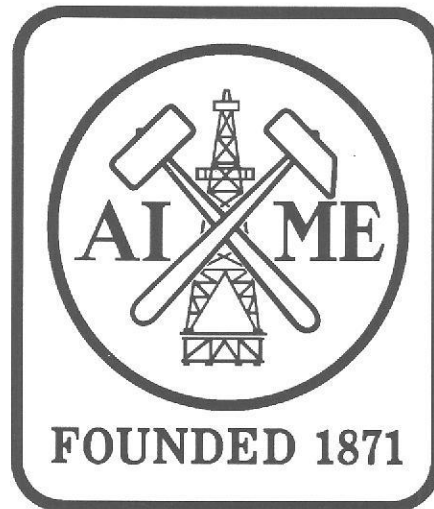


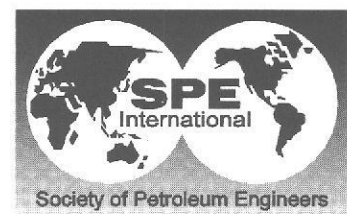
AMERICAN INSTITUTE OF MINING, METALLURGICAL, AND PETROLEUM ENGINEERS, INC.

# 1998 ANNUAL REPORT

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**TMS**  
Minerals • Metals • Materials



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

## ***1998 Annual Report***

*One hundred and twenty-seventh year*

***December 1, 1997 - November 30, 1998***



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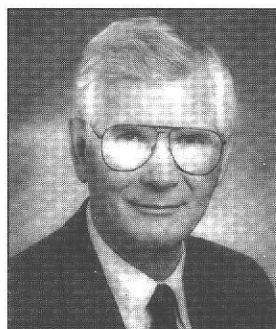
*A Founder Society of the*

***United Engineering Foundation, 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 1998 President*



Roy H. Koerner, President – 1998  
American Institute of Mining,  
Metallurgical, and Petroleum Engineers

The year 1998 recorded several unprecedented events in AIME's history. I am pleased to report the sale of the United Engineering Center was consummated in October. AIME co-located with the other four Founder Societies from their home of almost forty years to a commercial building at Three Park Avenue in New York City.

I am saddened to report the death of two of AIME's best, Alfred Weiss, Executive Director and Secretary, and Richard "Dick" Klimpel, an AIME Trustee from SME.

Significant progress was made in the development of a new AIME Long Range Plan and in the implementation of the Outreach Initiatives described at the 1997 retreat. On these areas and on other pertinent developments, I am pleased to report.

### **1998 ANNUAL MEETING**

The first AIME Annual Meeting held outside the United States was held in Toronto, Ontario, Canada in March hosted by the Iron & Steel Society. The AIME Keynote Session, moderated by Leonard G. Nelson, 1997 AIME president, featured three distinguished speakers who addressed Revolutionary Leadership in Steel. The annual banquet served to recognize the recipients of Honorary Membership as well as the other prestigious AIME Awards. An account of the 127th Annual Meeting may be found on page 8, followed by the names of the award winners.

### **TRADITION**

As part of the AIME Long Range Plan, the Board approved that the hosting of the AIME Annual Meeting will rotate among the Member Societies. The 1999 meeting will be in Houston with SPE and the 2000 meeting in Nashville with TMS.

### **GOVERNMENT AFFAIRS THROUGH AAES**

AIME government affairs activities continued during 1998 through the American Association of Engineering Societies (AAES), located in Washington, DC.

AIME efforts in AAES involved a total of ten volunteers, each representing a Member Society, serving on the various AAES Councils, Commissions and Task Forces. AIME contributed financially to two projects, the Harris Poll to assess the Image of Engineers in the US and a Pension Study. AIME and the Member Societies are participating in the taskforce to Enhance the Image of Engineers which is an outgrowth of the Harris Poll.

### **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 mission of the Institute and includes participation by one or more of the Member Societies. Member-Direct programs are those carried out by the Member Societies. The selection of Member Society specific projects and the balancing of programs is the responsibility of the Board of Trustees. For 1998, the Board approved total funding in the amount of \$1.1 million of which \$65 thousand was for Overarching programs and the balance for Member-Direct.

### **LONG RANGE PLAN AND BOARD RETREAT**

At the March 1998 "follow-up" Board Retreat in Toronto, the AIME Board of Trustees identified three "Outreach Initiatives," to be executed as Overarching programs. These programs are (1) Professional Development, (2) Enhance the Image of Engineers, and (3) Bridge Societies to Industry Leadership. 'Professional Development,' which aims to bring business-oriented short courses to the Member Societies to support their membership, has had planning meetings via teleconference and in Cleveland. Presently, a market survey is being conducted by The Gallup Organization. 'Enhance the Image of Engineers' is being executed by more active participation in National Engineers Week, cooperative participation in programs through AAES and continual review by the Board to support efforts by the Member Societies. 'Bridge Societies to Industry Leadership' is being carried out by sharing 'Best Practices' between the Member Societies, participation in programs with AAES and continual review by the Board to support Member Societies efforts in this important area.



### **INTER-SOCIETY AFFAIRS**

**United Engineering Trustees.** On September 25, 1997 the Supreme Court of the State of New York approved the sale of the United Engineering Center (UEC) and the distribution of proceeds to the Founder Societies. The Court also approved the reconstitution of the UET into the United Engineering Foundation (UEF). The new president of the UEF is Barry Bowman, a member of SPE and a twelve-year AIME representative to the UET board.

**Founder Societies.** As part of the plan submitted to the Court, the Founder Societies concluded that the building at Three Park Avenue in New York City will be able to house all five Founder Societies. All of the societies moved in September of 1998 and the closing on the UEC sale took place in October. AIME has a sublease from IEEE and occupies some 2500 square feet or about eleven percent of the 17th floor.

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

**JETS.** AIME has a seat on the board of the Junior Engineering Technical Society and is the unofficial representative of the Founder Societies as well as the AIME Member Societies.



### FINANCE

You are invited to review the audited financial statement for the AIME Corporation for 1998 (ending November 30, 1998), which includes required new reporting for the endowment funds of not-for-profit organizations, contained on pages 15-24 of this report. AIME assets increased from \$15.8 million at the end of fiscal year 1997 to \$21.3 million at the end of fiscal year 1998, which includes \$5.6 million in undistributed funds from the proceeds of the sale of the UEC.

During 1998 AIME completed the outsourcing of the majority of its financial functions and also changed the investment banking firm which manages the endowment fund.

### IN MEMORIAM

It is with deep personal sorrow as well as a great sense of ongoing loss to AIME that I again note the untimely deaths of dear friends and colleagues Alfred Weiss, AIME Executive Director and Richard R. Klimpel. Both men were past presidents of SME, were recognized in their respective fields, and each made significant contributions to SME and AIME.

### IN APPRECIATION

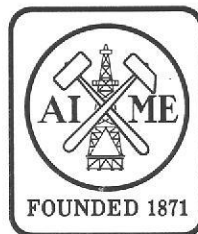
It has been an honor for me to serve as your AIME president, to have had the opportunity to associate with and be assisted by the many fine people who comprise the AIME family, and to have had the privilege of representing AIME on many auspicious occasions. I reflect with great affection on my visits to the local sections and on the opportunity to strengthen AIME's ties with the 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 their 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 my friend, the 1999 AIME President, Paul G. Campbell, Jr. and the new Board of Trustees, all of whom are depicted on the following pages. It has been my 'labor of love' and my wish for the future that AIME will continue to carry out its longstanding mission and strengthen the foundational principles that uplift all engaged in the honorable profession of Engineering.



