1 per cent of the previous year's earnings.

the companies expecting the biggest increases in cash giving this year, too. It plans to give $15-million, or 44 per cent more than it did last year.

Also among the companies planning big jumps this year is Reliant

the company's corporate-giving program all grant making not related to early-childhood education. Company officials say they wanted the foundation to focus on an area where it could make a measurable difference, such as through its sup-

Arkansas, and other states that were struck by tornadoes and floods. Local stores have also pitched in in those areas, donating cleaning supplies and other items.

Prudential Insurance Company of America, too, has introduced a

Minneapolis; Newark, N.J.; and Philadelphia.

"The concept is to focus funding to achieve better results," says Gabriella E. Morris, president of the Prudential Foundation and the company's vice-president for com-

# As Companies Consolidate, Charities Worry About Losing Corporate Patrons

*Continued from Page 14*

$1.2-billion to $163-million while its giving remained the same. In 1997 and 1998, the commercial-banking company gave away little more than 1 per cent of the previous year's earnings.

▶ Six companies saw decreases in cash giving of more than 10 per cent from 1997 to 1998, with TRW—which manufactures parts for the automotive, space, defense, and telecommunications industries—and Georgia-Pacific Corporation—the forest- and paper-products company—falling the most: by 29.7 per cent and 24.9 per cent, respectively.

**As companies sharpen their philanthropy to dovetail with business, youth-related causes appear to be the biggest winners.**



▶ Seventeen companies saw increases in cash giving of 25 per cent or more from 1997 to 1998, and six had increases of 50 per cent or more. Two companies—Dell Computer Corporation and First Union Corporation—more than doubled their giving, while Washington Mutual, a financial institution that recently acquired three other banks, saw the biggest increase in cash giving last year—nearly tripling its philanthropic budget, to $10.4-million.

Washington Mutual is among the companies expecting the biggest increases in cash giving this year, too. It plans to give $15-million, or 44 per cent more than it did last year.

Also among the companies planning big jumps this year is Reliant Energy, which expects to increase its cash giving by 48 per cent, to $10.7-million. That growth comes as the utility company is expanding rapidly—having grown recently from 1.4 million to 4 million domestic customers—and as it re-evaluates its philanthropy.

Officials at Reliant Energy—which recently changed its name from Houston Industries—expect to learn this month the results of a consultant's study of the company's grant making—and that of its newly created foundation.

## New Plans for Giving

Among the companies that have already completed evaluations of their philanthropy and created a tighter focus for their giving:

**Lucent Technologies.** At the start of this year, the electronics company's foundation released a strategic plan, titled "Learning to Reach for a Brighter Future," that called for all of the foundation's program areas to be related to youth development. "Preparing young people to meet the challenges of our complex, changing society has become a worldwide priority," the plan notes. Under the plan, the foundation is discontinuing grants made outside that area, including the general support of four public-policy think tanks and an annual gift to the National Science Foundation to support faculty fellowships in industrial ecology.

**Texaco.** Last year, the Texaco Foundation, which makes grants for the oil company, handed over to the company's corporate-giving program all grant making not related to early-childhood education. Company officials say they wanted the foundation to focus on an area where it could make a measurable difference, such as through its support of music programs that help young children learn science and math. Texaco has an interest in such education, company officials say, because it may help create a work force of engineers and other skilled employees.

**TRW.** The company unveiled its new philanthropic focus last year: early-childhood education. The company also shifted all its grant making to fit under four other themes identified in the review as priority areas: access to learning, community leadership, global markets, and employee involvement.

Laura L. Johnson, manager of contributions for TRW's foundation, said those areas were chosen because they closely matched issues that the company was interested in, such as increasing the pool of skilled workers in this country and abroad.

"It may be enough at times to give just to be a good neighbor," Ms. Johnson says. "But we needed to see what we are doing over all, to make sure we were supporting things that made sense to the community and to us as a company."

