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

2002 Annual Report

One hundred and thirty-first year

December 1, 2001 - November 30, 2002

Contents

Report of the President .................................................. 1
Board of Trustees.......................................................... 4
Report of the 131st Annual Meeting.................................. 8
Honors and Awards......................................................... 9
Past Presidents and Honorary Members............................. 11
Legion of Honor – Fifty-Year Members.............................. 12
Report of the WAAIME (Woman's Auxiliary to AIME)........... 13
Statement of Independent Accountants............................ 15
Financial Statements...................................................... 16
Notes to Financial Statements........................................ 18

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 2002 President

The year 2002 was clearly a transitional one for AIME! During the March Annual Meeting at Opryland in Nashville, Tennessee, the Board of Trustees took a decision to reduce the number of Trustees from twelve to eight; two from each of the member societies. Later at the Summer meeting in San Antonio, the Board elected to move the AIME office from New York City to Littleton, Colorado by May 31, 2003.

As the United States and world economies began to deteriorate in 1999-2000, the AIME Board began to study ways and means to assure the future economic viability of the Institute and preserve its storied traditions. These studies were conducted by the Strategic Direction Committee based on a Board decision at the Denver Annual Meeting in 2000. Over the span of 1998 through 2002, the Institute’s financial portfolio declined from $14 million to $8 million. Decisions needed to be taken to preserve the Institute.

The four member societies were asked to consider submitting a proposal to AIME for the relocation of the AIME Headquarters Office to achieve the following: (1) preserving the AIME tradition and heritage including the important awards program, (2) maintaining our representation in AABS, UEF and ABET and achieving a total operating cost range of $500,000 to $550,000. Two of the societies elected to submit a proposal, SME and ISS. The proposals were deemed to be very close, but the Trustees elected to accept the SME proposal. Their headquarters is located in Littleton, Colorado.

As this report is being prepared, AIME has approved the hiring of Mr. J. R. (Rick) Rolater as part-time executive director for the Colorado office. Rick is eminently qualified for this important position; he also happens to be the son-in-law of Mr. Joe Alford, the AIME ED from 1970 to 1981. Also, an agreement is essentially complete for offices and services requirements for AIME by SME. The physical office move will take place between April 1 and May 31, 2003.

I must commend our existing executive director, Ms. Nellie Guernsey, Mrs. Arlene Philon, and Mrs. Carin Cantzler for their diligent efforts during the studies that were required to reach these very difficult decisions. They have been most helpful in maintaining a consistent, on-going program on behalf of AIME over this three-year period. WAAIME has continued their programs thanks to Mr. Norman Odden and effective officer leadership.

Significant progress has been made in achieving the objectives of the AIME Board of Trustees. An eight-member Board should be more efficient and cost effective, and the move to Littleton should permit a reduction in the annual operating costs (including awards) that has been targeted.

It is in the interest of AIME that the final phase of this move be made as seamlessly as possible. This will assure the longer-term objective of protecting the traditions and continued viability of AIME as one of the Engineering Founder Societies in the United States.

IN MEMORIAM

It is with deep personal sorrow as well as a great sense of long-term loss to AIME that I again note the untimely death of dear friend and colleague, Mr. Grant P. Schneider. I enjoyed serving with Grant and getting to know him as a professional and a family man. He did AIME a great service as our President in 2001.
AIME celebrated its 131st year with the Iron and Steel Society at their Annual Meeting in Nashville, Tennessee on March 9 and 10, 2002. The AIME banquet and awards ceremony was a memorable occasion. This was the last formal occasion for Grant Schneider to function as AIME President. He did a masterful job in all respects. Grant was a dignified, courageous man; one that I greatly admired.

An accounting of the 131st Annual Meeting keynote session and the awards ceremony may be found on page 8, followed by the names of the various award winners. I wish to thank both the ISS and AIME staffs for organizing this event and to express my appreciation to ISS leadership for creating such an inviting host environment.

The 2003 Annual Meeting will be in New York City at the Three Park Avenue Headquarters Office. AIME awards recipients will receive their recognition and awards in conjunction with the SPE Annual Meeting in Denver, Colorado on October 6, 2003. On Sunday, March 30th, I will be handing over the gavel to Dr. Robert H. Wagoner of TMS. Good luck to Dr. Wagoner as we follow his leadership.

