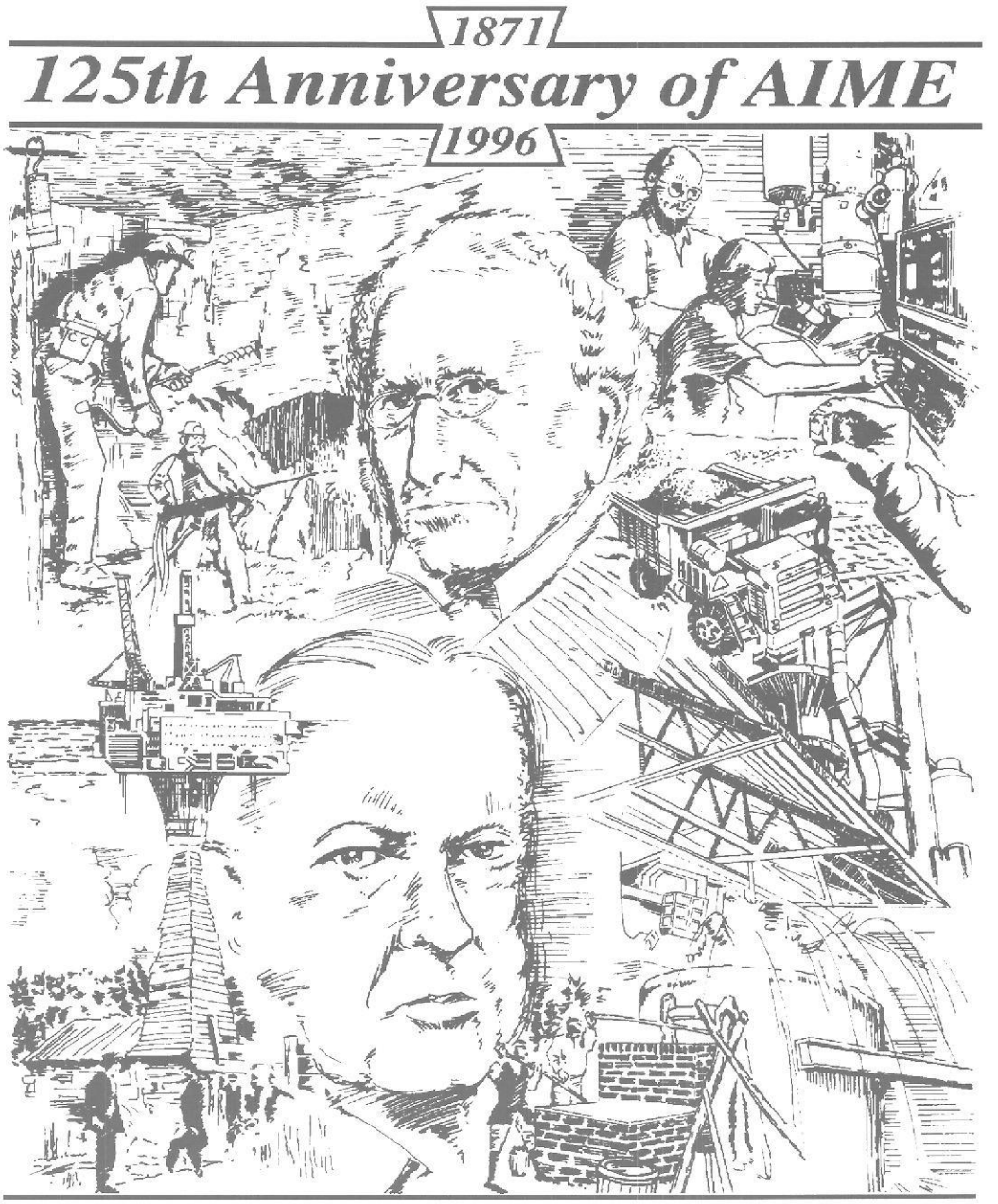
AMERICAN INSTITUTE OF MINING, METALLURGICAL, AND PETROLEUM ENGINEERS, INC.

1996 ANNUAL REPORT



SOCIETY FOR MINING METALLURGY AND EXPLORATION INC.
AIME

TMS
Minerals • Metals • Materials

AIME
FOUNDED 1871

IRON & STEEL SOCIETY
ISS

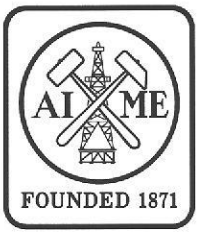
SPE International
Society of Petroleum Engineers

AMERICAN INSTITUTE OF MINING, METALLURGICAL,
AND PETROLEUM ENGINEERS, INC.

1996 Annual Report

One hundred and twenty-fifth year

December 1, 1995 - November 30, 1996



Contents

A Founder Society of the

United Engineering Trustees, Inc.

Established in 1904 for

American Society of Civil Engineers
American Institute of Mining, Metallurgical, and Petroleum Engineers
American Society of Mechanical Engineers
Institute of Electrical and Electronics Engineers
American Institute of Chemical Engineers

Report of the 1996 President

Donald W. Gentry, President – 1996
American Institute of Mining,
Metallurgical, and Petroleum Engineers

The year 1996 marked AIME's 125th anniversary. In addition to the annual meeting celebration, 1996 also saw important milestones reached in the implementation of AIME's Long Range Plan and further implementation of AIME's Member-Direct policy. I am pleased to report to the AIME Community on the significant progress made in these areas and on other pertinent developments.

1996 Annual Meeting

AIME celebrated its 125th anniversary at its Annual Meeting in Anaheim, California, February 4-8, 1996 hosted by The Minerals, Metals and Materials Society (TMS).

The annual meeting activities included a Keynote Session, chaired by 1997 President Leonard G. Nelson, and featured three distinguished speakers. The annual banquet served to recognize the recipients of honorary membership as well as other prestigious AIME awards. The banquet celebration included an AIME 125th anniversary salute and champagne toasts on behalf of both US and International engineering societies. An account of the 125th annual meeting may be found on page 8, followed by the names of the various award winners.

I wish to thank both the TMS and AIME staffs for organizing these anniversary events and to express my appreciation to TMS leadership for creating such a memorable host environment.

Government Affairs through AAES

AIME government affairs activities continued during 1996 through the American Association of Engineering Societies (AAES) located in Washington, DC. These efforts involved a total of ten volunteers, each representing a member society, serving on various AAES councils, commissions and task forces. However, at its spring meeting the AAES Board of Governors decided to focus limited AAES resources on the engineers public policy activity, curtailing all other efforts. This was done in an attempt to bring expenses in line with revenues projected for 1996. This restructuring effort has been ongoing during 1996.

Consequently, the AIME Board of Trustees at its August meeting decided to defer action concerning continued membership in AAES until the February 1997 Annual Meeting of the Board. By deferring the decision on continued membership in AAES, the AIME Board of Trustees benefited from the additional time available to thoroughly evaluate progress of the AAES restructuring and refocusing efforts.

Overarching and Member-Direct Programs

At the August 1994 Board meeting, the trustees adopted a policy that provides funding to AIME's overarching programs and member-direct programs. Overarching programs are defined as those that carry out the purposes of the Institute and may include participation by one or more of the member societies; member-direct programs are those carried out by the Member Societies. Approval of specific programs are limited to those that clearly carry out the purpose of AIME, as described in its bylaws (Article I, Section 2). The selection of specific projects and the balancing of programs is the responsibility of the Board of Trustees.

During 1996, the AIME Program Evaluation and Review Committee reviewed all 1996 projects submitted and made its recommendations to the Board. The committee is to review and evaluate progress made at year's end on projects funded in 1995 and report back to the Board at the February 1997 meeting. For 1996, the Board approved total funding in the amount of $651,720 for overarching and member-direct programs.

Long Range Plan

The AIME Board of Trustees, at its November 1995 meeting, approved a Long Range Plan, together with a plan to implement the goals and objectives in the areas of (1) maintaining and enhancing the tradition of AIME, (2) facilitating the sale of the United Engineering Center, (3) developing policies to use income from AIME endowment and formalizing the implementation strategy for the overarching and member-direct program initiatives, and (4) strengthening the interactive working relationship among AIME Member Societies.

I am pleased to report that significant progress was made in all these areas of our plan.