# AIME



OFFICERS AND TRUSTEES  
1999

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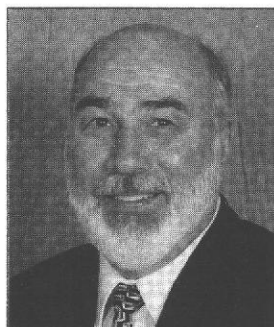
## OFFICERS

### PRESIDENT AND TRUSTEE



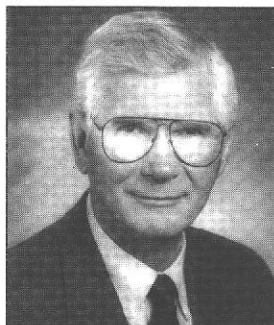
**Paul G. Campbell, Jr.** is Vice President Operations of Alumax Primary Aluminum Company, one of the world's leading primary aluminum companies. He has been associated with Alumax since 1978 when he joined the management cadre responsible for engineering, construction and startup of the Mount Holly company. Prior to his association with Alumax, he held key management positions with Revere Copper and Brass Corp. Mr. Campbell is a graduate of Clemson University with a BS in Chemical Engineering and he earned his MBA from Jacksonville State University. He is the author of numerous technical articles, as well as editor of *Light Metals*, technical handbook of the aluminum industry. His industrial honors include service as vice president and director of The Minerals, Metals & Materials Society as well as membership in the American Institute of Chemical Engineers and ASM International. Mr. Campbell is very active in educational and community affairs and in 1993 Governor Carroll Campbell appointed him to a two-year term as chairman of the Board of Regents, "Leadership in South Carolina." He was the 1996 TMS President.

### PRESIDENT-ELECT AND TRUSTEE



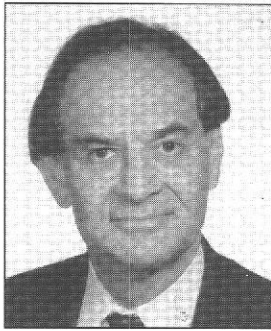
**Robert E. Murray** is president, ceo and owner of The Ohio Valley Coal Company, Maple Creek Mining, Inc.; Energy Resources, Inc.; American Coal Sales Co.; Powhatan Transportation Center; West Virginia Resources, Inc.; Oneida Coal Co., Inc.; and MonValley Transportation Center, Inc. Mr. Murray is also a passive investor in Ken American Resources, Inc. He served in most supervisory and executive positions with North American Coal Corp. between 1956 and 1987, including president and ceo. He is a graduate in mining engineering from Ohio State University and of Harvard University's Advanced Management Program. He is a past president and director of the Society for Mining, Metallurgy, and Exploration, Inc.; Rocky Mountain Coal Mining Institute, and North Dakota Lignite Council. He is a director of the National Mining Association and National Coal Association and the Pennsylvania and Ohio coal associations.

### PAST PRESIDENT AND TRUSTEE



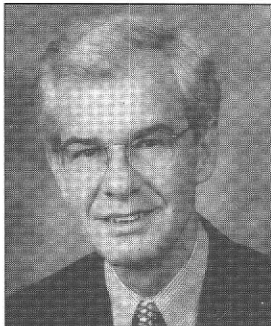
**Roy H. Koerner**, 1995 SPE President, recently retired from Texaco Exploration Inc. in Denver, Colorado. After earning a BS degree in petroleum engineering from the University of Tulsa in 1958, he joined Texaco as a field engineer and earned his MS degree in petroleum engineering from Louisiana Tech 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.

## PRESIDENT-ELECT DESIGNATE AND TRUSTEE

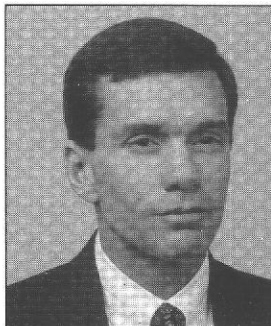


**Grant P. Schneider** is Manager of Traffic, Transportation, Reclamation and Mining Services for Rouge Steel Company, Dearborn, MI. He joined the Steel Division of Ford Motor Company in 1960 and held various managerial positions in engineering and operations. With the independent acquisition of the steelmaking facilities of Ford in 1989, Mr. Schneider assumed the commercial responsibilities he now has and most recently added mining services to his activities. He holds a bachelors of engineering from the Georgia Institute of Technology, an MBA from the University of Detroit and has completed post-graduate work in metallurgy and finance from the University of MI. Mr. Schneider is a graduate of the Senior-Executive Program of Ford. He is a past chairman of the Steelmaking Division of the Iron & Steel Society, a past president of the ISS, the recipient of the ISS President's Citation Award for meritorious contributions to that society, a former member of the AIME Board of Trustees, a life member of the Association of Iron and Steel Engineers and a member of the Propeller Club of the US, Port of Detroit.

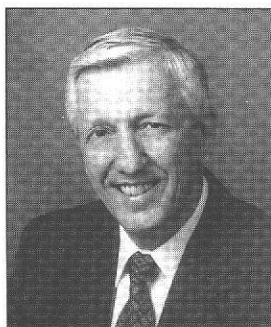
## TRUSTEES



**James W. Boyd** is president and CEO of John T. Boyd Company (BOYD). He earned a BS in engineering of mines from West Virginia University in 1968. He worked for CONSOL Inc. from 1966 through 1971 in UMWA labor and mine management capacities. Jim joined BOYD in 1971 as a mining engineer. Elected President of SME for 1999, Jim's service and recognition with SME includes Coal Division Distinguished Service Award Recipient, 1995; Chairman - Coal Division in 1992 and Pittsburgh Section in 1985; Board of Directors, 1992-1993; Program Committee; Woomer Award Committee, and served on Professional Registration Committee. Jim's other memberships include National Coal Council, Board of Directors of the National Mining Hall of Fame and the National Mining Association; Board of Governors of Manufacturers and Services Division National Society for Professional Engineers. He is also on the Visiting Committee for the West Virginia University College of Mineral and Energy Resources; COM-ERAC president 1993; former board member of the Engineers Society of Western Pennsylvania and Governing Board member. Jim is the author of Fundamentals of Coal and Mineral Valuations, 1986.



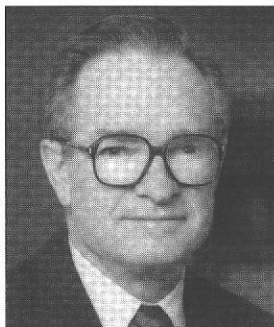
**Euel R. Cutshall** is manager of the Manufacturing Technology Laboratory of Reynolds Metals Co.. He earned his BS in chemistry and mathematics from the University of North Alabama and his PhD in physical chemistry from the University of Florida. At Reynolds Metals his R&D responsibilities include activities dealing with extractive metallurgy, process metallurgy and optimization, process automation, data acquisition and analysis, among others. Prior to joining Reynolds Metals Company he served as an officer in the US Army, trained at the army's chemical school at Fort McClellan. Dr. Cutshall's research interests includes the fields of carbon anode technology and environmental science. He was instrumental in developing the Reynolds' spent potliner treatment process. He holds several patents and is the author of numerous articles. He has served as chair of the Light Metals Division of TMS and on the division's Aluminum Committee as well as the Light Metals Division Council. He has also been a member of the Society's Honors and Awards, Membership Development, and Programming Committees. Dr. Cutshall is TMS President-Elect.