GOVERNMENT AFFAIRS THROUGH AAES

AIME government affairs and public awareness of engineering activities continued during 2002 through the American Association of Engineering Societies (AAES) located in Washington, DC.

AAES reorganized itself in 2001-2002, a reorganization triggered by the effect of the deteriorating economy and the impact of dues on the AAES Member Societies, which number more than twenty-five. AIME's annual dues were reduced by one-third as a result of the reorganization.

AAES went from a 25+ member Board of Governors to a 9-member Board and the elimination of the Executive Committee. Two caucuses were created and each member society could elect which one to join. Caucus A was allocated five seats on the Board and Caucus B four seats. AIME elected to join Caucus A. Each caucus was entitled to one Executive Director and all other Board members were required to be Society current presidents or past presidents. The new, smaller board meets several times per year. The entire membership is required to vote on the annual dues. Twice a year there are Assemblies for the member societies, typically represented by the sitting president, president-elect, and executive director of each organization. The purpose of the Assemblies is to showcase the AAES activities and invite speakers and organizations from the Washington community in order to keep the member societies current and to consider future activities.

One of the most ambitious and far reaching activities of AAES has been Voices of Innovation, a series of two-minute radio spots that are currently heard on some 70 radio stations throughout the US plus Voice of America and Armed Forces Radio. All of the AIME Member Societies were encouraged to provide input to the radio spots.

FINANCE

You are invited to review the audited financial statement for the AIME Corporation for fiscal year 2002 (ending November 30, 2002) starting on page 15 of this report. This is the fourth year the audit firm selected in 1999 audited the AIME Corporation and the combined savings plan for AIME and the member societies.
AIME assets decreased $2.0 million from the end of fiscal year 2001 to $8.5 million at the end of fiscal year 2002.

During 2002, AIME continued to look at the most cost effective and efficient ways to handle its financial functions and to achieve cost reductions in all areas of the operation. The level of $850,000 to $950,000 seems to be the minimum achievable in New York City.

INTER-SOCIETY AFFAIRS

UNITED ENGINEERING FOUNDATION (UEF)

I am pleased to report that AIME continues its effective involvement in the government of the UEF. UEF has also taken major cost reduction measures, and a part-time executive director has been hired, Dr. David L. Belden.

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. One of the ways we worked together in 2002 was to implement the United Engineering Foundation grant to AAES for *Voices of Innovation*, daily two-minute radio spots directed toward enhancing the public's awareness of engineers and engineering. We also had the opportunity to approve a UEF grant to the Iron & Steel Society.

ABET

The Institute also retained its relation 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. Continued ABET participation will be reviewed for the future since all four of our member societies are members as well. Several of the member societies offer accreditation workshops at their conferences.

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 the privilege of representing AIME on many auspicious occasions, including the inauguration of Dr. Gates as Texas A&M University President during the Autumn of 2002. I reflect with great gratitude and affection on my visits to the local sections and the opportunity to strengthen AIME's ties with its Member Societies and with the other Founder Societies.

I've had the privilege of serving three times on the AIME Board of Trustees, spanning the late 1980s, all of the 1990s and the early 2000s. 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, others and especially the AIME Past Presidents for their dedicated support during the past year. I also congratulate and pledge my full support to 2003 President, Dr. Robert Wagoner, and the new eight-member Board of Trustees, all of whom are depicted on the following pages.

George K.PING

- 3 -
Officers and Trustees

AIME

OFFICERS AND TRUSTEES
2003

OFFICERS

PRESIDENT AND TRUSTEE

Robert H. Wagoner is George R. Smith Professor in engineering at the Ohio State University. With principal appointment in the Department of Materials Science and Engineering, he is also professor of Mechanical Engineering, and director of the Center for Advanced Materials and Manufacturing of Automotive Components. Professor Wagoner is a member of the National Academy of Engineering and Fellow of ASM International. He received BS, MS, and PhD degrees from Ohio State and is the author of over 200 technical articles and several proceedings and books. His research has received national recognition, including the Robert Lansing Hardy Gold Medal, Rossiter W. Raymond Memorial Award (twice), Presidential Young Investigator Award, and Champion H. Mathewson Gold Medal. He has been President of TMS, 1997-98; President of the TMS Foundation, 1998-99; Trustee of AIME, 1997-99; Trustee of Orton Ceramic Foundation, 1992-96; and Director of the OSU Research Foundation, 1990-94. Prof. Wagoner was made a Fellow of TMS in 2003.