- In the area of maintaining and enhancing the tradition of AIME, the Board approved the recommendation that the hosting of AIME annual meetings will rotate among the member societies to coincide with the presidential rotation, e.g., SME in 1997, ISS in 1998, SPE in 1999 and TMS in 2000.
- As to facilitating the sale of the United Engineering Center (UEC), the United Engineering Trustees decided at its May 1996 meeting that the UEC be sold and established a trustees planning committee to evaluate the various bids. This effort is ongoing.
- Formalization of implementing the strategy for overarching and member-direct program initiatives also has made major strides, with an evaluation and review committee providing added checks and balances to the system.
- Working relationships among AIME member societies were strengthened by frequent teleconferences and face-to-face meetings where needed. With assistance from the executive directors of our member societies, arrangements were made to publish an AIME Newsletter quarterly in the journals of the member societies. This communication vehicle and the development of an AIME Web site (http://www.idis.com/aime), coupled with our e-mail address (AIME NY@aol.com), have greatly enhanced our communication links with the member societies and other professional organizations.

Finance: Funding Methodology, Business Plan and Audit Committee

A formal methodology was approved by the Board to determine the level of funding available for overarching, member-direct and special programs while preserving the endowment corpus. Based on this methodology, a three-year business plan was subsequently approved, which will provide the basis for implementing the long range plan.

In addition, the Board approved an Audit Committee of AIME to annually review the performance of the independent auditor and the audited financial statements of the AIME Corporation and to report their recommendations and findings to the Board of Trustees in a timely manner.

You are invited to review the audited financial statement for the AIME corporation for 1996 (ending November 30, 1996), which includes required new reporting for the endowment funds of not-for-profit organizations, contained on pages 16-24 of this report. In spite of only moderate market conditions, AIME assets increased from 2.6% from the end of fiscal year 1995 to $15,093,481 at the end of fiscal year 1996.

Inter-Society Affairs

United Engineering Trustees (UET)

I am pleased to report that AIME continues its effective involvement in the governing of the UET, with members of AIME member societies serving as AIME representatives on the Board of the United Engineering Trustees. In this respect, I welcome the new AIME trustees, John K. Hammes and J. Keith Brimacombe, who are replacing Drs. Joklik and Ansell respectively on the UET board. I express my sincere thanks and appreciation to the out-going trustees.

Founder Societies

I am pleased to report our continued effective interactions with the Founder Society officers and executive directors in matters of common interest. This interaction has provided the president-elect, the executive director and me with an important opportunity to become cognizant of the broad spectrum of issues affecting the engineering profession. This continuous dialogue has proven to be highly beneficial in the formulation of UET bylaws 127 and 128, which provide for the distribution of assets upon the dissolution of the UET or upon the sale of the United Engineering Center.

ABET

The Institute also retained its relationship with the Accreditation Board for Engineering and Technology (ABET), as an affiliate body, and is represented by its Executive Director who serves as an official observer at ABET board meetings.

Australian Interchange

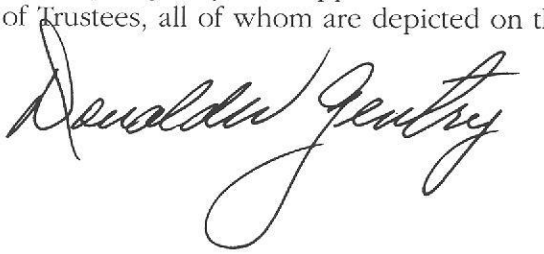
AIME and AusIMM (Australasian Institute of Mining and Metallurgy) have had a long standing exchange program of distinguished lecturers from both countries taking turns each year visiting each other's country. During late April and early May, 1996, I had the pleasure of visiting a number of branches of AusIMM and mining camps in remote locations delivering my lectures titled – *Major Issues Facing the US Mining Sector* and *US Mining Technology: An Assessment and a Vision.*

I wish to thank the AusIMM staff for making the necessary arrangements and to express appreciation to all those who so graciously extended their hospitality and friendship to my wife and to me.

In Appreciation

It has been an honor for me to serve as your AIME president, to have had the opportunity to associate with and be assisted by the many fine people who comprise the AIME family, and to have had the privilege of representing AIME on many auspicious occasions. I reflect with great affection on my visits to the local sections and on the opportunity to strengthen AIME's ties with its member societies and with the other Founder Societies.

I appreciate the cooperation of the Board of Trustees of AIME. I also extend my sincere appreciation to the member societies' boards of directors and executive directors, the staffs of AIME and the member societies, committee members and others for their dedicated support during the past year. I also congratulate and pledge my full support to 1997 President Leonard G. Nelson and the new Board of Trustees, all of whom are depicted on the following pages.



AIME

FOUNDED 1871

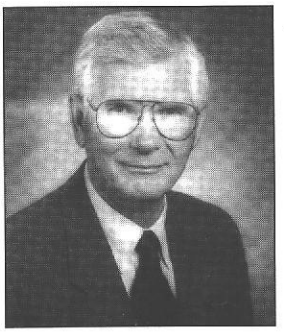
OFFICERS AND TRUSTEES 1997

OFFICERS

PRESIDENT AND TRUSTEE

Leonard G. Nelson, Jr. is General Manager, Direct Hot Charge Complex at the Cleveland Works of LTV Steel Co. He joined Republic Steel Corp. in 1959 as a technical trainee; in 1984 with the merger of Jones and Laughlin and Republic Steel he was named general superintendent, Cleveland Works and was responsible for the plant's primary operations. Mr. Nelson has had more than thirty years experience in open hearth, BOF, primary operations and melt, cast and rolling operations. He earned his BS in biology and chemistry from Muskingum College and is a graduate of Republic Steel's Advanced Management Program at the University of Michigan. Mr. Nelson is a lifetime member and Distinguished Member of the Iron & Steel Society; he was President of the Society in 1988; and was an AIME Board Member in 1989. He is also a member of the Association of Iron and Steel Engineers and the American Iron and Steel Institute's sub-committee on steelmaking. Since 1990 he has been Vice President of the ISS Foundation and was an ad hoc member of the Advanced Technology Committee, Human Resource Group.

PRESIDENT-ELECT AND TRUSTEE

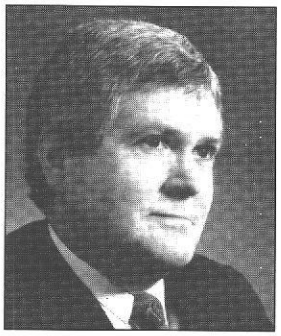


Roy H. Koerner, 1995 SPE President, recently retired from Texaco Exploration Inc. in Denver, Colorado. After earning a BS degree in petroleum engineering from the University of Tulsa in 1958, he joined Texaco as a field engineer and earned his MS degree in petroleum engineering from Louisiana Tech University in 1968. Mr. Koerner held many engineering and management posts during his career including division engineer, assistant to the general manager and division manager. He has held many SPE positions since joining as a student in 1957; he was section chairman in Midland, Texas and was elected to the SPE Board of Directors in 1989. He served and chaired several task forces and subsequently began his three year officer term as president-elect in 1993. Koerner was elected Distinguished Member in 1995 and was elected Vice President of the SPE Foundation in 1996.

PAST PRESIDENT AND TRUSTEE

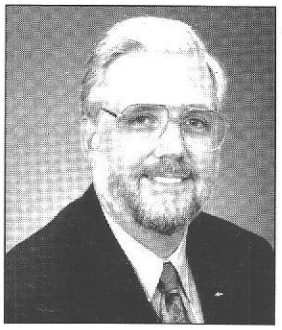
Donald W. Gentry is Professor of Mining Engineering at the Colorado School of Mines in Golden, CO. He joined the CSM faculty in 1972 as Assistant Professor of Mining Engineering after working several years in industry. He received a BS in mining engineering from the University of Illinois in 1965, as well as an MS from the University of Nevada in 1967 and a PhD from the University of Arizona in 1972, also in mining engineering. Dr. Gentry has presented many short courses and published extensively on the financial aspects of project and new mine-property valuation. He is co-author of **Mine Investment Analysis** and has consulted extensively on investment decision analysis, new property evaluation and project financing. He is past chairman of the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (ABET). Dr. Gentry was the 1987 AIME Henry Krumb Lecturer and received the 1990 AIME Mineral Industry Education Award. Named a Distinguished Member of the Society for Mining, Metallurgy and Exploration in 1992, he was the 1993 President of the Society, and in 1996 he was elected to the National Academy of Engineering.