**Robert C. Freas** is Senior Vice President, Sales and Marketing, of Franklin Industrial Minerals, Nashville, Tennessee. Mr. Freas joined Franklin in 1985 as Vice President, Marketing and was promoted to his current position in October 1993. Prior to joining Franklin he was Director of Operations and Corporate Secretary of Limestone Products Corporation, Sparta, NJ; he was also Director of Research and Corporate Development before moving into operations. Mr. Freas' prior experience includes Chief Geologist for Dravo Corporation, Pittsburgh, PA and worked as an engineering geologist. He holds a BS in Geology from Baldwin-Wallace College, an MS from Miami University and an MBA from Rutgers University. He has been an active member of SME and was the 1994 President of the Society. He served on the Board of Directors from 1986-1989 and 1991 to the present, was Chairman of the Industrial Minerals Division in 1986; was Chairman of the GEM Committee, *Mining Engineering* Committee, Membership Committee and was Vice President, Finance 1991 and 1992. Freas has also been an active author for SME and other technical publications including co-authoring three chapters in the *6th Edition of Industrial Minerals and Rocks*. He is a registered professional geologist and an active member of several professional associations.

## Officers and Trustees

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**Dennis E. Gregg** was vice president of international exploration and production with Conoco Inc. when he retired in 1993. His career with Conoco began in 1950 upon graduation from Colorado School of Mines as a petroleum engineer. Following years in the US Gulf Coast region, he was assigned to international operations in 1966 based first in New York and subsequently in London, Stavanger, Norway and Houston. He was project engineer on Conoco's first overseas development, in Dubai, and general manager of the company's first North Sea oil development. He was president of Conoco Norway, Inc. in 1980-1982. His responsibilities in Houston after 1982 included most of Conoco's overseas exploration and production operations. He has been active in SPE since his student days, serving as section chairman in London, on the Board of Directors and as President in 1986. He was awarded SPE's DeGolyer Distinguished Service Medal in 1996. Gregg was on the AIME Board in 1985-87 and chairman of the Offshore Technology Conference in 1992-1993. He is now treasurer of the SPE Foundation.



**T. Scott Hickman** is President of T. Scott Hickman & Associates, Inc. a Midland, Texas consulting engineering firm which specializes in reserve evaluations and improved oil recovery studies. After receiving a BS degree in petroleum engineering from Texas Tech University, he worked for Texaco, during which time he earned and MS degree in petroleum engineering from Louisiana Tech. Hickman entered the consulting business in 1968 and started his own firm in 1973. He was a member of the SPE International Board of Directors during 1991-93 and served as the 1997 SPE President. In addition, Hickman was the 1987 President of the Society of Petroleum Evaluation Engineers and has been recognized by Texas Tech University as a Distinguished Engineer and Distinguished Alumnus.



**J. Wayne Jones** is associate dean for undergraduate education in the College of Engineering and a professor in the Department of Materials Science and Engineering at the University of Michigan. He earned his BS in engineering physics at Western Kentucky University and his MS and PhD in materials science at Vanderbilt University. Prior to joining the staff of the University of MI, Dr. Jones served as a postdoctoral associate for the National Research Council of the US Air Force Materials Laboratory. While at the University of MI he also served as a visiting scientist at the US Air Force Materials Laboratory and Wright Laboratory. He is currently participating in a four-university consortium for the Air Force Office of Scientific Research on gamma titanium aluminides. Other current research activities are for the National Science Foundation, the Ford University Research Fund and for Ford Motor Company. He has published numerous journals and conference articles. A member of TMS since 1978, Dr. Jones has served at the Board level since 1990. He has been the TMS financial planning officer, chair of the Student Affairs Committee, a member of the TMS Foundation Board of Directors, president of the Detroit Section, and is the 1999 TMS President.

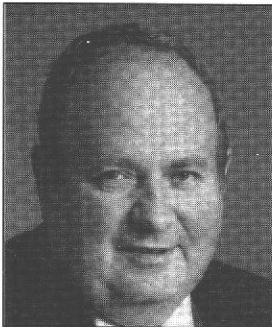


**Robert (Bob) J. Jones** is superintendent, cold sheet mill at Sparrow Point Division of the Bethlehem Steel Corporation. He joined Bethlehem Steel as a member of the 1966 Looper Program. Mr. Jones held various management positions in the steelmaking departments of Bethlehem Steel's Johnstown and Bethlehem, PA plants. He was named BOF superintendent in 1980 and then manager of technical services at the Bethlehem Plant. In 1983 he became superintendent of the Sparrows Point steelmaking operation and was named to his current position in 1993, responsible for cold rolling and coating operations. He received a BE in mechanical engineering from Villanova University and is a graduate of Stanford University's Executive Program. Mr. Jones serves on the Board of Directors of "Double G Coating." He has been a member of the Iron & Steel Society since 1976 serving as chairman of the Society's Eastern Section, chairman of the Steelmaking Division and as a member of the Board of Directors. He is currently President-Elect of ISS.





**Michael D. Sullivan** is Director of Conversion and Semi-Finished Sales for Allegheny Ludlum, an Allegheny Teledyne Company. Mr. Sullivan joined Teledyne Allvac as a plant manager responsible for operations, technology, production planning, engineering and maintenance, and human and industrial relations. He became general superintendent due to the merger of Teledyne and Allegheny Ludlum. Prior to Allegheny Teledyne he worked for Cytemp/Armco and as vice president of operations was responsible for operations, technology, engineering, environmental and maintenance for ingot and forged, bar and shape, and precision rolled products. He is a graduate of Lehigh University with a BS in metallurgical engineering. After graduation he went to work for Carpenter Technology, where he had positions with increasing responsibility for twenty years. Mr. Sullivan is a Director of the Iron & Steel Society, is past chairman of the Electric Furnace Division, past membership chairman, and is 1999 president of the society. He is a member of the American Society for Metals, a life member, director, and past president of the Electric Metal Makers Guild.



**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; now the United Engineering Foundation Board of Trustees, where he serves as treasurer.



**Nellie E. Guernsey, AIME Acting Executive Director and Secretary**, assumed this assignment in August 1998. Since 1981 she has been a vice president of Mineral Systems International in Stamford, CT and is a principal of Guernsey Management Services. Her prior experience includes Kennecott Copper Corporation where she specialized in economic and financial evaluations of mineral properties; at Exxon Corporation she was a non-ferrous commodity analyst. She has a BS in earth sciences and an MBA plus graduate studies in mining engineering at the Henry Krumb School of Mines. Ms. Guernsey has been a member of SME for 25 years and is a past chair of the Minerals Resources Management Committee; she is also active in the local SME section as well as in APCOM.