Home Depot, which sells building supplies nationwide, is another company that ties its philanthropy to its business interests. It aims much of its charity at efforts that promote low-cost housing, and, for the first time, the company has set aside money in its charity budget for disaster-relief efforts. So far, Home Depot has spent $110,000 to help neighborhoods in Tennessee, Arkansas, and other states that were struck by tornadoes and floods. Local stores have also pitched in in those areas, donating cleaning supplies and other items.

Prudential Insurance Company of America, too, has introduced a new program this year that tries to focus its charitable giving more sharply and direct it to company concerns. Under its Prudential Neighborhood Partnership program, the company's foundation will spend about $1.5-million a year to support non-profit groups in five neighborhoods, one each in Jacksonville, Fla.; Los Angeles; Minneapolis; Newark, N.J.; and Philadelphia.

"The concept is to focus funding to achieve better results," says Gabriella E. Morris, president of the Prudential Foundation and the company's vice-president for community resources. "We don't want to fix everything, but we want to work with communities to address their high-priority issues of concern."

Along with awarding grants, Prudential will support the five neighborhoods through its employee-volunteer programs and by

*Continued on Page 18*

### Cash Gifts From Companies to Match Donations by Employees in 1998

| | Employee-matching gifts | Percentage of cash giving |
|---|---|---|
| Dynegy | $408,600 | 61.9% |
| International Business Machines Corporation | 21,900,000 | 59.0 |
| Microsoft Corporation | 9,400,000 | 53.8 |
| Nationwide Insurance Enterprise | 4,306,311 | 37.9 |
| Bankers Trust Corporation | 4,845,868 | 35.3 |
| J. P. Morgan & Company | 4,958,494 | 28.1 |
| Enron Corporation | 2,300,000 | 26.7 |
| Exxon Corporation | 14,860,024 | 25.6 |
| General Electric Company | 12,400,000 | 21.4 |
| Georgia-Pacific Corporation | 944,568 | 20.9 |
| CIGNA Corporation | 1,739,979 | 18.8 |
| American Express Company | 4,400,000 | 17.8 |
| Merck & Company | 6,120,208 | 16.5 |
| Philip Morris Companies | 9,900,000 | 16.5 |
| US West | 3,905,560 | 16.0 |
| Chase Manhattan Corporation | 7,700,000 | 15.9 |
| AlliedSignal | 1,567,014 | 15.8 |
| Lucent Technologies | 3,361,418 | 15.4 |
| Citigroup | 8,454,987 | 15.0 |

Note: Includes only those companies that made 15 per cent or more of their cash gifts to match employee donations.

# *Survey of Corporate Giving: How It Was Conducted*

By DEBRA E. BLUM
and HARVY LIPMAN

*The Chronicle's* corporate-giving survey is based on financial information provided by many of the nation's top companies as ranked according to their annual revenue by *Fortune* magazine.

The 150 largest of the companies that make up the Fortune 500 were asked to provide figures on their charitable giving for 1997, 1998, and 1999. Of those, 91 either filled out a *Chronicle* questionnaire or submitted financial information, such as annual reports or informational tax returns from the charitable foundations they support.

Because companies are not required by law to provide information on how much they give, it is hard to paint a complete portrait of corporate giving among the nation's top businesses. Companies that are generous may be more likely to report their figures than those that are not.

The 59 companies that refused to provide information on their giving offered numerous reasons for declining to participate. Some said they were unable to because they did not have a centrally administered giving program.

Others said company policy prohibits disclosing information about their charity. Several companies said that they no longer respond to surveys because they receive so many requests for data.

In addition, some companies that had recently been involved in mergers said that the giving fig-

foreign charities alike. Several noted, however, that they were unable to provide data from subsidiaries—particularly those based overseas—or for foreign donations.

The companies were also asked to report separately their cash and non-cash gifts. The non-cash gifts were to include donations of company products only, and were to be valued according to their fair market price, not their production cost. In some cases, companies may have included the value of other in-kind gifts, such as used office equipment or the cost of printing materials for a charity, in their non-cash-giving totals.