President-Elect Designate and Trustee

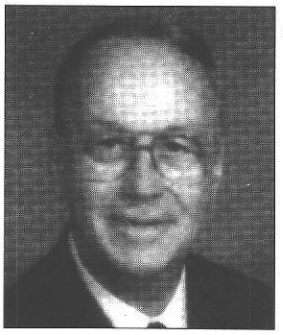


J. Keith Brimacombe holds the Alcan Chair in Materials Process Engineering and is Director of the Centre for Metallurgical Process Engineering at the University of British Columbia (UBC), where he has been a faculty member since 1970. The author of more than 300 publications in process analysis and design, Dr. Brimacombe has received nineteen best paper awards and numerous other honors including TMS Fellowship, ISS Distinguished Membership, TMS Extractive Metallurgy Lecturer, ASM Campbell Lecturer and ISS Howe Memorial Lecturer. He received his undergraduate education at UBC, earning a BASc in 1966, and attended graduate school at Imperial College, where he received a PhD in 1970. Dr. Brimacombe is a Fellow of the Royal Society of Canada, the Canadian Academy of Engineering, and the CIM; and is an Officer of the Order of Canada. In 1994 he was awarded an Honorary Doctorate of Engineering by the Colorado School of Mines. He is a Past President of the CIM Metallurgical Society and was the first Chairman of the TMS Extraction and Processing Division. Dr. Brimacombe was the 1993 President of TMS and the 1995 ISS President. In 1996 he was elected to the United Engineering Board of Trustees and to be the 1999 AIME president.

Trustees



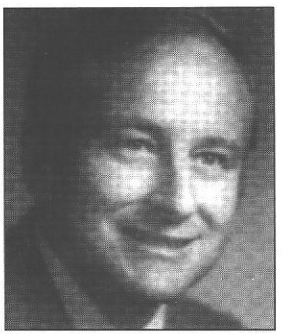
J. Douglas (Doug) Ashton is senior product and service metallurgist, cold rolled and coated products at Stelco Inc. in Hamilton, Ontario. He joined the then Steel Company of Canada in 1972 as a graduate trainee and moved up through positions of increasing responsibility before assuming his present position in 1990. He graduated from the University of Toronto, which he attended on a 4-year scholarship, with a bachelor of applied science (honors) in metallurgy and materials science. He has been a member of the Iron & Steel Society since its inception and has been active within the Mechanical Working & Steel Processing Division for the past 15 years as an author, member and co-chairman of the Flat Rolled Products Committee, Divisional Chairman in 1993, as well as member of the ISS Board of Directors. He is the author/co-author of several published technical papers, a former Kelly Award winner (AISE), former participant on several AISI Auto-Steel Partnership Task Forces, and current member of SAE. Doug is the 1996 ISS President-Elect.



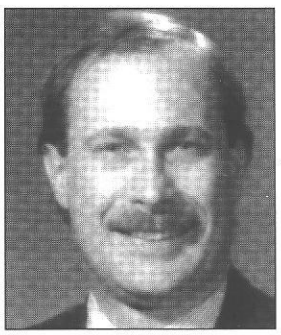
John F. (Jack) Burst is a principal in IMMI Consulting Group, an industrial minerals property evaluation and market research organization and is President of Triangle Environmental Science & Engineering, Inc. specializing in environmental site assessments and environmental remediation. He received BS and MS degrees from the Missouri School of Mines, now the University of Missouri at Rolla, and a PhD in geology and clay mineralogy from the University of Missouri at Columbia. Prior to establishing Triangle in 1990 his career had been divided between the petroleum and ceramics industries. After several years of basic research studies at Shell Development he held management positions with General Refractories, Magcobar Minerals, Dresser Industries' Harbison Walker Division and Dresser Minerals. He is a Past President of the Clay Minerals Society, a Fellow of both the Geological Society of America and the Mineralogical Society of America and is currently Adjunct Professor of Geology and Geophysics at UMR. He has published over 50 refereed professional papers. He is a Distinguished Member of the Society for Mining, Metallurgy and Exploration and currently serves as its President.

Stephen A. Holditch is president and ceo of S.A. Holditch & Associates, Inc., a petroleum engineering consulting corporation organized in 1977. Dr. Holditch is also a professor of petroleum engineering at Texas A&M University and was elected to the National Academy of Engineering in 1995. He has served on numerous committees for the Society of Petroleum Engineers and will serve as treasurer from 1997-2000. He has been an SPE Distinguished Lecturer, has received the SPE Distinguished Faculty Achievement Award, and in 1994 he received the SPE Lester C. Uren Award in recognition of distinguished achievement in petroleum technology by a member before reaching age 45. He was named an SPE Distinguished Member in 1989. Dr. Holditch received his BS in 1969 and his MS in 1970, both in petroleum engineering from Texas A&M. He joined Shell Oil Company in 1970 and worked as a production engineer involved with well completions, workovers, and fracture stimulation design and supervision. He returned to Texas A&M in 1974, earned a PhD and joined the faculty in 1976.

Richard R. (Dick) Klimpel is currently president of RK Associates LLC, an engineering consulting and process research company located in Midland, Michigan. He retired in 1995 from the Dow Chemical Company after 31 years of service as research manager of the engineering analysis division and senior research scientist responsible for the company's technology base in particulate process engineering and surfactant chemistry including mining/oil field chemicals. He holds a BS in chemistry and an MS in mathematics from North Dakota State University and a PhD in materials science from Pennsylvania State University. He has received several awards for his invention work in surfactants including Michigan Inventor of the Year and twice Dow Chemical Inventor of the Year. He has been very active in SME and was elected 1997 president of the Society. SME and AIME have recognized his technical contributions to industry by awarding him SME Distinguished Membership, the SME Antoine M. Gaudin and Arthur F. Taggart Awards, and the AIME Robert H. Richards Award and selection as a Henry Krumb lecturer.

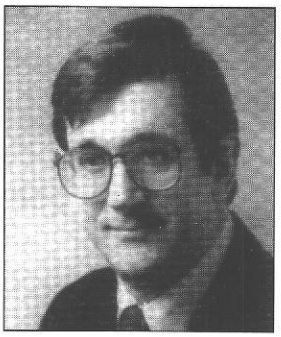


George H. Sawyer retired from Exxon International in September 1993 where he was Manager of Technology and Production Operations. His 40-year career was split 50-50 between US and international business. Mr. Sawyer graduated from the University of Texas in 1956 with a BS in petroleum engineering. He has been active in SPE during the entire span of his career. He was president of SPE in 1989 and has served on and chaired numerous committees at the society and regional level. During the 1960s he worked with the SPE staff in planning and implementing the first Offshore Technology Conference which was held in May 1969. He has chaired the International E&P Forum based in London and served on numerous API committees. Mr. Sawyer served on the AIME Board of Trustees from 1988–1990. He presently consults in the world-wide petroleum industry and remains active in SPE and in assisting several universities with MBA and engineering programs.

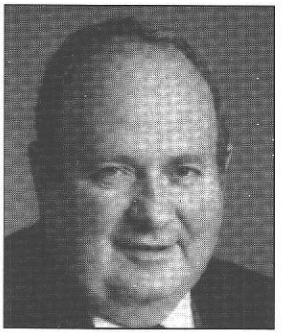


John H. Scheel is the general manager–design engineering at AK Steel Corporation, a position he assumed in 1993. He began his steel industry career in 1977 when he joined the former Armco Steel Company and moved up to positions with ever increasing responsibility. He earned his BS and MS degrees in metallurgical engineering from Purdue University in 1976 and 1977, respectively, and a second master's degree in finance and international business in 1981 from Xavier University. He has been a member of the Iron and Steel Society since 1977 and has served in such positions as chairman of the Ironmaking Division and as a member of the board of directors. He also is a member of other professional and community organizations including the Governor's Labor-Management Council for the Commonwealth of Kentucky. Mr. Scheel has written 16 technical articles and has one patent. He has also received several honors and awards including the ISS J.E. Johnson Jr. Award (1984) and Purdue University's Distinguished Engineering Alumnus Award (1990). Mr. Scheel currently serves as ISS president.