PRESIDENT-ELECT AND TRUSTEE

Robert C. Freas is senior vice president-marketing of Franklin Industrial Minerals, Nashville, TN. Prior to joining Franklin Industries in 1985 he was director of operations and corporate secretary of Limestone Products Corporation. Mr. Freas’ prior experience also includes chief geologist for Dravo Corporation and work 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 for almost 30 years and was the 1994 President. He served on the SME 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. Mr. Freas served on the AIME Board from 1998-1999. He 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.
PAST PRESIDENT AND TRUSTEE

George H. Sawyer, 2002 AIME President, retired from Exxon International in 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 levels. During the 1960s he worked with the SPE staff in planning and implementing the Offshore Technology Conference which was held in May of 1969. He has chaired the International E&P Forum based in London and served on numerous API committees. Mr. Sawyer served as a member of the AIME Board of Trustees from 1988-1990 and again in 1996-97. He remains active in SPE and in assisting several universities with MBA and engineering programs.

Alan W. Cramb is the Posco Professor of Iron and Steelmaking and Head of the Department of Materials Science and Engineering at Carnegie Mellon University (CMU). Dr. Cramb received his PhD from the University of Pennsylvania in 1979 and was employed first by the Inland Steel Company (1979-81) and then by the Bethlehem Steel Company at the Homer Research Laboratories (1981-86). In 1986 he joined Carnegie Mellon University and became a co-director of the Center for Iron and Steelmaking in 1990. His research interests include casting processes, solidification, clean steel manufacture and the processing of titanium alloys. He is the author of over 140 publications, holds 2 patents, was the recipient of the AISI Medal in 1985 and 1986, and the Robert Woolston Hunt Award of ISS in 1987. He was named an Iron and Steel Society Professor in 1992 and was awarded the Benjamin Richard Teare Award at CMU for excellence in engineering education in 1995. Dr. Cramb was the recipient of the Posco Chair for Iron and Steelmaking in 1997 and was President of the Iron & Steel Society in the year 2000. Most recently, he was made a Fellow of the Iron & Steel Society (2000) and named the John Elliott lecturer in 2002.

TRUSTEES

William P. Barker is area manager of hot mill slab yards, reheat furnaces and finishing at National Steel Corp., Great Lakes Operation. He earned his bachelor's degree in metallurgy and materials science from Lehigh University in 1973 and began working at Great Lakes that same year. During his career at National Steel Corp., Mr. Barker progressed through positions in quality assurance, steelmaking operations technology, research, and hot rolling operations. The 2003 Iron & Steel Society President has served as past chairman of the Steelmaking Division and the ISS Publications Committee. He served as chairman of the ISS Transition Team which designed the process for creating and planning ISSTech 2003. He also worked as a project engineer in AIME's Transformation Project and served as chairman of AIME's Overarching Programs, focusing on electronic publishing. Mr. Barker serves as his community's school board secretary and as finance chairman of the Board of Directors of the Graysone International Jazz Museum in Detroit, Michigan.
DeAnn Craig is presently a PhD student at the Colorado School of Mines. Ms. Craig started her professional career in 1989 as a petroleum engineer at Mobil Oil Corp. and Phillips Petroleum Corporation. From 1989-1992 she was West Area Operations Manager at Phillips Petroleum, then from 1992-1994 she became Manager, Worldwide Drilling and Production, and President, Phillips Petroleum Resources Ltd (1994-1996). From 1996-1999 Ms. Craig was Federal Relations Representative, Phillips Petroleum Company, in Washington, DC. Ms. Craig received BS degrees in mineral engineering chemistry and chemical and petroleum refining engineering from Colorado School of Mines in 1973 and 1980, respectively, a Masters of business administration from Regis University, and MSc degrees in international political economy and mineral economics and business, also from the Colorado School of Mines. Ms. Craig is a member of SPE, the American Economic Association, and the Colorado School of Mines Alumni Association. She was the 1998 President of SPE. In 1987, Ms. Craig received the SPE Young Member Service Award; president of the Colorado School of Mines Alumni Association in 1988, Visiting Committee, Colorado School of Mines Chemistry Department (1997, 1999); and Distinguished Achievement Medal (1999).