### Misleading Comparisons

Even simply comparing a single company's giving from year to year can be misleading. In some cases, a company's philanthropy may appear to fluctuate when, in fact, an increase may be due to a company's failure to spend its entire budget one year, so that dollars were carried forward to the following year. In other cases, a company's giving may decrease because it made a big, multiple-year grant that it reports in its giving budget one year and not the next.

While observers of corporate giving typically measure a company's generosity by comparing the business's charity budget to its profits, the formula is often not so simple.

Some companies base their giving on a percentage of income subject to federal taxes, which is not necessarily the same as their pre-tax profits. Others had wild fluctu-

ords of different companies. Some do not keep track of the giving of all their divisions through their corporate headquarters, for instance, or do not collect information about product donations. Some companies reported only the money donated by their foundations and not gifts that came directly from the company.

In addition, companies support charities through a variety of means other than tax-deductible gifts of cash and products. Some companies may offer low-interest loans, for example, or give employees paid leave to volunteer. Moreover, companies may give money to non-profit groups from the company's marketing or research divisions through deals that may help the company test a new product or gain the endorsement of a charity. These deals are not counted in a company's charity budget.

The following are the companies that declined to provide any financial information about their philanthropy to *The Chronicle:*

Albertson's (Boise, Idaho)
American Home Products Corporation (Madison, N.J.)
American International Group (New York)
American Stores Company (Salt Lake City)
Anheuser-Busch Companies (St. Louis)
Archer Daniels Midland Company (Decatur, Ill.)
Atlantic Richfield Company (Los Angeles)
AutoNation (Fort Lauderdale, Fla.)
Banc One Corporation (Chicago)
Bergen Brunswig Corporation (Orange, Cal.)
Berkshire Hathaway (Omaha)
Cardinal Health (Dublin, Ohio)
Coca-Cola Enterprises (Atlanta)
Columbia/HCA Healthcare Corporation (Nashville)
Costco Companies (Issaquah, Wash.)
CVS Corporation (Woonsocket, R.I.)
DANA Corporation (Toledo, Ohio)
Delta Air Lines (Atlanta)

# 2 Philanthropies Merge to Trim Overhead Costs

By MARINA DUNDJERSKI

The Rockefeller Brothers Fund, one of the nation's 100 wealthiest foundations, has merged with the Charles E. Culpeper Foundation—a move that some say could lead other foundations to consider similar alliances.

The merger took effect July 1. The new entity, worth about \$670-million, is operating under the name Rockefeller Brothers Fund but will continue to use the Culpeper name for some grant programs. Culpeper's operations, which were based in Stamford, Conn., have moved to the fund's New York City headquarters.

Before the merger, Rockefeller Brothers's endowment was \$463-million; Culpeper's was \$208-million.

Foundation officials said the merger was a way to create a more effective grant-making institution that would spend less on administrative costs and therefore have more money available to give to charities.

The grant-making programs of both foundations will continue for now, but the new entity plans to start reviewing each program to determine what the foundation's objectives should be, and how to coordinate programs that are complementary.

The first review, to start this fall, will focus on education programs. Rockefeller Brothers has previously made grants to bolster elementary and secondary education, while Culpeper supported col-

board should be expanded to minimize the impact of a departure or two and to gain additional perspective. They also considered spending all the foundation's assets over the next few years and shutting down, but that idea was dropped.

Then a little more than a year ago, trustees talked to Mr. Campbell about the possibility of a merger with Rockefeller Brothers. After several months of discussions, the two foundations decided a merger would be the ideal solution.

Four Culpeper trustees have joined the governing board of the Rockefeller Brothers Fund, which previously had 15 members. In addition, four staff members joined the Rockefeller Brothers staff; two staff members—plus Mr. McNamara, who is retiring—decided not to make the move to New York.

The merger of Culpeper and Rockefeller Brothers had to be approved by the New York State Attorney General's office and several other regulatory authorities to determine whether the donors' intentions would be carried out by the new entity. (Although the Culpeper Foundation was based in Connecticut, it was incorporated in New York.)