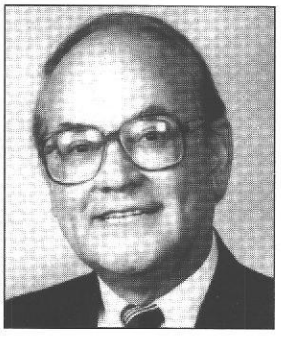
Robert H. Wagoner is professor and chairman of Materials Science and Engineering at Ohio State University (OSU) and is a Fellow of ASM International. Prior to Ohio State he worked in the physics department of the F.M. Research Laboratories as staff research scientist from 1977 to 1983 and was an NSF postdoctoral fellow at the University of Oxford in 1976-77. He received BS, MS and PhD degrees from Ohio State. Dr. Wagoner was Maître de Récherche at the Ecole des Mines de Paris in 1990-91 and was named Honorary Professor of the University of Science and Technology, Beijing in 1993. He has received national and international awards for his research, including the Robert Lansing Hardy Gold Medal, Rossiter W. Raymond Memorial Award (the only person to have won it twice), Presidential Young Investigator Award, and Champion H. Mathewson Gold Medal. He is on the TMS Board of Directors, OSU Research Foundation Board, and the Orton Foundation Board of Trustees. He is a member of the permanent (consulting) committee of the Italian Automotive Technical Association. Dr. Wagoner served as the Sheet Forming Coordinator for the Center for Net Shape Manufacturing from 1985-1991. He is 1996 President-Elect of TMS.



Bruce W. Wessels is professor of materials science and engineering at Northwestern University in Evanston, IL. He also holds a joint appointment in Electrical Engineering and Computer Science and serves as the coordinator of the Electronic Materials Program. He received a BS in metallurgy and materials science from the University of Pennsylvania in 1968 and a PhD in materials science from MIT in 1973. He started his career in industry with the General Electric Research and Development Center before joining the faculty at Northwestern. He has published over 140 technical articles and has edited four books. Dr. Wessels was the 1995 vice president of TMS and is the 1996 TMS President. Other activities in TMS include his membership in the Electronic, Magnetic and Photonic Division Council as division chair. He also serves on the nominations committee and is active in several technical committees. He has served on the editorial board of the *Journal of Electronic Materials*, published by TMS and is a member of ASM International, The Electochemical Society and The Materials Research Society.



John K. Hammes, AIME Vice President-Finance, consults in the international mining industry. He retired as chief operating officer and a director of Santa Elina Gold Corporation in July, 1996. He was responsible for Citibank's metals and mining business from 1968 to 1994. From 1965 to 1968 he was employed in the Metal Mining Division of Kennecott Copper. Mr. Hammes received his bachelor's degree from the University of Missouri and his MS and PhD in mining engineering from the University of Minnesota. He is past chairman of the NY Section of SME and has served as AIME Vice President-Finance since 1977. Mr. Hammes was the first recipient of the AIME Distinguished Service Award, presented in 1989. In 1996 he was elected to the United Engineering Board of Trustees.



Alfred Weiss, AIME Executive Director and Secretary, assumed this position in March, 1992, after having served for 13 years as president and chief executive officer of Mineral Systems International in Stamford, CT. His prior experience includes Kennecott Copper Corporation, Exxon Corporation and the US Department of the Interior Bureau of Mines. He received his BS in mining engineering and MS in mining engineering/mineral economics from the Henry Krumb School of Mines, Columbia University, and a DBA in management, marketing and international business from the Lubin School of Business, Pace University. A Distinguished Member of the Society for Mining, Metallurgy and Exploration (SME) and 1978 recipient of the Daniel C. Jackling Award; Dr. Weiss served as 1981 President of the Society and was named to AIME Honorary Membership in 1987.

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Dan K. Adamson, Executive Director

Report of the 125th Annual Meeting Anaheim, CA – February 1996

AIME CELEBRATED ITS 125TH ANNIVERSARY AT ITS Annual Meeting in Anaheim, California, February 4-8, 1996, in conjunction with the Annual Meeting of The Minerals, Metals and Materials Society (TMS). The Anaheim Hilton & Towers was the headquarters hotel for both AIME and TMS. The Anaheim Convention Center was the location of the TMS technical sessions and exhibit as well as the keynote session.

Annual Meeting activities designed to appeal to all attendees commenced with the Keynote Session on Monday, February 5 at 2:00 P.M. *Innovations and paradigm shifts that are needed to prosper and survive in our world of materials and energy utilization for the betterment of humankind* was the focus of attention of the three distinguished speakers: Allen Born, Chairman and CEO of Alumax, Inc. spoke on Aluminum: *Global Challenges and Opportunities*; F. Kenneth Iverson, Chairman and CEO of Nucor Corporation discussed *Business Philosophy at Nucor*; and Ashok Sinha, President, Chemical Vapor Deposition Group, Applied Materials, Inc., spoke on *Materials Processing Technology for the Information Age*. Leonard G. Nelson was the moderator of the Keynote Session.

The 125th AIME Annual Banquet and Awards Ceremony was held on Monday evening, February 5 at the Anaheim Hilton Hotel. 1995 President Frank V. Nolfi, Jr. served as master of ceremonies for the awards program during which the major AIME awards were presented. Honorary memberships were conferred, and Dr. Donald W. Gentry was installed as 1996 AIME President.

In honor of AIME's 125th Anniversary, Noel D. Rietman, Past President AIME and SPE, presented a Commemorative Plaque to the City of Wilkes-Barre, Pennsylvania.‡ Leonard G. Nelson, AIME President-Elect Designate and ISS Past President presented a Pennsylvania Historical Marker commemorating AIME founding. On behalf of US engineering societies, Charles A. Parthum, President, American Society of Civil Engineers, presented the 125th anniversary champagne toast, and Michael Lawrence, Vice President of AusIMM presented same on behalf of International societies. 1996 President Gentry concluded with a toast on behalf of AIME.

The 126th AIME Annual Meeting will be held in Denver, Colorado, February 24-27, 1997 in conjunction with the Annual Meeting of the Society for Mining, Metallurgy and Exploration (SME). The AIME Annual Banquet and Awards Ceremony will be held on Monday evening, February 24, in the Imperial Ballroom of the Hyatt Regency Hotel.

AIME Past Presidents meet in Anaheim.
Front row (seated): Norman T. Mills (1987), Wayne L. Dowdey (1983), Wayne E. Glenn (1974), M. Scott Kraemer (1980), and Alan Lawley (1987).
Back row (standing): Donald W. Gentry (1996), Leonard G. Nelson (1997), Thomas V. Falkie (1988), Roshan B. Bhappu (1992), Noel D. Rietman (1994), Milton E. Wadsworth (1991), Frank V. Nolfi, Jr. (1995), and Roy E. Koerner (1998)

‡ The bronze plaque, designed and executed by TMS, commemorating the 125th anniversary of the founding of AIME is depicted on the front cover with a key on the inside of the back cover. An official presentation in Wilkes-Barre took place at a ceremony on May 17, 1996.

Recipients of Honors and Awards Presented by AIME in 1996

1995 Honorary Members

Khalid Aziz — Stanford University/SPE

"For exceptional contributions in advancing understanding in the fields of reservoir simulation, multiphase flow, natural gas engineering, and hydrocarbon phase behavior, and for his commitment and dedication to the education and development of young engineers."

Thomas V. Falkie — Berwind Natural Resources Corp./SME

"For outstanding contributions to the mineral community and profession through distinguished service in industry, academia, government and professional societies."

Morris E. Fine — Northwestern University/TMS

"Morris Fine has made major contributions to both education and research in materials science and engineering. He has helped define the field by leading the creation of the first materials department in the world, heading one of the first three national materials research centers, and making significant contributions to our understanding of precipitation hardening and the role of microstructure in controlling fatigue life."

F. Kenneth Iverson — Nucor Corporation/ISS

"For his visionary leadership in building an innovative, fiercely competitive steel company and for pioneering the commercialization of thin slab casting which has transformed the steel industry worldwide."

Benjamin F. Fairless Award

Thomas J. Usher — USX/ISS

"For his contribution in restoring the American steel industry's international competitiveness."

Hal Williams Hardinge Award

James F. Westcott — A.P. Green Refractories Co. (Retired)/SME

"For outstanding achievements in exploration, mining, and processing of industrial minerals, in particular refractory clays, kaolins and bauxites."

Anthony F. Lucas Gold Medal

Larry W. Lake — University of Texas/SPE

"For major contributions to petroleum engineering education, and to the modeling of fluid flow in subsurface energy recovery processes, especially primary and improved hydrocarbon recovery processes, under geologically realistic heterogeneous conditions."

Robert Earll McConnell Award

John T. Williamson — Impex Corporation

"For continuing key contributions to evolution of industrial minerals technology in Georgia resulting in world dominance in kaolin; and for his educational activities within and outside industry."