Michael Karmis is Stonie Barker Professor of the Mining and Minerals Engineering Department, Virginia Tech and director of the Virginia Center for Coal and Energy Research. He earned his BS and PhD degrees in Mining Engineering from Strathclyde University, Scotland. He has authored more than 150 scientific papers, reports, Proceedings volumes and textbooks. He has directed or co-directed about 40 major research projects and has served as advisor to 30 post-graduate students. Dr. Karmis has been active within the Society for Mining, Metallurgy and Exploration (SME), has served for 10 years on the SME Board of Directors, and he is currently the 2002 SME President. A professional engineer in the USA, and a licensed engineer (Eur Ing) in Europe, Dr. Karmis has been active in consulting with the minerals industry, consulting companies, government organizations and legal firms. He is a Distinguished Member of the SME, a Fellow of the Institute of Quarrying and a Fellow of the Institute of Mining and Metallurgy. He has received numerous recognitions and awards from major scientific, professional and industrial organizations.

Dan J. Thoma received his BS degree in Metallurgical Engineering from the University of Cincinnati. During that time, he worked at NASA-Lewis Research Center in Cleveland, OH. He continued his education at the University of Wisconsin at Madison, where he received his MS and PhD degrees in metallurgical engineering. Dr. Thoma has been employed at Los Alamos National Laboratory since 1992, where he is currently the team leader and project leader for Alloy Design and Development within the Metallurgy Group in the Materials Science and Technology Division. Dr. Thoma is very active in professional society activities. He is a current member of TMS, ASM, MRS, and ACerS. Within TMS he has served two terms on the Board of Directors as programming director. In addition, he is the chair of the Solidification Committee and serves on the Powder Materials Committee and the Nuclear Materials Committee. He has also served on the Education Committee and MPMD. Dr. Thoma is the 2003 TMS president.
Leonard G. Nelson, Jr., Vice President-Finance, is retired from LTV Steel Company. He joined Republic Steel 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 forty 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 Management Program at the University of Michigan. Mr. Nelson is a lifetime member and Distinguished Member of ISS; 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. Since 1996 he has been president of the ISS Foundation and was an ad hoc member of the Advanced Technology Committee, Human Resource Group. He was the 1997 AIME president.

Nellie E. Guernsey, AIME Executive Director and Secretary, assumed this assignment in August 1998. She has been elected to the AAES (American Association of Engineering Societies) Board of Governors and previously served on the Executive Committee. She represents AIME on the ABET Board, the United Engineering Foundation (UEF) Board to which she has been elected Treasurer; she represents AIME and the Founder Society Executive Directors on the JETS Board. Prior to joining the staff of AIME, she was active in industry. From 1981 she was vice president of Mineral Systems International in Stamford, CT and, as a principal of Guernsey Management Services, was a contractor to AIME. 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. For several years she was also a part-time adjunct professor of Management and of Management Science at Pace University. She has been published in technical journals and presented papers in the United States and abroad. Ms. Guernsey has a BS 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 30 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.
AIME celebrated its 131st Annual Meeting in Nashville, Tennessee, March 9-11, 2002, in conjunction with the 81st Steelmaking and 57th Ironmaking Conferences of the Iron & Steel Society (ISS). The Opryland Hotel was the headquarters hotel for both AIME and SME. The Opryland Hotel Convention Center was the location of the AIME All-Institute keynote session and the ISS technical sessions.

Exemplifying its spirit of progressive information change, AIME and ISS were pleased to offer a glimpse of the international marketplace future through an Opening Session entitled “The Globalization of the Iron and Steel Industry.” This innovative joint opening session was the premiere topic of the conference. Industry leaders from US Steel, Whirlpool and CSM Worldwide Inc. (an automobile manufacturer) revealed insight into the future of the worldwide marketplace. The All Institute Keynote Session took place on Monday, March 11 at 8:30 A.M. Charles C. Gedeon, Executive Vice President, US Steel; Douglas Egerton, Global Commodity Director of Metals and Motors, Whirlpool Corporation; Michael Robinet, Director of Forecast Services, CSM Worldwide Inc. were the speakers. H. J. Williams, Manager, Battery Preservation, USX Corp. and T. J. Russo, Manager, Bethlehem Steel Corporation were moderators of the Keynote Session.