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Telephone: 303/973-9550  
Fax: 303/973-3845  
e-mail: [smenet@aol.com](mailto:smenet@aol.com)  
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Gary D. Howell, Executive Director

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internet: <http://www.spe.org>  
Dan K. Adamson, Executive Director

## ***Report of the 127th Annual Meeting Toronto, ON, Canada – March 1998***

AIME CELEBRATED ITS 127TH ANNUAL MEETING in Toronto, Canada, March 22-25, 1998, in conjunction with the Annual Meeting of the 81st Steelmaking and 57th Ironmaking Conferences of the Iron & Steel Society (ISS). The Sheraton City Centre Toronto was the headquarters hotel for both AIME and ISS. The All-Institute keynote session and the ISS technical sessions were held at the Sheraton City Centre Hotel.

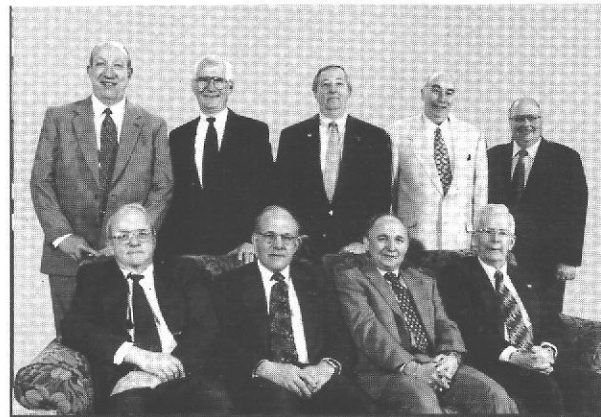
Annual Meeting activities designed to appeal to all attendees commenced with the Keynote Session on Monday, March 23 at 8:30 A.M. Revolutionary Leadership in Steel was the focus of attention of the three distinguished speakers:

- David S. Borsellino, vice president of manufacturing of Dofasco, explained that the key competitive advantage related to steel-making technology will lie not in the technology itself, but in the ability to leverage technology as relating to people through change in company culture and training.
- Andrew G. Sharkey, president and chief executive officer of the American Iron and Steel Institute (AIS), said that "our business simply stated, is to promote steel as the material of choice." He described the two most well-known programs through which the steel industry is trying to maintain and build markets: the ultralight steel body (ULSAB) and The **Steel** Alliance.
- H. Duff Hunt, vice president of recycled products of Chaparral Steel, discussed the growing steel industry markets and the importance of empowering employees to further this end. Chaparral entered new markets through the promotion of 100 percent recyclability with efforts such as Project STAR - the premise is that everything produced will be a useful product or a raw

material (January 1998 *Iron&Steelmaker* (I&SM), pp. 29-33).

Leonard G. Nelson, AIME President, was moderator of the Keynote Session.

The 127th AIME Annual Banquet and Awards Ceremony was held on Monday evening, at the Sheraton City Centre Hotel. Mike Carbone, one of Canada's premier comedy-magicians was master of ceremonies for the awards program during which the major AIME Awards were presented and Honorary Membership was conferred. 1997 President Leonard G. Nelson handed out the Awards. The winners of honors and awards and the honorary members are listed on the following pages. Following the ceremony, Mr. Roy H. Koerner was installed as 1998 AIME President.



AIME Past Presidents met in Toronto

The 128th AIME Annual Meeting will be held at the Renaissance St. Louis Hotel, St. Louis, Missouri, March 13-14, 1999. The AIME Annual Banquet and Awards Ceremony will be held on Monday evening, October 4, 1999, in conjunction with the 1999 Annual Technical Conference and Exhibition of the Society of Petroleum Engineers (SPE), in the Imperial Ballroom of the Hyatt Regency Hotel, Houston, Texas.

***Recipients of Honors and Awards Presented by AIME in 1998***

**1997 HONORARY MEMBERS**

**R. Lyn Arscott**

SPE

*"For distinguished contributions to and leadership in advancing the commitment of the worldwide oil and gas industry to health, safety and environmental issues and for his efforts in supporting the global initiatives of the Society of Petroleum Engineers."*

**John K. Hammes**

SME

*"For exceptional contributions to the Institute for over twenty years as its Chief Financial Officer and dedicated service as a United Engineering Trustee leading to the sale of the United Engineering Center and restructuring of the UET for the betterment of the engineering profession."*

**Arlie M. Skov**

SPE

*"For career-long accomplishments in the fields of improved recovery, production operations, and field development and for tireless efforts to enhance the petroleum engineering profession."*

**JAMES DOUGLAS GOLD MEDAL**

**John Edward Dutrizac**

CANMET/TMS

*"For his outstanding contributions and achievements in research and development related to the processing of zinc and lead, the electrorefining of copper, and the treatment of metallurgical effluents to control iron and thiosalts, and for his dedicated service to the metallurgical profession."*

**BENJAMIN F. FAIRLESS AWARD**

**J. Keith Brimacombe**

AWARDED POSTHUMOUSLY/ISS

*"For his excellence in the application of fundamental research to the improvement of steelmaking processes, and for energetic and innovative leadership to the steelmaking community."*

**HAL WILLIAMS HARDINGE AWARD**

**Ihor A. Kunasz**

SME

*"In recognition of his outstanding achievements in the evaluation, development and extraction of Lithium brines and for past contributions and service to the Industrial Minerals Division."*

**ANTHONY F. LUCAS GOLD MEDAL**

**Andre G. Journel**

Stanford University/SPE

*"For advancements in reservoir characterization, stochastic modeling, and assessment of uncertainty in performance forecasts, and in recognition of his contributions to the practice and technique of locating and producing petroleum."*

**ROBERT EARL McCONNELL AWARD**

**R. Lyn Arscott**

E&P Forum, London/SPE

*"For achieving practical, innovative solutions to environmental, safety, and health issues in the oil industry, leading to improved standards of living worldwide."*

**ERSKINE RAMSAY MEDAL**

**Irl F. Engelhardt**

Peabody Holding Company

*"For his natural stewardship in successfully guiding the merger of the National Coal Association and the American Mining Congress into the National Mining Association, his continual dedication in nurturing his employees and his avid pursuit in educating the public on the benefits of the mining industry."*

## Honors and Awards

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### CHARLES F. RAND MEMORIAL GOLD MEDAL

**Douglas C. Yearley**

Phelps Dodge Corporation

*"For his outstanding leadership in making Phelps Dodge the world's largest producer of copper processing using SX/electrowinning technology; and in the development of copper casting processes, including a technology that has since become the model for the production of continuous-cast copper rod."*

### ROBERT H. RICHARDS AWARD

**Ronald L. Wiegel**

University of Minnesota/SME

*"For bridging the gap between theory and practice as demonstrated by his effectiveness in process simulation, plant computer control and process innovation."*

### WILLIAM LAWRENCE SAUNDERS GOLD MEDAL

**Donald V. Fites**

Caterpillar Inc.