Erskine Ramsay Medal

B.R. Brown — Consol/SME

"In recognition of national and international leadership in guiding efforts to bring coal's important message to the public and insuring that political decisions that impact the coal industry are based on sound science."

Charles F. Rand Memorial Gold Medal

George A. Mealey — Freeport-McMoRan Copper and Gold/SME

"For outstanding leadership in directing the discovery and on-going development of the world-class Ertsberg/ Grasberg copper/gold deposits at their remote site in Irian Jaya, Indonesia."

Robert H. Richards Award

Anthony G. Moon — Kennecott Corporation/SME

"For his dedicated and thoughtful contribution to many successful technology advances in the minerals indsutry, particularly in the area of copper concentrating."

William Lawrence Saunders Gold Medal

Leonard Harris — Behre Dolbear/SME

"For his outstanding contribution to the mining industry as a metallurgist and for bringing to production the world-class Yanacocha deposits in Peru."

AIME Distinguished Service Award

Wayne L. Dowdey — Envirotech (Retired)/SME

"In recognition of years of exemplary and dedicated service to AIME as a Director and President, for his leadership efforts in unifying AIME Member Societies by fostering the traditions of AIME."

Mineral Industry Education Award

Lyman L. Handy — University of Southern California/SPE

"In recognition of his unselfish accomplishments of excellence in teaching, research, and leadership in petroleum engineering, by elevating spirits and mentoring students in the pursuit of clarity."

Mineral Economics Award

Edgar C. Capen — Vadcon/SPE

"For outstanding contributions to mineral economics, especially in decision analysis areas of leasing models, investment assessment, probability, risk, and risk psychology."

AIME Environmental Conservation Distinguished Service Award

Richard Hanewald — Inmetco/ISS

"For his leadership in recycling specialty steel industry waste and nickel-cadmiun batteries in the pursuit of sustainable development."

AIME Past Presidents

Active List

Lloyd E. Elkins	1962	M. Scott Kraemer	1980	Howard N. Hubbard, Jr.	1989
Walter R. Hibbard, Jr.	1967	Robert H. Merrill	1981	Donald G. Russell	1990
John C. Kinnear	1970	Harold W. Paxton	1982	Milton E. Wadsworth	1991
John S. Bell	1971	Edward E. Runyan	1983	Roshan B. Bhappu	1992
Wayne E. Glenn	1974	Nelson Severinghaus, Jr.	1984	G. Hugh Walker	1993
Julius J. Harwood	1976	Norman T. Mills	1985	Noel D. Rietman	1994
H. Arthur Nedom	1977	Arlen L. Edgar	1986	Frank V. Nolfi, Jr.	1995
Wayne L. Dowdey	1978	Alan Lawley	1987	Donald W. Gentry	1996
William H. Wise	1979	Thomas V. Falkie	1988		

AIME Honorary Members

Honorary Membership is awarded in appreciation of outstanding service to the Institute or in recognition of distinguished scientific or engineering achievement in fields embracing, broadly speaking, the activities of AIME and its Member Societies.
Active List with Year of Election.

Frank F. Aplan	1991	Ted M. Geffen	1991	Morris Muskat	1971
Nathaniel Arbiter	1975	Robert B. Gilmore	1985	H. Arthur Nedom	1981
Charles W. Arnold	1991	Wayne E. Glenn	1979	Melvin E. Nickel	1978
Khalid Aziz	1995	William A. Griffith	1986	Earl R. Parker	1982
Edmund C. Babson	1985	H. J. Gruy	1987	Harold W. Paxton	1991
Charles L. Bare	1992	Michel T. Halbouty	1972	Albert J. Phillips	1972
Charles S. Barrett	1979	John P. Hammond	1988	William N. Poundstone	1982
John S. Bell	1976	Julius J. Harwood	1980	Michael Prats	1989
William E. Brigham	1993	John F. Havard	1984	Nathan E. Promisel	1974
Kermit E. Brown	1989	Claude R. Hocott	1974	Joseph G. Richardson	1987
John C. Calhoun, Jr.	1975	Howard N. Hubbard	1991	Kenneth W. Robbins	1988
John M. Campbell, Sr.	1993	William Hurst	1989	Edward E. Runyan	1987
Ben H. Caudle	1986	F. Kenneth Iverson	1995	Donald G. Russell	1986
Morris Cohen	1980	James R. Jorden	1994	Harrison H. Schmitt	1972
Lawrence B. Curtis	1986	Basil P. Kantzer	1990	Nelson Severinghaus, Jr.	1987
Donald A. Dahlstrom	1985	Marvin L. Katz	1992	T. Don Stacy	1990
Wayne L. Dowdey	1983	Hossein Kazemi	1994	Marshall B. Standing	1990
Robert C. Earlougher	1984	G. William Knepshield	1989	Simon D. Strauss	1980
Arlen L. Edgar	1988	M. Scott Kraemer	1983	Michael Tenenbaum	1979
Lincoln F. Elkins	1977	Plato Malozemoff	1985	Alfred Weiss	1986
Lloyd E. Elkins	1969	Charles S. Matthews	1992	Robert L. Whiting	1987
Thomas V. Falkie	1995	Alexander McLean	1991	William H. Wise	1984
Morris E. Fine	1995	Sir Ian McLennan	1971	M. R. J. Wyllie	1991
Douglas W. Fuerstenau	1988	Robert H. Merrill	1984	David A. Zegeer	1987
Orville D. Gaither	1993	Norman T. Mills	1987		

Legion of Honor Fifty-Year Members—Class of 1946

138 Society Members added

Society for Mining, Metallurgy and Exploration – 50 members

Howard W. Adam
Frank Balcar
A.H. Barrios
Eugene D. Bishopp
Ernest Blessing
Brinton C. Brown
Dolph Campbell
Tom V. Canning
Robert P. Connett
George F. Coope, Jr.
Vincent I. Coxon
Oscar M. Davila
Parker S. Dunn
Henry P. Ehrlinger, III
John H. Ferry
James F. Fidiam
Harry J. Fitzgerald
J.M.Fritschy
Douglas W. Fuerstenau
Gus H. Goudarzi
Paul W. Graff
George L. Griffith
Samuel D. Gunning
Walter D. Haentjens
A.L. Hayes
Victor L. Hill
Helmer A. Johnson
Frederic L. Kadey, Jr.
Thor H. Kiilsgaard
Dale K. Kimes
Virgil Lessels
John C. Loving
Louis Moyd
Joseph M. Newman
A.A. Nilsen
C. Maxwell Norman
Keith G. Papke
Robert G. Peets
C.H. Reynolds
Robert R. Reynolds
Raymond W. Segar
Sheldon J. Shale
Thomas E. Shufflebarger, Jr.
Clarence H. Sleeman
Charles A. Steen
Fred R. Toothman
Dooley P. Wheeler, Jr.
David J. White
Dave E. Wick
Oswald J. Wick

The Minerals, Metals & Materials Society – 24 members

John Alico
Frederick Archibald
Robert Balluffi
Carl Cotterill
H. Mauzee Davis
Douglas Doane
Nicholas Grant
Gerald Hatch
J. Brian Haworth
Donald Helman
Jack Rockley Lewis
Robert Lowrie
Robert Maddin
Martin Plass
Sidney Poole
Louis Rivett
Herbert Robinson
Kempton Roll
Baldwin Sawyer
Winston Sharp
Warren Spear
William W. Stephens
Olof Sundstrom
Warren Walker

Iron and Steel Society – 13 members

Pierre Coheur
Minu N. Dastur
Jos H. Greenberg
Peter P. Hydrean
Maurice J. Lavigne
Eduardo P. Lozano
Jack R. Miller
Albert Muller
Carey L. Pruitt
R.J. Raudenbaugh
Philip C. Rosenthal
J.W. Thompson
Lloyd L. Wells