The 131st AIME Annual Banquet and Awards Ceremony was held on Monday evening, at the Opryland Hotel. 2001 President Grant P. Schneider served as master of ceremonies for the awards program during which the major AIME awards were presented and Honorary Memberships were conferred. The winners of honors and awards and the honorary members are listed on the following pages. Following the ceremony, Mr. George H. Sawyer, SPE, was installed as 2002 AIME President.

The 132nd AIME Annual Meeting will be held in New York, March 29-30, 2003. The AIME Annual Banquet and Awards Ceremony will be held in conjunction with the SPE Awards Ceremony on Monday evening, October 6, 2003 in the Denver Convention Center, Denver, Colorado.
Recipients of Honors and Awards Presented by AIME in 2002

2001 HONORARY MEMBERS

Jacques Bosio SPE
"For major contributions to advancing the technology and field application of horizontal well systems, subsea production systems and high-pressure gas compression facilities; and for his commitment to advancing the global mission of the Society."

Edgar C. Capen SPE
"For profound and lasting contributions in advancing the industry’s understanding of risk assessment and creative problem solving in upstream economic analysis and competitive bidding technologies."

J. P. Hirth TMS
"For his accomplishment as a researcher in dislocation theory, evaporation and growth, and phase transformation and as a teacher for generations of materials scientists and engineers."

James Douglas Gold Medal
K. Marc Le Vier SME
"For his efforts in the research and development of new processes to treat refractory gold ore."

Benjamin F. Fairless Award
Howard K. Worner ISS
"For his contributions, over more than sixty years, to the development of novel concepts and processes that have impacted the international steel industry. His pioneering research includes: fully fluxed sintering, coal blending for coke making, continuous refinement of steel, melting of iron oxide composites, the Worner iron bath smelting furnace, direct ironmaking, use of low ranked coal for smelting, microwave assisted smelting and treatment of metallurgical wastes."

Hal Williams Hardinge Award
Nikhil C. Trivedi SME
"For outstanding contributions to industrial minerals research and development which have led to increased recognition worldwide of the value of industrial minerals for the paper, polymers and building products industries."

Anthony F. Lucas Gold Medal
Abbas Firoozabadi SPE
"In recognition of distinguished achievement in improving the technique and practice of finding and producing petroleum through his work on thermodynamics of hydrocarbon reservoirs and production, multiphase flow in fractured porous media and hydrocarbon reservoir performance."

Robert Earl McConnell Award
L. Kent Thomas SPE
"For significant contributions in advancing reservoir simulation modeling leading to an optimally enhanced understanding of strategically important petroleum resources."

Erskine Ramsay Medal
Syd S. Peng SME
"For his significant accomplishments as an engineer, educator, researcher, and consultant to the mining of ground-control and longwall-mining theory and practice."
Honors and Awards

**CHARLES F. RAND MEMORIAL GOLD MEDAL**

Walter Curlook

“For inspirational leadership, superlative administrative skills and innovative accomplishments, that resulted in increased efficiency, productivity and worker health and safety in mines and metallurgical operations throughout the world.”

Robert H. Richards Award

Kenneth N. Han

“In recognition of his status as a world-class metallurgist that has been exemplified by his consistently strong mineral beneficiation, hydrometallurgical research, scholarly contributions, outstanding teaching, mentorship and overall service to the minerals industry.”

William Lawrence Saunders Gold Medal

Robert W. Schafer

“For exemplary leadership as an explorationist geologist, executive and entrepreneur in the global minerals industry and his many contributions to the world’s leading technical and scientific organizations.”

AIME Distinguished Service Award

Wayne E. Glenn

“For resolute commitment to the Institute throughout a career spanning seven decades; for proactive promotion of the highest standards for professionals; and for his leadership among former AIME Presidents in support of the Institute’s mission.”

Rossiter W. Raymond Memorial Award

Christopher A. Schuh

TMS

TITLE OF PAPER:

“Model Gas Diffusion into Metals with a Moving-Boundary Phase Transformation.”