*"For outstanding and vigorous leadership of Caterpillar Inc., increasing its competitiveness while guiding the development of new, more efficient and safe mining equipment for a global mining industry."*

### AIME DISTINGUISHED SERVICE AWARD

**George S. Ansell**

Colorado School of Mines/TMS

*"In recognition of years of exemplary and dedicated service to AIME as a Director, as an AIME Trustee on the UET Board and for his leadership efforts in down-sizing the Engineering Societies Libraries, and resolving other issues thereby strengthening the UET and the Founder Societies."*

### ROSSITER W. RAYMOND MEMORIAL AWARD

**Paul J. Taylor**

ARCO Alaska, Inc./SPE

*TITLE OF PAPER:*

*"Modeling the US Oil Industry: How Much Oil Is Left?"*

### MINERAL INDUSTRY EDUCATION AWARD

**Robert S. Schechter**

University of Texas, Austin/SPE

*"In recognition of the breadth and depth of his many distinguished contributions to mineral engineering education and industry through excellence in teaching, research and publications."*

### MINERAL ECONOMICS AWARD

**Donald W. Gentry**

Colorado School of Mines/SME

*"For his enduring contribution to the development of Latin America's minerals sector through work on mineral codes, laws, and taxation policies."*

### AIME ENVIRONMENTAL CONSERVATION DISTINGUISHED SERVICE AWARD

**Gregor Norgaard**

United States Filter Corporation

*"In recognition of his outstanding leadership in the development and implementation of facilities to treat waste and recover metals and inorganic materials."*



***AIME Past Presidents***

**Active List**

Lloyd E. Elkins	1962	Robert H. Merrill	1981	Donald G. Russell	1990
Walter R. Hibbard, Jr.	1967	Harold W. Paxton	1982	Milton E. Wadsworth	1991
John C. Kinnear	1970	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	Leonard G. Nelson	1997
M. Scott Kraemer	1980	Howard N. Hubbard, Jr.	1989	Roy H. Koerner	1998

***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	Orville D. Gaither	1993	Melvin E. Nickel	1978
Nathaniel Arbiter	1975	Robert B. Gilmore	1985	Earl R. Parker	1982
Charles W. Arnold	1991	Wayne E. Glenn	1979	Harold W. Paxton	1991
R. Lyn Arscott	1997	William A. Griffith	1986	Albert J. Phillips	1972
Khalid Aziz	1995	H. J. Gruy	1987	William N. Poundstone	1982
Edmund C. Babson	1985	Michel T. Halbouty	1972	Michael Prats	1989
Charles L. Bare	1992	John K. Hammes	1997	Nathan E. Promisel	1974
Charles S. Barrett	1979	John P. Hammond	1988	Joseph G. Richardson	1987
William E. Brigham	1993	Julius J. Harwood	1980	Kenneth W. Robbins	1988
Kermit E. Brown	1989	Claude R. Hocott	1974	Edward E. Runyan	1987
John C. Calhoun, Jr.	1975	Howard N. Hubbard	1991	Donald G. Russell	1986
John M. Campbell, Sr.	1993	William Hurst	1989	Harrison H. Schmitt	1972
Ben H. Caudle	1986	F. Kenneth Iverson	1995	Nelson Severinghaus, Jr.	1987
Morris Cohen	1980	James R. Jorden	1994	Arle Skov	1997
Lawrence B. Curtis	1986	Basil P. Kantzer	1990	T. Don Stacy	1990
Donald A. Dahlstrom	1985	Marvin L. Katz	1992	Marshall B. Standing	1990
Wayne L. Dowdey	1983	Hossein Kazemi	1994	Michael Tenenbaum	1979
Robert C. Earlougher	1984	G. William Kneppshield	1989	Robert L. Whiting	1987
Robert C. Earlougher, Jr.	1996	M. Scott Kraemer	1983	William H. Wise	1984
Arlen L. Edgar	1988	Charles S. Matthews	1992	M. R. J. Wyllie	1991
Lincoln F. Elkins	1977	Alexander McLean	1991	David A. Zegeer	1987
Lloyd E. Elkins	1969	Robert H. Merrill	1984		
Thomas V. Falkie	1995	Norman T. Mills	1987		
Morris E. Fine	1995	Necmettin Mungan	1996		
Douglas W. Fuerstenau	1988	H. Arthur Nedom	1981		

***Legion of Honor Fifty-Year Members—Class of 1948***  
***206 Society Members added***

**Society for Mining, Metallurgy and Exploration – 62 members**

Wayne J. Ahl	Robert L. Frantz	Gordon M. Miner	Louis P. Starck
John D. Allen	Gerald R. Gabel	Arthur C. Most, Jr.	Ronald B. Stone
Lloyd E. Antonides	C. Tad Graves	Daniel E. Pickett	Simon D. Strauss
Carl W. Appelin	Eugene W. Grutt, Jr.	Lloyd Pollish	Richard Strong
Anders E. Augustson	John F. Hatch, III	Philip P. Powers	I. Robert Taylor
Floyd J. Balentine	Cloyd H. Henline	Joseph S. Quinn	Jospeh Tibolla
Arthur F. Beynon	Charles D. Hoyt	Edward F. Raffo	Harry L. Washburn
Douglas J. Bourne	Edwin B. Johnson	Kenneth M. Reim	William L. Wearly
Everett O. Bracken	William P. Johnston	Gordon L. Roberts	John P. Weir
Edward H. Brinley	Herman E. Knight	Robert J. Russell	Leroy K. Wheelock
Guido E. Caglieri, Jr.	Monro B. Lanier, II	Robert T. Sanden	Everett M. White
Doald O. Carlson	Arthur W. Lankenau	LeRoy Scharon	James A. Williams
Nicholas Chlumecky	Kenneth A. Lehner	John E. Schumacher	Fred G. Wise
Elton Clark	Jimmie A. Littre, II	Derek C. Shelton	David A. Zegeer
J.P. Dempsey	John H. Lucas	Richard R. Smith	
Stewart H. Folk	Charles E. Melbye	Werner Spross	

**The Minerals, Metals & Materials Society – 36 members**

John Anderson	Howard Davis	George Kelley	Jackson Nichols
Frederick I. Brown, Jr.	Louis Demer	Morris Kolodney	Robert Randall
Linton Bylund	George Eichelman	Albert Lee	John Schloen
Howard Cannon	Hans Elvander	David Lillie	Italo Servi
Carl G. Carlsson	Howard Fiedler	Lowell Lloyd	Jospeh G. Seveck
Roland Carreker	Norman Geist	Robert Lund	Charles Smith
Robert Cech	Paul Gordon	William Manly	Chester Spencer
Charles Cook	Joseph Hersch	Carl McHargue	Joseph B. Sutton
Philip Dampf	Edward Keller	Wilfred Nagel	Raymond Tate

**Iron & Steel Society – 14 members**

Harry L. Anderson	D.H. Fleming	William D. Manly	Ethem T. Turkdogan
D.J. Carney	Paul R. Gouwens	Richard G. Phelps	John H. Walsh
Paul L. Chester	Lee Hammerschmidt	T.B. Preston	
Robert B. Corbett	Raymond H. Hayes	Robert Talmage	