Society of Petroleum Engineers – 51 members

E.R. Albert, Jr.
Carl C. Anderson
Robert J. Beams
Eugene N. Bennett
William G. Blackwell
Eugene P. Bowler
John H. Bowman
Lawrence H. Byrd
J.D. Calhoun, Jr.
H.D. Campbell
C.M. Carothers
W. Plack Carr
H. Mack Cox
Raymond V. Cruce
Robert P. Darney
George W. Dawson
Harry W. Elliott, Jr.
John H. Ferry
Ralph H. Fluker
L.W. Folmar
Kenneth B. Ford
G.I. Freeze
John Galpin
William W. Goode, Jr.
Joab B. Harrell, Jr.
James G. Heid
David S. Howard, Jr.
K.C. Howard
Thomas Jeffrey
Edward H. Judson
Herb A. Koch
Keith Lindley
J.H. McQuown
Nace F. Mefford, Jr.
Jack M. Moore
A.M. Mouser
James L. Newman
Lewis M. O'Neal
M.J. Paul
William E. Richards
Howard J. Ritts, Jr.
John W.F. Rudnicki
E.K. Schluntz
Charles K. Seaman, Jr.
John M. Simpson
W.H. Strang
Harry J. Sykes
A.L. Vitter, Jr.
Harold E. Voigt
Herbert C. Wilson
John H. Wilson II

The Woman's Auxiliary
to the
American Institute of Mining, Metallurgical and Petroleum Engineers, Inc.
14th Floor, 345 East 47th Street, New York, NY 10017-2304
212-705-7692

Report of the WAAIME

Pauline Dolezal, President
1996 WAAIME

While WAAIME's focus is to position itself for the 21st century, we remain committed to our goals, especially "to secure and maintain a fund for the purpose of voluntarily assisting promising young men and women to obtain a technical education in Mining, Metallurgical and Petroleum Engineering, or allied subjects." The year 1996 has seen major accomplishments in meeting the mission of the organization, but we recognize the task is never ending.

We have students from all over the world who are trying very hard to get their education and WAAIME is endeavoring to help these students meet their goals. In 1996 WAAIME awarded scholarship money in the amount of $173,485.00 to a total of 42 students, of which thirty-two represented new applications and ten re-applications.

Every day there are articles in the newspapers that tell about the *college crunch, tripling tuition putting middle-class parents in financial binds, working students struggling to make it, and students flocking to two-year colleges because of tuition woes.* We understand and we are trying to help. It is rewarding when students tell us of their successes and how wonderful school really is, and when we read in the newspapers: *"Scholarship awarded to student at university, Student excels in studies, School honors mining student!"* When I see this, I know our work is paying off.

WAAIME is well, prospering, and endeavoring to improve each day. The changes this year included a more representative Board, with twenty-five members from eleven states and one from Lima, Peru. WAAIME holds four board meetings a year and in 1996 had exceptionally good attendance. Two newsletters and a directory have been published and distributed to the entire membership. The fact that all of our board members are volunteers and each pays her own way to board meetings really says a lot about the dedication and commitment of the individuals on the WAAIME Board.

At present we have 1,216 members, 23 Honorary Members and 28 life members. Each of our twenty-six sections has its own method of operation and emphasizes different aspects of our programs. There are some sections with very busy, active members and many grass roots initiatives and other sections are more laid back and less active. WAAIME has room for everyone who is interested. There are many ways to serve.

We are trying to improve on the information we get out to the schools on science project material, teaching material for science teachers, technical books and magazine subscriptions for school

libraries, and to the general public by participating in fairs, technical meetings, and providing magazine subscriptions and science books to public libraries as well.

WAAIME's future challenge is to provide continuity and we need to find ways to attract new young members to our organization. This might best be done at the grass roots level. I hope that we can continue to be a viable organization and do our share to help provide funds for the education of our students.

WAAIME considers itself very fortunate to be able to render such assistance with the efforts of a representative cross section of our worldwide membership...WAAIME is the Woman's Auxiliary to the AIME and counts in its membership representatives from each of the AIME Member Societies. If you are reading this and neither you nor your spouse is a WAAIME, call or write for information to see how you can be part of this dedicated organization.

We would like to take this opportunity to especially thank the staff, and also the officers and members of the AIME community for their continued support of WAAIME. We are looking forward to having our Annual Meeting in Denver in conjunction with AIME and SME in February 1997.

Respectfully submitted,

Pauline Dalezal

W
AIME
A

Pronounced **way´ me**

THE PURPOSES AND GOALS OF WAAIME

The purposes and goals of WAAIME as set forth in its Certification of Incorporation are:

1. To render service to the country and to the community through all that pertains to the interest of the profession of Mining, Metallurgical, and Petroleum Engineering.

2. To promote interchange of ideas and work amongst members.

3. To secure and maintain a fund for the purposes of voluntarily assisting promising young men and women to obtain a technical education in Mining, Metallurgical and Petroleum Engineering, or allied subjects.

Coopers
&Lybrand

Coopers & Lybrand L.L.P.

a professional services firm

Report of Independent Accountants

To the Board of Trustees of the
American Institute of Mining, Metallurgical
and Petroleum Engineers, Inc.:

We have audited the accompanying balance sheet of the AMERICAN INSTITUTE of MINING, METALLURGICAL and PETROLEUM ENGINEERS, INC. ("AIME") as of November 30, 1996, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of AIME's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIME as of November 30, 1996, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, effective December 1, 1995, AIME adopted the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, and No. 117, *Financial Statements of Not-for-Profit Organizations.*

Coopers & Lybrand L.L.P.

New York, New York
January 29, 1997.

AMERICAN INSTITUTE OF MINING, METALLURGICAL, AND PETROLEUM ENGINEERS, INC.

Balance Sheet

November 30, 1996

ASSETS

Cash and cash equivalents (Note 2)	$ 298,887
Accounts receivable from member societies	7,689
Accrued interest receivable	45,353
Inventory of books (Note 2)	37,498
Prepaid expenses	70,232
Loans receivable from member societies (Note 3)	190,487
Investments at market quotations (Notes 2 and 4)	14,446,353
Advance to United Engineering Trustees, Inc. (Note 5)	265,000
Equipment, furniture and fixtures, less accumulated depreciation of $31,606 (Note 2)	19,410
Total assets	$15,380,909

LIABILITIES and NET ASSETS

Accounts payable and accrued expenses (Note 6)	$ 102,597
Grants payable to member societies (Notes 2 and 7)	496,300
Loan payable on behalf of United Engineering Trustees, Inc. (Note 8)	14,477
Total liabilities	613,374
Net assets (Notes 2 and 9):	
Unrestricted	12,332,537
Temporarily restricted	2,026,307
Permanently restricted	408,691
Total net assets	14,767,535
Total liabilities and net assets	$15,380,909

The accompanying notes are an integral part of these financial statements.

Statement of Activities

For the year ended November 30, 1996

	Unrestricted	Temporarily Restricted	Permanentaly Restricted	Total
Revenue and gains:				
Investment return (Notes 2 and 4)	$1,762,602	$ 342,467		$2,105,069
Offshore Technology Conference fees	46,875			46,875
Contributions by member societies	16,000			16,000
Sale of books and publications	75,267			75,267
Royalties and other revenue	46,219			46,219
Net assets released from restrictions (Note 10)	137,898	(137,898)		-
	2,084,861	204,569		2,289,430
Expenses (Note 11):				
Programs:				
Special projects	533,033			533,033
Federation support	213,411			213,411
Meetings	201,485			201,485
Books and publications	168,115			168,115
Medals and awards	112,905			112,905
	1,228,949			1,228,949
Supporting services-management and general	238,620			238,620
	1,467,569			1,467,569
Change in net assets	617,292	204,569		821,861
Net assets, beginning of year, as restated (Note 2)	11,715,245	1,821,738	$ 408,691	13,945,674
Net assets, end of year (Note 9)	$12,332,537	$2,026,307	$ 408,691	$14,767,535

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended November 30, 1996

Cash flows from operating activities:	
Change in net assets	$ 821,861
Adjustments to reconcile the change in net assets to net cash used in operating activities:	
Depreciation	5,189
Net realized and unrealized appreciation on investments	(1,776,492)
Changes in operating assets and liabilities:	
Accrued interest receivable	9,191
Accounts receivable from member societies	46,453
Inventory of books	91,632
Prepaid expenses	22,381
Accounts and grants payable and accrued expenses	(90,324)
Net cash used in operating activities	(870,109)
Cash flows from investing activities:	
Proceeds from sales of investments	8,708,088
Acquisition of investments	(8,036,516)
Repayment of loans receivable from member societies	54,891
Acquisition of equipment, furniture and fixtures	(5,771)
Net cash provided by investing activities	720,692
Cash flows from financing activities:	
Repayment of loan payable on behalf of UET	(14,620)
Net cash used by financing activities	(14,620)
Net decrease in cash	(164,037)
Cash and cash equivalents, beginning of year	462,924
Cash and cash equivalents, end of year	$ 298,887
Supplemental information:	
Interest paid	$ 1,787

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. Business:

Organized in 1871, American Institute of Mining, Metallurgical and Petroleum Engineers, Inc. ("AIME") is a membership organization formed to advance, record and disseminate significant knowledge of engineering and the arts and sciences involved in the production and use of minerals, metals, energy sources and materials for the benefit of humankind through its programs and member societies. AIME is a not-for-profit organization exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

AIME's four member societies are: the Society for Mining, Metallurgy and Exploration ("SME"), the Society of Petroleum Engineers ("SPE"), The Minerals, Metals and Materials Society ("TMS"), and the Iron & Steel Society ("ISS"). AIME provides funding for overarching programs (programs conducted by AIME that carry out AIME's purpose) and funding for direct programs of the member societies based on their project requirements. The financial statements do not include the accounts of the four member societies.