Mineral Industry Education Award

W. John Lee

SPE

“A world-class scholar whose ability to apply cutting-edge technology to achieve practical benefits in industry and education has inspired hundreds of students to successful careers.”

Mineral Economics Award

B. P. Huddleston

SPE

“For his ability to transfer economic and accounting knowledge to practice through his industrial and governmental involvement, and for training a cadre of new Petroleum Engineering students in the art of economics.”

AIME Environmental Conservation Distinguished Service Award

Gordon E. Forward

ISS

“In recognition of his significant contributions to the field of waste minimization through by-product synergy.”

Frank F. Aplan Award

S. Komar Kawatra

SME

“For his significant and sustained contributions in education, research, and service to the field of minerals processing of coal and non-fuel minerals.”
## AIME Past Presidents

<table>
<thead>
<tr>
<th>Name</th>
<th>Year</th>
<th>Name</th>
<th>Year</th>
<th>Name</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harold W. Paxton</td>
<td>1982</td>
<td>Roshan B. Bhappu</td>
<td>1992</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## 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.**

<table>
<thead>
<tr>
<th>Name</th>
<th>Year</th>
<th>Name</th>
<th>Year</th>
<th>Name</th>
<th>Year</th>
<th>Name</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nathaniel Arbiter</td>
<td>1975</td>
<td>Donald W. Gentry</td>
<td>1999</td>
<td>Necemetin Mungan</td>
<td>1996</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edmund C. Babson</td>
<td>1985</td>
<td>Dennis E. Gregg</td>
<td>1999</td>
<td>Earl R. Parker</td>
<td>1982</td>
<td></td>
<td></td>
</tr>
<tr>
<td>John M. Campbell, Sr.</td>
<td>1993</td>
<td>J. P. Hirth</td>
<td>2001</td>
<td>Joseph G. Richardson</td>
<td>1987</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Legion of Honor

Legion of Honor Fifty-Year Members - Class of 1952
279 Society Members added

Society for Mining, Metallurgy, and Exploration - 92 members

Ernest R. Acheson
Donald B. Achterberg
Allen E. Agnew
R. Lee Axt
Ray W. Ballmer
Herman L. Bauer, Jr.
R. R. (Ray) Beebe
Alfred E. Boerner
Paul E. Boswell
Robert E. Brandt
Elza E. Burch
Richard E.
Chamberlain
O. Charles Chapman
James W. Cole
Edward B. Connors
Russell M. Coit
Jack V. Desvaux
Wayne R. Dolesek
William H.
Dulhing, Jr.
James M. Fox
John E. Frost
Thomas R. Fuller
Louis A. Gaz
Warren C. Gede
Ray E. Gilbert
Charles M. Goin
John W. Godth
Wayne D. Gould
W. Henry Hamilton
Tom E. Hearon
Francis T. Hearng
Marvin A. Hustad
Iwao Iwasaki
Warren J. Jenkins
Paul L. Jones
Wilton C. Jones, Jr.
Douglas E. Julin
Manuel C. Kabana
F. P. Kendall
Owen Kingman
Edmund J. Korber
George F. Learning
Ernest K. Lehmann
Adolph E. Leitner
Rachael H. Lewis, Jr.
David A. Livingstone
Robert B. Ludden
Wilfred A. Lyons
Robert J. Marzilli
A. Perry Mason
Joseph F. McAleen
James J. McChesney
Kenneth E. Merkel
James P. Meyers
Robert J. Miller
James D. Molyneux
John L. Neff
Edwin J. O'Connell
Orest E. Palavis
Edwin W. Peake
Charles S. Phillips
Joseph W. Pickard
Irving Rapaport
Immo H. Reedke
Robert L. Redmond
Gary B. Rice
Donald B. Robertson
Robert R. Rylander
George G. Schneider
James W. Shaffer
Robert S. Shoemaker
Jack A. Simon
John P. Simons
Ben H. Slochower
Albert K. Smith, Jr.
Veleir C. Smith, II
Charles A. Sorveto
Thomas E.
Seppenhorn
Howard S. Strouth
Eugene R. Traxler
G. C. Trevarrow, Jr.
John T. Tyson
A. C. Vellguth
Charles R. Waine
Gregorio Waissbluth
Joseph G. Wargo
Paul A. Weyler
James W. Wickham
Donald Wiebe
Robert T. Wilson
Pavel Zima
H. Franklin Zurbrig