**Society of Petroleum Engineers – 94 members**

Forest Allen	Harry Dreher	Mihran Khayan	Glenn Sawvel
George Altman	Walter Eickmeyer	C. Kirkpatrick	Gene Scheirman
R. Barton	Jack Elenbaas	Carl Kuhn	Paul Shanor
H. Benischek	Paul Fairchild	J. Ladd	Miller Sheffield
C. Blomberg	R. Fernandes	W. Landrum	Byron Sims
H. Bolton	Sylvester Fisher	C. Leisk	Robert Smith
Barrett Booth	James Frick	Robert Lowe	John Spencer
John Brack	Paul Gassett	Tom Manuel	Reid Stone
Kermit Brown	Jesse Graner	Jacques Marchal	Charles Tarr
David Burgess	Scott Gregory	Harvey McArthur	Horace Temple
William Carson	E. Guerrero	Dana McCarty	E. Timmerman
Lee Carter	Frank Haines	H. Nedom	Lester Truby
Ben Caudle	Paul Hamann	T. Nelson	Russell Vlack
Aaron Cawley	M. Hawkins	John Newman	Alfred Vogel
William Clementa	John Hendrick	Robert Parks	Billie Walden
William Clift	Carl Hobe	B. Payne	E. Walker
John Cox	Richard Hocker	D. Perry	T. Ward
T. Cramer	William Holland	Warren Phelps	Robert Whiting
James Crawley	Harvey Holman	Byron Plumley	C. Whittaker
J. Crittenden	William House	Floyd Preston	Malcolm Wilson
J. Crowder	Wallace Howes	G. Pullin	John Younger
Harry Dernick	Charles Hudson	W. Purcell	John Yuronka
Mike Dillingham	J. Huner	Jim Ramsey	
Chester Doyle	John Kerr	Robert Roark	

The Woman's Auxiliary  
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### *Report of the WAAIME*



Jean O. Davin, President  
1998 WAAIME

On behalf of the WAAIMES, I would like to take this opportunity to thank you for allowing me to address AIME in this publication. This past year has been an exciting and beneficent year for the WAAIMES in several ways, and a difficult year, as well.

One of the exciting changes is, of course, the new office space that AIME graciously allows us to share with them and the other founder societies. It was wonderful to see all the changes in the office space as it was converted from bare walls to a beautifully decorated, professional office with a fantastic view. I enjoyed my trips to New York to see its progress. The WAAIME organization would like to thank all AIME members for allowing us to be a part of this move to this very prestigious Park Avenue address.

Another remarkable event that has greatly benefited the WAAIMES, is the great stock market which has allowed us to grant the largest amount and greatest number of scholarship/loans in WAAIME history, I believe. Nationally, we funded scholarship/loans for 59 college and graduate students, in an amount totaling in excess of \$200,000. In addition, many of our local sections funded scholarship/loans and grants. Additionally, the National Board agreed to the allocating of funding for students in Mexico for the 1999-2000 school year. (Additional funding plans for our section in Peru are currently being studied.) During the past year, WAAIME funded several emergency grants from our Chest Fund for students for unexpected emergencies, or a school-related need.

Our Education for Tomorrow program has also been expanded due to the largeness of the stock market to include an Essay Contest on "My Favorite Mineral," mineral bookmarks printed in English and Spanish, library resource grants to local sections to assist their schools and programs, and various library materials for distribution to local elementary and secondary schools, and public libraries. The WAAIME membership believes that it is imperative that we encourage the study of the Earth Sciences for our elemen-

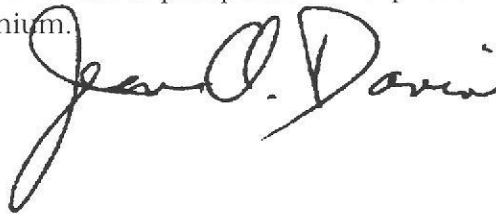


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tary and secondary students in order to attract high-level college students to these majors. We are hoping the stock market continues its meteoric rise into the next century so that we will be able to increase the amount of funding for our various programs.

The WAAIMEs also express our condolences for the pivotal losses AIME had in its membership during the recent year. It is difficult to lose that much talent from any organization. We continue to be supported by our staunchest members, a proportionately increasing, well-experienced population group, as well, who have also become decimated and devastated by key losses. Our biggest concern then becomes the replacement of membership, particularly with younger members to execute our programs. Unfortunately, industry has not been co-operative in assisting us in this pursuit, as more jobs are going overseas, and downsizing or closing of facilities is another harsh reality. Recruitment of membership is the greatest challenge WAAIME faces for the next century. In listening to the various speakers from AIME and its member societies, it is apparent that this endeavor is not ours alone. It would be nice if we could accomplish this goal together.

Our best wishes for a prosperous and productive year and for the next millennium.



### **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.



PricewaterhouseCoopers LLP  
1301 Avenue of the Americas  
New York NY 10019-6013  
Telephone (212) 259 1000  
Facsimile (212) 259 1301

## Report of Independent Accountants

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

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the AMERICAN INSTITUTE of MINING, METALLURGICAL, and PETROLEUM ENGINEERS, INC. ("AIME") at November 30, 1998 and 1997 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of AIME's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

January 8, 1999

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

## Financial Statements

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

## Statements of Financial Position

November 30, 1998 and 1997

<b>ASSETS:</b>		
	<b>1998</b>	<b>1997</b>
Cash and cash equivalents (Note 2)	\$ 578,168	\$ 912,399
Accounts receivable from member societies	9,382	10,358
Accrued interest and dividends receivable	69,251	66,022
Inventory of books	14,900	23,001
Prepaid expenses (Note 7)	223,759	194,945
Loans receivable from member societies (Note 3)	82,430	138,079
Investments at market quotations (Notes 2 and 4)	20,147,845	14,206,133
Advance to United Engineering Trustees, Inc. (Note 5)		265,000
Leasehold improvements, equipment, furniture and fixtures, at cost, less accumulated depreciation of \$10,393 and \$41,700	129,494	15,791
Total assets	<u>\$21,255,229</u>	<u>\$15,831,728</u>
<b>LIABILITIES and NET ASSETS:</b>		
Accounts payable and accrued expenses	\$ 73,290	\$ 87,197
Grants payable to member societies (Notes 2, 5 and 8)	6,130,156	592,500
Total liabilities	<u>6,203,446</u>	<u>679,697</u>
Net assets (Notes 2 and 9):		
Unrestricted		
Undesignated	375,195	1,160,469
Designated for long-term investment	11,780,679	11,357,375
	<u>12,155,874</u>	<u>12,517,844</u>
Temporarily restricted	2,487,218	2,225,496
Permanently restricted	<u>408,691</u>	<u>408,691</u>
Total net assets	<u>15,051,783</u>	<u>15,152,031</u>
Total liabilities and net assets	<u>\$21,255,229</u>	<u>\$15,831,728</u>

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

## Statement of Activities

For the year ended November 30, 1998 and 1997

	1998	1997
<b>Unrestricted:</b>		
Revenue and gains:		
Contribution from UET from sale of UEC (Note 5)	\$ 8,298,851	
Investment return (Notes 2 and 4)	1,498,316	\$1,469,777
Offshore Technology Conference fees	88,886	55,402
Dues and assessments from member societies	23,596	25,207
Sale of books and publications	40,064	45,710
Royalties and other revenue	116,771	63,086
Net assets released from restrictions (Note 10)	65,973	121,802
	<u>10,132,457</u>	<u>1,780,984</u>
Expenses (Note 11):		
Programs:		
Grants to member societies from sale of UEC (Note 5)	8,167,322	
Special projects	1,210,973	706,312
Federation support	249,160	215,910
Medals and awards	144,704	122,505
Meetings	137,965	104,663
Books and publications	78,384	99,747
	<u>9,988,508</u>	<u>1,249,137</u>
Supporting services—management and general	<u>505,919</u>	<u>346,540</u>
Total expenses	<u>10,494,427</u>	<u>1,595,677</u>
Change in unrestricted net assets	<u>(361,970)</u>	<u>185,307</u>
<b>Temporarily Restricted:</b>		
Investment return (Notes 2 and 4)	327,695	320,991
Net assets released from restrictions (Note 10)	<u>(65,973)</u>	<u>(121,802)</u>
Change in temporarily restricted net assets	<u>261,722</u>	<u>199,189</u>
Change in total net assets	(100,248)	384,496
Net assets, beginning of year	<u>15,152,031</u>	<u>14,767,535</u>
Net assets, end of year	<u><u>\$15,051,783</u></u>	<u><u>\$15,152,031</u></u>