AIME was one of three societies that founded United Engineering Trustees ("UET"), an organization officially created by an act of the New York State Legislature in 1904 to advance the engineering arts and sciences in all their branches and to maintain a free public engineering library. In addition to AIME, ASME and IEEE, ASCE and AIChE were later added as founder societies. UET owns the United Engineering Center and, a building located on East 47th Street in New York City, leases office facilities to AIME, maintains a free public library, and maintains an engineering foundation fund. UET is governed by a Board comprised of three representatives from each of the Founder Societies.

2. Summary of Significant Accounting Policies:

General:

The financial statements are presented under the accrual basis of accounting. Effective December 1, 1995, AIME adopted Statement of Financial Accounting Standards ("SFAS") No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. AIME has restated its fund balances as of December 1, 1995 to conform to the policies and presentation requirements of those standards.

Net Asset Classifications

Pursuant to SFAS 117, AIME now reports information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit AIME to use the income from the resources for either specified or unspecified purposes.
- Temporarily restricted net assets contain donor-imposed restrictions that permit AIME to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of AIME.
- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired. Unrestricted net assets include funds designated by the Board for long-term investment (quasi-endowment).

The following reconciles ending fund balances at November 30, 1995 with beginning net assets at December 1, 1995 in accordance with SFAS 116 and 117:

	Total	Beginning Net Assets at December 1, 1995		
		Unrestricted Net Assets	Temporarily Reststricted Net Assets	Permanently Restricted Net Assets
Fund balances:				
Surplus - unrestricted	$ 12,002	$ 12,002		
Endowment and quasi-endowment funds	13,661,672	11,431,243	$1,821,738	$408,691
Property fund	265,000	265,000		
	13,938,674	11,708,245	1,821,738	408,691
Add, Retroactive adjustment to reflect certain liabilities as net assets	7,000	7,000		
Net assets at December 1, 1995 as restated	$13,945,674	$11,715,245	$1,821,738	$408,691

In implementing SFAS 116, AIME elected to recognize the expiration of restrictions on a prospective basis.

Cash and Cash Equivalents:

Except for cash and cash equivalents classified as investments, AIME considers all highly liquid investments purchased with maturities of three months or less when purchased to be cash equivalents.

Inventory of Books:

Salable books are carried at the lower of cost (first-in, first-out) or net realizable value.

Equipment, Furniture and Fixtures:

Equipment, furniture and fixtures are recorded at cost and are depreciated by the straight-line method over their estimated useful lives. Depreciation expense for fiscal 1996 was $5,189.

Investments:

Investments are carried at quoted market values. Interest from investments is recorded on the accrual basis. Dividends are recorded on the cash basis; however, such basis of accounting does not differ significantly from the generally accepted accounting method of accruing dividends on the ex-dividend date. Gains or losses on sale of investments are determined on the basis of market value. Such gains or losses related to permanently restricted net assets are allocated to the individual endowment funds on the basis of their relative book values at the end of each quarter.

In fiscal 1996, the Board adopted a spending policy which provides that:

- The market value of the pooled investments held for long-term investment will be equal to $10,000,000 adjusted for the CPI index, effective January 1, 1991 (the "corpus required"). At November 30, 1996 "corpus required," consisting of permanently restricted and unrestricted board-designated endowment net assets, was $11,519,000.
- Commencing with fiscal 1997, to determine the annual amount available for spending on overarching and member direct programs, the Board will apply a percentage to the excess market value of such net assets over the "corpus required" as of the preceding fiscal year end less an estimate of the following year's headquarters expenses.

Grants to Member Societies:

Grants for direct programs of the member societies are accrued when approved by the Board.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting prin-

ciples requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Loans Receivable from Member Societies:

TMS/ISS Headquarters:

During 1978, TMS/ISS obtained a $300,055 loan from AIME's quasi-endowment funds, payable over twenty years at a floating interest rate based on the endowment fund's prior year's dividend and interest earnings, net of management fees. At November 30, 1996, the balance of the loan was $39,101 and bore interest at 2.3% per annum.

SME Headquarters:

During 1979, SME obtained a $467,000 loan from AIME's quasi-endowment funds, payable over twenty years at a floating interest rate based on the endowment fund's prior year's dividend and interest earnings, net of management fees. At November 30, 1996, the balance of the loan was $101,473 and bore interest at 2.3% per annum.

SME Foundation:

During 1992, the SME Foundation obtained a non-interest bearing $50,000 loan from AIME's quasi-endowment funds. Five years after achieving financial self-sufficiency, and upon request from AIME, the Foundation will repay the $50,000 on a schedule to be determined at that time.

4. Investments:

Investments consisted of the following at November 30, 1996:

	Cost	Market Value
U.S. Treasury securities	$1,116,907	$1,128,960
U.S. Government Agencies securities	882,612	909,118
Corporate bonds	1,046,735	1,131,410
Equity securities	8,396,800	11,276,865
Total	11,443,054	$14,446,353

Investment return and its classification in the statement of activities for fiscal 1996 were as follows:

	Unrestricted	Temporarily Restricted	Total
Dividends and interest	$352,273	$63,997	$416,270
Realized gains	1,205,124	237,948	1,443,072
Unrealized gains	278,437	54,983	333,420
Less, advisory fees	(73,232)	(14,461)	(87,693)
Total return on investments	$1,762,602	$342,467	$2,105,069

5. Advance to United Engineering Trustees, Inc.:

In accordance with an agreement among the founder societies of UET, the founder societies were to permanently maintain their respective principal offices in the United Engineering Center (the Center) and pay a pro rata portion of the operating costs of the Center. AIME's share of these costs during fiscal 1996 was $74,803. The agreement also specified that as long as UET remains in existence and performs its corporate functions, the founder societies would not have the right to the return of the advances made to UET ($265,000 for AIME). Such advances would

be payable only upon the dissolution of UET, and then only out of such portion of the reserve fund of UET as may be appropriated for such purpose by the UET Board. AIME's advances to UET bear interest at 4%.

In fiscal 1996, the UET Board passed a resolution to sell the Center and to appoint a committee to develop a plan and review all offers to buy the Center. This effort is ongoing. AIME and the other founder societies amended the UET bylaws regarding the procedure on dissolution so that, subject to approval by the New York State Legislature, the proceeds from the sale of the Center (or the net assets of UET, should UET be dissolved) would be distributed equally among the founder societies, after repayment to the founder societies of their respective initial contributions, any outstanding loans and their respective unamortized capital improvement expenditures, as defined.

6. Retirement Income Plan:

The AIME Retirement Income Plan ("Plan"), a defined benefit retirement income plan, covers substantially all full-time employees. Eligible employees receive a non-contributory benefit based on a standard dollar amount per month, irrespective of the amount of compensation, multiplied by the years of benefit service, or may elect to contribute a percentage of their compensation to the Plan and receive an increased benefit. The contributory benefit is based on years of benefit service and the employee's compensation.

The Retirement Income Committee has contracted with Connecticut General Life Insurance Company ("Connecticut General"), through a Group Annuity Contract, to maintain the assets of the Plan and pay pension benefits to the annuitants. The Plan participates in various investment accounts of Connecticut General and Loomis Sayles & Company, L.P. Plan assets are invested in growth common stocks, real estate partnerships, property, mortgage loans, and short-term investments.

The funding policy of AIME is to contribute such amounts as are necessary on an actuarial basis to meet the minimum ERISA requirements to fund the benefits expected to be paid to annuitants or their beneficiaries.