The Minerals, Metals & Materials Society - 47 members

Meyer Achter
Arthur Backensto
Robert Bartlett
Richard Bauer
George Binczewski
Howard Birnbaum
Spencer Bush
Robert Carlson
Frank Culhane
Paul Dickson
Edwin Eiswerth
William Hanagan
James Foreman
Malcolm Fraser
Wilbur Gehring
C. Graham
Eric Gregory
Vernon Griffiths
Joseph Gurland
EA. Harris
Toshio Iwasaki
Curis Jaxxon
R. Kibby
Charles Light
Barry Lichter
James Lommel
W. Stuart Lyman
Alfonso Merlino
Oliver Moles
Ernest Peters
John Preson
Eugene Rappaport
William Reynolds
Herman Rosenbaum
Stanley Ruby
Paul Shewmon
F. Shockey
Kay Shope
Philip Stark
Joseph Winter
George Ziegler

Iron & Steel Society - 8 members

Keith R. Bock
Louis Burr
John D. Fatheree, Jr.
Eric Gregory
John J. Hark
K. S. Headland-Morley
Robert W. Joseph
Frank W. Lueressen

Society of Petroleum Engineers - 132 members

Jorge Alkenns V
Thomas A. Banza
Edward C. Barfield
G. Charles Barris
M. H. Bear
Jack F. Berry
Gemer R. Blendermann
Jack E. Bolek
Don R. Bolling
Douglas L. Bostwick
Henry O. Boswell, Jr.
Roy W. Boyd, Jr.
Ross A. Brewer, Jr.
Allan F. Bubke, Jr.
Ernest E. Burns
James G. Burton
Richard Hunter Butler
Gale E. Bunsfield
J. M. Campbell, Sr.
Viakal Caproni
Geme A. Carter
R. W. Cassingham
R. P. Chaboki
Ward M. Clark
Roy D. Coles, Jr.
John K. Crane
George D. Daly, Jr.
Lamar W. Davis, Jr.
Paul J. Donis
Frederick B. Dozier
Jacques L. Elbel
J. K. Elliott
Raymond H. Ellison
Joe E. Eskew, Jr.
Barry L. Evans
Robert H. Everitt
Harvey J. Fitzpatrick
Donald L. Flock
Realest F. Flowerson, Jr.
J. M. Fordson, Jr.
William C. Fox
M. A. R. Gardiner
Ronald M. Gardner
Harry J. Gaston, Jr.
Norman L. Gove
Fred H. Goveaux
A. C. Haggard
William C. Hard
Joe R. Hastings
James H. Hesenberg
Donald E. Hewitt
Richard F. Hinds
Ralph E. Jenkins
Thomas A. Johnson, Jr.
Jack H. Jowle
Donald M. Kehn
Ernest W. Kilgen
Russel Kirke
Herbert A. Klein
Harold H. Knapp
Clement R. Korzekwa
Barry C. Koy
Harry J. Krebs
George P. LaRion
Richard J. Lawson
Howard R. Lowe
John B. Maughn
Leondard McColland
T. E. McGough, Jr.
George M. Mitchell
George P. Mitchell
Kenneth D. Mortarty
Joseph F. Mueller
Joseph F. Newsome
Elizabeth J. Oliver
Perry C. O'Quinn
H. D. O'Connell
Hermain Osnow, Jr.
R. X. Pardavos
John W. Pioncie
Fellow R. Pinner, Jr.
Frank O. Prine, Jr.
L. A. Rappaport
Paul Rapswe
John T. Regean
J. B. Red
John Gabriel Redic
George H. Renace
W. F. Reynolds
W. N. Richardson
I. F. Roebuck, Jr.
E. W. Rogers
David A. Rowland
Edward E. Rue
Gerald W. Russell
Ralph H. Russell
Burton B. Sandford
Walter B. Saucer
William H. Schieman
Clarence R.
Schmaltzhard
Robert C. Sheehan
Charles G. Shortt
Vincent J. Sikora
Richard L. Sloan
Paul C. Smith, Jr.
William C. Soce, Jr.
John E. Stein
William C. Stewart
Cyril R. Summer
Wayne E. Swartnag
Vigil H. Swift
Brook D. Tarbel
Gilbert H. Taude
Gordon E. Tinker
O. E. Trechter, Jr.
R. G. Trudge
John Rush Vann
El. O. Veyska
Jack W. Walker
Chester B. Waterman
Raymond J. Watkins
J. Milton Waye
Charles W. Welby
James A. West
William E. White, Jr.
Lawrence M. Wilson
Harold J. Withrow
J. W. Wood
Harold E. Wright
Thomas S. Wyman
Hal W. Yeager, Jr.
The Woman’s Auxiliary