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



## Financial Statements

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### Statements of Cash Flows

*For the year ended November 30, 1998 and 1997*

	1998	1997
Cash flows from operating activities:		
Change in net assets	\$ (100,248)	\$ 384,496
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,230	5,094
Loss on disposition of fixed assets	7,037	
Net realized and unrealized appreciation on investments	(1,461,421)	(1,462,215)
Changes in operating assets and liabilities:		
Accrued interest receivable	(3,229)	(20,669)
Accounts receivable from member societies	976	(2,669)
Inventory of books	8,101	14,497
Prepaid expenses	(28,814)	(124,713)
Accounts payable and accrued expenses	(13,907)	(15,400)
Accounts payable to member societies	5,537,656	96,200
Net cash provided by (used in) operating activities	3,953,381	(1,125,379)
Cash flows from investing activities:		
Proceeds from sales of investments	29,780,046	13,682,745
Acquisition of investments	(34,260,337)	(11,980,310)
Repayment of loans receivable from member societies	55,649	52,408
Repayment of advance to UET	265,000	
Purchase of leasehold improvements, equipment, furniture and fixtures	(127,970)	(1,475)
Net cash (used in) provided by investing activities	(4,287,612)	1,753,368
Cash flows from financing activities:		
Repayment of loan payable on behalf of UET		(14,477)
Net cash used by financing activities		(14,477)
Net (decrease) increase in cash and cash equivalents	(334,231)	613,512
Cash and cash equivalents, beginning of year	912,399	298,887
Cash and cash equivalents, end of year	\$ 578,168	\$ 912,399

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



## Notes to Financial Statements

### 1. Business:

Organized in 1871, the 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 Minerals, Metals and Materials Society ("TMS"), the Iron & Steel Society ("ISS"), and the Society of Petroleum Engineers ("SPE"). AIME provides funding for overarching programs (programs conducted by AIME that carry out AIME's purpose) and funding for member-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. The UET owned the United Engineering Center ("UEC"), a building located on East 47th Street in New York City, leased office facilities to AIME, maintained a free public library, and maintained 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:

#### *Net Asset Classifications:*

AIME 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 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).

#### *Cash and Cash Equivalents:*

AIME considers all highly liquid investments purchased with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents include \$453,730 and \$837,071 designated for long-term investment at November 30, 1998 and 1997, respectively.

#### *Investments:*

Investments are carried at quoted market values. Interest and dividend income from investments is recorded on the accrual basis. Gains or losses on sale of investments are determined on the basis of identified cost. Such gains or losses related to permanently restricted net assets are allocated to the individual funds on the basis of their relative book values at the end of each quarter.

## Notes to Financial Statements

### *Grants to Member Societies:*

Grants for member-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 principles 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, 1998 and 1997, the balance of the loan was \$2,838 and \$19,723, respectively. The loan bore interest at 2.04% per annum at November 30, 1998 and 1997.

### *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, 1998 and 1997, the balance of the loan was \$34,592 and \$68,356, respectively. The loan bore interest at 2.04% per annum at November 30, 1998 and 1997.

### *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. During fiscal 1997, the Foundation's Board approved repaying the loan with payments of \$5,000 in 1997 and 1998 and payments of \$10,000 per year over the four following years. At November 30, 1998 and 1997, the balance of the loan was \$45,000 and \$50,000, respectively.

## 4. Investments:

Investments consisted of the following at November 30, 1998 and 1997:

	1998		1997	
	Cost	Market Value	Cost	Market Value
U.S. Treasury securities	\$ 1,794,072	\$ 1,788,460	\$ 1,773,019	\$ 1,776,826
U.S. Government agencies securities	861,410	868,212	852,570	872,525
Corporate bonds	1,086,760	1,094,563	1,046,735	1,130,232
PIMCO low duration (short-term debt) mutual fund	5,634,392	5,634,392		
Equity securities	10,350,972	10,762,218	8,842,017	10,426,550
Total	<u>\$19,727,606</u>	<u>\$20,147,845</u>	<u>\$12,514,341</u>	<u>\$14,206,133</u>

Investment return and its classification in the statement of activities for fiscal 1998 were as follows:

	Unrestricted	Temporarily Restricted	Total
Dividends and interest	\$ 356,978	\$ 79,927	\$ 436,905
Realized gains	2,244,889	488,085	2,732,974
Unrealized losses	(1,044,464)	(227,089)	(1,271,553)
Investment advisory fees	(59,087)	(13,228)	(72,315)
Total return on investments	<u>\$1,498,316</u>	<u>\$327,695</u>	<u>\$1,826,011</u>

Investment return and its classification in the statement of activities for fiscal 1997 were as follows:

	Unrestricted	Temporarily Restricted	Total
Dividends and interest	\$ 339,945	\$ 74,714	\$ 414,659
Realized gains	2,273,772	500,486	2,773,722
Unrealized gains	(1,072,772)	(238,735)	(1,311,571)
Investment advisory fees	(70,632)	(15,474)	(86,106)
Total return on investments	<u>\$1,469,777</u>	<u>\$342,467</u>	<u>\$1,790,768</u>

## 5. Transactions with United Engineering Trustees, Inc. ("UET"):

In accordance with an agreement among the Founder Societies of UET, the Founder Societies were to permanently maintain their respective principal offices in the UEC and pay a pro rata portion of the operating costs of the UEC. AIME's share of these costs during each of fiscal 1998 and 1997 was \$56,102 and \$74,804, respectively. 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 the UET (\$265,000 for AIME). Such advances would be payable only upon the dissolution of the UET, and then only out of such portion of the reserve fund of the UET as may be appropriated for such purpose by the UET Board. AIME's advances to the UET bear interest at 4%.

In fiscal 1997, the UET entered into an agreement to sell the UEC for \$53,500,000. Pursuant to the agreement, which was approved by the Attorney General of the State of New York in September 1997, the sale proceeds were to be disbursed to the UET Founder Societies.

In October 1998, UET sold the UEC. From the sale proceeds, UET repaid the \$265,000 advance to AIME and contributed \$8,298,851 to AIME. The proceeds were placed in a separate mutual fund account and AIME's Board of Trustees approved a plan to distribute the \$8,298,851 and accumulated investment income. The plan of distribution provides for the following;

- A) \$150,000 was retained by AIME for its new AIME Headquarters at Three Park Avenue, New York, NY; and
- B) One-third of the remainder was disbursed in October 1998 to the four member societies for them to help carry out the mission of AIME (see Note 1):

SME - (30%)	\$ 839,379
TMS - (20%)	559,586
ISS - (20%)	559,586
SPE - (30%)	<u>839,379</u>
	<u>\$2,797,930</u>

## Notes to Financial Statements

- C) The balance of the funds and accumulated investment income will be distributed to the member societies in the future.