The following tables set forth AIME's share of the Plan's funded status and the amounts recognized in AIME's balance sheet at November 30, 1996:

Accumulated benefit obligation, including vested benefits of $634,593	$ 636,074
Projected benefit obligation	661,222
Plan assets at fair value	592,748
Plan assets (less than) projected benefit obligation	(68,474)
Unrecognized prior-service cost	39,281
Unrecognized net loss	35,187
Unrecognized net assets at December 1, 1986 being recognized over 12 years	(20,254)
Additional minimum liability recognized	(29,066)
Accrued retirement income plan cost included in accrued expenses	$ (43,326)

Net retirement income plan cost for fiscal 1996 included the following components:

Service cost	$ 7,788
Interest cost	44,676
Projected return on plan assets	(47,936)
Amortization of unrecognized prior-service cost	7,860
Amortization of transition asset	(10,130)
Additional one-time expense - enhanced benefit to an individual	46,000
Net retirement income plan cost	$ 48,258

The projected benefit obligation was determined at a weighted-average discount rate of 7.5% and an assumed rate of increase in future compensation of 5.5%. The expected long-term rate of return on plan assets was 8.5%.

7. Grants Payable to Member Societies:

Grants payable to member societies consisted of the following at November 30, 1996:

SPE	$200,000
TMS	138,200
ISS	117,800
SME	40,300
	$496,300

8. Loan Payable on Behalf of United Engineering Trustees, Inc.:

During September of 1993, the repayment plan for UET's $1.5 million loan obligation was approved. Under this plan, AIME's share of the repayment was $71,667 plus 6% interest payable on or before September 30, 1998. AIME has agreed to pay this amount in equal installments over a 5-year period which began in 1994.

9. Net Assets:

Net assets consisted of the following at November 30, 1996:

	1996
Unrestricted net assets:	
Undesignated	$1,020,550
Board designated for overarching programs	201,678
Board designated for long term investment	11,110,309
	12,332,537
Temporarily restricted net assets for the following purposes:	
Medals and awards	676,635
Books and publications	732,931
Scholarships	616,741
	2,026,307
Permanently restricted net assets are restricted to:	
Investment in perpetuity, the income from which is expendable to support:	
Scholarships	176,363
Books and publications	146,000
Medals and awards	75,862
Unrestricted purposes	10,466
	408,691
Total net assets	$14,767,535

10. Net Assets Released from Restrictions:

Net assets were released from donor restrictions due to the passage of time or by incurring expenses satisfying the restricted purposes specified by the donor as follows for fiscal November 30, 1996:

Books and publications	$100,000
Medals and awards	37,898
	$137,898

11. Functional Allocation of Expenses:

Fiscal 1996 expenses have been allocated among AIME's programs and supporting services as follows:

	Programs						Supporting Services	
	Special Projects	Federation Support	Meetings	Books and Publications	Awards	Total Programs	Management and General	Total
Member-direct program's grants	$471,720					$ 471,720		$ 471,720
Payroll and employee benefits	20,348	$ 81,394	$ 96,927	$ 21,415	$ 32,669	252,753	$147,169	399,922
Overarching programs	28,322					28,322		28,322
Publication expenses				120,642		120,642		120,642
Federation support		81,444				81,444		81,444
Rent	3,806	15,223	18,130	4,004	6,113	47,276	27,528	74,804
Awards					59,928	59,928		59,928
Audit and legal services	2,598	10,391	12,376	2,733	4,173	32,271	18,790	51,061
AIME Board activities			34,268			34,268		34,268
Supplies, postage, maintenance and repairs	1,415	5,660	6,741	1,489	2,273	17,578	10,235	27,813
Insurance	656	2,624	3,125	690	1,054	8,149	4,745	12,894
Free Books				12,755		12,755		12,755
Meetings	92		10,060	96		10,248		10,248
Sundry expenses	264	366	436	278	147	1,491	663	2,154
Depreciation		1,056	1,257		424	2,737	1,910	4,647
Other	3,812	15,253	18,165	4,013	6,124	47,367	27,580	74,947
Total	$533,033	$213,411	$201,485	$168,115	$112,905	$1,228,949	$238,620	$1,467,569

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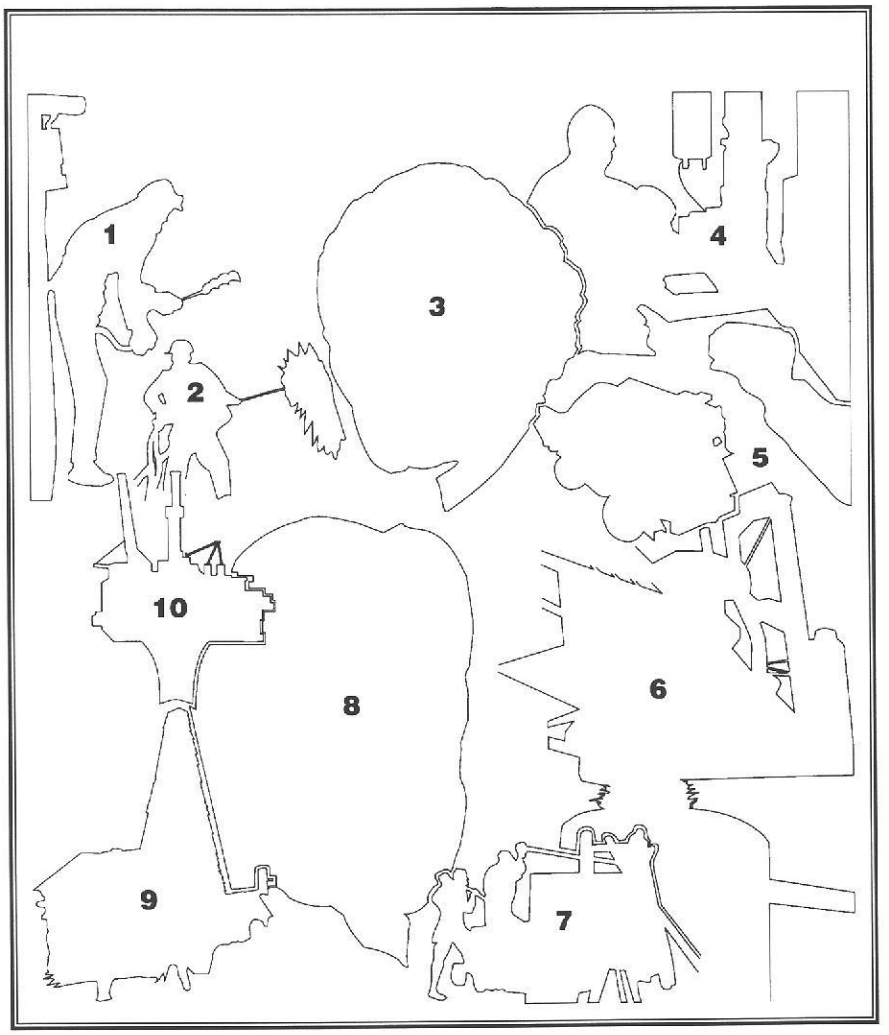
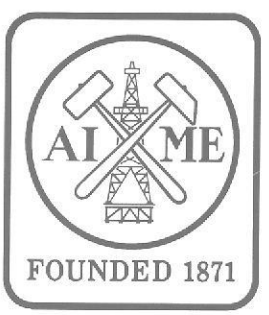


1. A miner drilling a 6-foot hole in the face of a Pennsylvania bituminous coal mine (circa 1927).
2. Underground mining technology (circa 1977).
3. David Thomas, first President of AIME (1871). Known as the "Father of the Lehigh Valley," built the first anthracite-fired hot-blast furnace.
4. Teacher and student working with an electron microscope.
5. Truck and gold nugget in hand, showing the amount of earth that may be processed to acquire a small quantity of gold metal
6. Blast furnace operation, Weirton Steel Corporation.
7. A reconstructed, James River-style bloomery at Colonial Williamsburg based on pre-Revolutionary War ironmaking techniques.
8. Herbert Clark Hoover, AIME President, 1920 (31st President of the United States).
9. The first oil well near Titusville, Pennsylvania, 1859.
10. A modern offshore oil platform.

Key to Front Cover. Bronze commerative plaque designed and produced by The Materials & Metals Society (TMS) and presented to the mayor of Wilkes-Barre, Pennsylvania. See details on page 8.

The American Institute of Mining, Metallurgical, and Petroleum Engineers is dedicated to advancing the knowledge of engineering in the fields of minerals, metals, materials and manufacturing and energy resources, and to undertaking programs addressing significant needs including education.



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