### More Mergers Expected

While mergers are rare in the foundation world, they are not unheard of. What makes the Rockefeller Brothers–Culpeper alliance unusual is the size and reputation of the two foundations, and the fact that there was no connection be-for declining to participate. Some said they were unable to because they did not have a centrally administered giving program.

Others said company policy prohibits disclosing information about their charity. Several companies said that they no longer respond to surveys because they receive so many requests for data.

In addition, some companies that had recently been involved in mergers said that the giving figures requested by *The Chronicle* no longer were relevant or were impossible to retrieve.

Companies that participated in the *Chronicle* survey were asked to include donations from the entire business, including subsidiaries, and for all gifts to domestic and

it made a big, multiple-year grant that it reports in its giving budget one year and not the next.

While observers of corporate giving typically measure a company's generosity by comparing the business's charity budget to its profits, the formula is often not so simple.

Some companies base their giving on a percentage of income subject to federal taxes, which is not necessarily the same as their pretax profits. Others had wild fluctuations in profitability from year-to-year—sometimes due to business conditions and sometimes caused by the costs associated with mergers—while trying to keep charitable donations stable.

Caution should also be taken when comparing the giving rec-

(Decatur, Ill.)
Atlantic Richfield Company (Los Angeles)
AutoNation (Fort Lauderdale, Fla.)
Banc One Corporation (Chicago)
Bergen Brunswig Corporation (Orange, Cal.)
Berkshire Hathaway (Omaha)
Cardinal Health (Dublin, Ohio)
Coca-Cola Enterprises (Atlanta)
Columbia/HCA Healthcare Corporation (Nashville)
Costco Companies (Issaquah, Wash.)
CVS Corporation (Woonsocket, R.I.)
DANA Corporation (Toledo, Ohio)
Delta Air Lines (Atlanta)
Dow Chemical Company (Midland, Mich.)
Emerson Electric Company (St. Louis)
Entergy Corporation (New Orleans)
FDX Corporation (Memphis)
Fleming Companies (Oklahoma City)
Fred Meyer (Portland, Ore.)
Halliburton Company (Dallas)
Hartford Financial Services Group (Hartford, Conn.)
IBP (Dakota City, Neb.)
Ingram Micro (Santa Ana, Cal.)
International Paper Company (Purchase, N.Y.)
Johnson Controls (Milwaukee)
Kimberly-Clark Corporation (Dallas)
Kmart Corporation (Troy, Mich.)
Kroger Company (Cincinnati)
Lehman Brothers Holdings (New York)
Liberty Mutual Group (Boston)
Loews Corporation (New York)
Lowe's Companies (North Wilkesboro, N.C.)
Northwestern Mutual Life Insurance Company (Milwaukee)
Publix Super Markets (Lakeland, Fla.)
Rite Aid Corporation (Camp Hill, Pa.)
RJR Nabisco Holdings Corporation (New York)
Safeway (Pleasanton, Cal.)
Sears, Roebuck and Company (Hoffman Estates, Ill.)
Southern Company (Atlanta)
Sysco Corporation (Houston)
Tech Data Corporation (Clearwater, Fla.)
Texas Utilities (Dallas)
TIAA–CREF (New York)
Time Warner (New York)
Tosco Corporation (Stamford, Conn.)
UAL Corporation (Elk Grove Township, Ill.)
United HealthCare Corporation (Minnetonka, Minn.)
UtiliCorp United (Kansas City, Mo.)
Viacom (New York)
Walgreen Company (Deerfield, Ill.)
Walt Disney Company (Burbank, Cal.)
Waste Management (Houston)
Wells Fargo (San Francisco)
Winn-Dixie Stores (Jacksonville, Fla.)

*The Chronicle*'s survey of corporate giving was conducted under the direction of Harvy Lipman, with assistance from Debra E. Blum and Kristen R. Batch.