As of November 30, 1998 the balance in the account was \$5,634,392, consisting of the \$265,000 advance discussed above and \$5,369,392 for subsequent distribution to the member societies.

### 6. Other Commitments and Contingencies:

On June 30, 1998, AIME entered into an operating lease agreement for office space at Three Park Avenue, New York, NY. The lease expires on December 15, 2005. Rent expense, consisting of base rent and additional rent for operating expenses, was \$12,130 under this lease in fiscal 1998. Prior to October 1998 AIME shared office facilities with UET (see Note 5).

Future minimum lease payments required under operating leases as of November 30, 1998 were as follows:

Fiscal Year	
1999	\$ 53,925
2000	66,462
2001	66,462
2002	66,462
2003	66,462
Thereafter	138,462
	<u>\$458,235</u>

### 7. Retirement Income Plan:

*Defined Benefit 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, through May 1998, Loomis, Sayles & Company, L.P. Plan assets are invested in growth common stocks and fixed income securities.

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, 1997 and 1996:

	1998	1997
Accumulated benefit obligation, including vested benefits of \$704,261 and \$680,169, respectively	\$ 706,375	\$ 681,822
Projected benefit obligation	722,265	693,355
Plan assets at fair value	<u>695,523</u>	<u>668,204</u>
Plan assets (less than) projected benefit obligation	(26,742)	(25,151)
Unrecognized prior-service cost	23,561	31,421
Unrecognized net loss	115,631	89,829
Unrecognized net assets at December 1, 1986 being recognized over 12 years		<u>(10,124)</u>
Prepaid retirement income plan cost included in accrued expenses	<u>\$ 112,450</u>	<u>\$ 85,975</u>

Net retirement income plan cost for fiscal 1998 and 1997 included the following components:

	1998	1997
Service cost	\$ 18,819	\$ 5,874
Interest cost	50,335	50,661
Projected return on plan assets	(55,994)	(47,237)
Amortization of unrecognized prior-service cost	7,860	7,860
Amortization of transition asset	(10,124)	(10,130)
Amortization of net loss	4,213	1,737
Net retirement income plan cost	<u>\$ 15,109</u>	<u>\$ 8,765</u>

For fiscal 1998 and 1997, the projected benefit obligation was determined at a weighted-average discount rate of 7.25% 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%.

*Defined Contribution Plan.* AIME also participates in a contributory multiple employer defined contribution employee savings plan covering all full-time employees of AIME and its four member societies. AIME contributed approximately \$9,500 and \$11,200 to this plan in fiscal 1998 and 1997, respectively.

#### 8. Amounts Payable to Member Societies:

Amounts payable to member societies consisted of the following at November 30, 1998 and 1997:

	1998	1997
SME	\$ 62,378	\$ 53,500
TMS	51,884	
ISS	77,584	104,000
SPE	568,918	435,000
Amount payable to member societies from the sale of UEC (Note 5)	5,369,392	
Total	<u>\$ 6,130,156</u>	<u>\$592,500</u>

#### 9. Net Assets:

Net assets consisted of the following at November 30, 1997 and 1996:

	1998	1997
Unrestricted net assets:		
Undesignated	\$ 375,195	\$1,160,469
Designated for long-term investment	<u>11,780,679</u>	<u>12,517,844</u>
	12,155,874	
Temporarily restricted net assets for the following purposes:		
Medals and awards	867,453	770,643
Books and publications	821,318	753,604
Scholarships	<u>798,447</u>	<u>701,249</u>
	2,487,218	2,225,496
Permanently restricted net assets are restricted to:		
Investment in perpetuity, the income from which is expendable to support:		
Scholarships	176,363	176,363
Books and publications	146,000	146,000
Medals and awards	75,862	75,862
Unrestricted purposes	<u>10,466</u>	<u>10,466</u>
	408,691	408,691
Total net assets	<u>\$15,051,783</u>	<u>\$15,152,031</u>

#### 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 1998 and 1997:

	1998	1997
Books and publications	\$ 24,343	\$57,272
Medals, awards and scholarships	41,630	30,646
Other		33,884
	<u>\$65,973</u>	<u>\$121,8028</u>

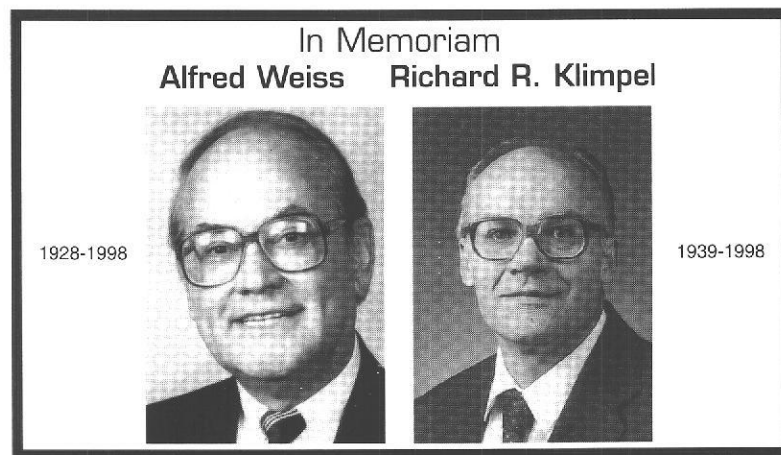
## 10. Functional Classification of Expenses:

Fiscal 1998 expenses have been classified as programs and supporting services as follows:

	Special Projects	Federation and Support	Medals & Awards	Meetings	Books and Publications	Supporting Services			1998	1997
						Total	Programs	Management and General	Total	Total
Grants to member societies from sale of UEC	\$8,167,322**					\$8,167,322			\$8,167,322	
Member-direct										
program's grants	1,109,000					\$1,109,000			\$1,109,000	\$ 647,589
Payroll and employee benefits	14,123	\$ 62,769	\$ 26,677	\$ 37,662	\$ 15,692	156,923	\$128,391	285,314	285,314	285,157
Audit, legal services and other professional services	11,926	53,004	22,527	31,803	13,251	132,511	122,318	254,829	157,2781	
Medals, awards and scholarships		84,186	74,630			74,630	94,808	169,438	59,530	
Federation support						84,186		84,186	71,796	
Rent	3,193	14,192	6,032	8,516	3,548	35,481	32,751	68,232	74,804	
Overarching programs	65,000					65,000		65,000	22,749	
AIME Board activities and retreat				28,443		28,443	28,443	56,886	29,373	
Supplies, postage, maintenance and repairs	2,645	11,754	4,995	7,053	2,938	29,385	27,124	56,509	52,308	
Publication expenses						24,343	7,371	31,714	57,272	
Meetings	220			10,536	220	10,976	10,546	21,522	9,012	
Insurance	665	2,956	1,256	1,773	739	7,389	7,099	14,488	13,404	
Free books						12,985		12,985	6,473	
Depreciation and amortization		1,626	651	976		3,254	3,977	7,230	5,094	
Other	4,201	18,673	7,936	11,203	4,668	46,681	43,091	89,772	103,838	
Total	\$1,210,973	\$249,160	\$144,704	\$137,965	\$78,384	\$9,988,508	\$505,919	\$10,494,427	\$1,595,677	

\*\* This amount, \$8,167,322, represents a "Special Grant;" it is not in the column total, but is added to the overall total.

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