# Companies Go Beyond Cash to Help Non-Profit Groups

*Continued from Page 16*

making below-market-rate loans to area organizations, Ms. Morris says. Such a loan might come in handy, she says, if, for example, a child-care facility in one of the neighborhoods needed money to expand.

The loans that Prudential makes in the neighborhoods would not come from the company's charity budget, illustrating a long-held truth about corporate philanthropy: Companies help non-profit groups in many ways that are not strictly considered charity. Support may come in a host of other forms, such as sponsorships, money to underwrite special events, free consulting from company officials, and programs that lend employees as volunteers.

## More Than Just Donations

Amy Longsworth is the vice-president for corporate programs at the Nature Conservancy, in Arlington, Va., which receives up to 15 per cent of its annual revenue from corporations. She says that every year, more and more companies are interested in doing more for charities than just donating cash and products. And, she says, when arrangements extend beyond contributions, relationships between charities and companies are created that often benefit both parties.

This year, one of the conservancy's regular corporate contributors, Procter & Gamble Corporation, also lent the organization the services of one of its senior-level executives. The official helped the charity study and promote its name, logo, and identity—a process known as branding.

"It's invaluable to have one of the premier companies in the field of branding bring that market discipline to us through one of its top executives," Ms. Longsworth says. "You can't add up the worth of that gift."

*Kristen R. Batch contributed to this article.*

now, but the new entity plans to start reviewing each program to determine what the foundation's objectives should be, and how to coordinate programs that are complementary.

The first review, to start this fall, will focus on education programs. Rockefeller Brothers has previously made grants to bolster elementary and secondary education, while Culpeper supported college liberal-arts programs.

The Rockefeller Brothers Fund, which was created in 1940 to carry out the philanthropy of the five sons and one daughter of John D. Rockefeller, Jr., also finances efforts to protect the environment, promote world security, strengthen charities, and improve the quality of life in New York City.

In addition to education, Culpeper supported health and arts groups. It was created in 1940 through the bequest of Charles Emory Culpeper, founder of the Coca-Cola Bottling Company of New York.

## A Board Connection

The founders of the two funds did not know each other, but the foundations did have one thing in common: Colin G. Campbell. Mr. Campbell, president of the now-combined foundation, has served for 11 years as head of the Rockefeller Brothers Fund and, until the merger, was vice-chairman of the Culpeper Foundation.

Mr. Campbell and others involved in the merger said the idea came up because Culpeper was concerned about the way changes on its board and staff would affect its future. Five trustees who had had a longtime association with the foundation had retired or died in the past five years. And Francis J. McNamara, Jr., who had served as head of Culpeper for more than 30 years, planned to retire in December.

Mr. McNamara said the trustees debated whether the size of the

er Foundation was based in Connecticut, it was incorporated in New York.)

## More Mergers Expected

While mergers are rare in the foundation world, they are not unheard of. What makes the Rockefeller Brothers–Culpeper alliance unusual is the size and reputation of the two foundations, and the fact that there was no connection between the donors.

Grant makers say they expect in coming years that more foundations will consider merging.

Susan Berresford, president of the Ford Foundation, in New York, agrees that more foundations will consider mergers as a way to become more effective in dealing with major societal issues.

"Most problems need broad solutions, not little silver bullets," she said. "And when you have a good example like this it makes people think and talk and debate."

Some foundations say mergers may become a way for grant makers that are not among the very largest to gain greater clout.

"When Bill Gates gives \$5-billion to the Gates Foundation it automatically puts it in the top-tier category of foundations," said Avery Russell, director of public affairs and program officer for the \$1.6-billion Carnegie Corporation of New York, which was once among the 10 wealthiest private foundations and has since dropped to around No. 30. "The smaller foundations, of which Carnegie is beginning to be one, need to ask themselves what their role is going to be in the universe of foundations—which continue to be created at a very rapid rate."

For additional information about the foundations' merger, contact Priscilla Lewis, Director of Communications, the Rockefeller Brothers Fund, 437 Madison Avenue, New York 10022-7001; (212) 812-4200; World-Wide Web: *http://www.rbf.org*.