To the

American Institute of Mining, Metallurgical and Petroleum Engineers, Inc.

3 PARK AVENUE, 17TH FLOOR, NEW YORK, SUITE 17-B
NEW YORK, NY 10016-5998

212/419-7673 • Fax 212/419-7680 • e-mail: WAAIMENY@juno.com

Report of the WAAIME

On behalf of the WAAIME Board of Directors I want to thank AIME and SME for including us in the planning of the AIME move to Littleton, Colorado. We really appreciate your consideration and help. While we are sorry to leave New York City after more than 80 years, we look forward with enthusiasm to this move. After all, we are mining women and this is not the first time we have moved from one mining camp to another! To facilitate the move with AIME we have formed a relocation committee including three Past Presidents, Diane Archer, Jean Davin, and Pauline Dolezal, along with Perin Bhappu and myself. We anticipate our office move to be completed smoothly with its operation uninterrupted.

We recently celebrated our 87th Annual Meeting in Cincinnati, Ohio, where two important events took place. First was the presentation of the President-elect, Helen Steele and the Officers for 2003-2004 and second, the announcement of the new WAAIME Honorary Member, Marie Featherstone, the sweetest lady and hardest working member I have ever met! In May 2003 I will complete my third term as the WAAIME President. I have been a member since 1977. I remember with much affection the first WAAIME Annual Meeting I attended in the United States. It was 1994 when I came to Salt Lake City as the Peru-Lima Section delegate, where I was serving as Vice Chairman. It was a memorable experience for me. Later on I remember I was in Madrid, Spain when I received a fax asking me to accept the nomination to be the 5th Vice President 1995-1996. After eight years serving on the Board of Directors I still see a number of Board members from the time I began who are giving their time to WAAIME; Pauline Dolezal, Iris Whinnen/Owen, Olive Michaelson, Leta Kruger, Aleeta Attra, Inge Lange, Pat McWhorter, Diane Archer, Floralie Millsaps, and Helen Steele. We have to honor and thank all these ladies for their dedication and hard work. As in every other organization there have been some disagreements among the Board members but in my opinion this is positive, constructive and healthy as it brings out the essence of what we are looking for and that is the good for WAAIME.

WAAIME membership has declined during these years as it has in the AIME Member Societies. When I first started serving on the Board of Directors, we had twenty-six Sections. Since that time the Alabama-Tuscaloosa, Alabama-Birmingham, California-Northern, California-Southern, Colorado-Plateau, District of Columbia, Idaho-Coeur d’Alene, New Mexico-Ambrosia Lake, Ohio-Cleveland and Colorado-Denver Sections have all disbanded. We hope that with the WAAIME office moving from New York City to Littleton, Colorado, a new Section in that area may be formed to allow WAAIME to continue helping more students at educational institutions such as the Colorado School of Mines. For many years WAAIME had not opened new sections. While President, I had the opportunity to see three new Sections admitted to membership. The first was
the Mexico-Torreon Section for which we have Eugenia Lomelin to thank for helping with this enthusiastic group. The second, Nevada-Northeast, in the Elko, Nevada area responded WAAIME

Sections have increased our membership by 65 new members. I hope we continue with this effort. Before I finish my third term as President, I hope to start a new Section in my country. I will visit Cajamarca located in the northern part of Peru, where we have a well-known gold mine, Yanacocha, to attempt to form another Section. I have also to report that when I joined the WAAIME Board of Directors as 5th VP, the Scholarship Loan Fund (SLF) awards totaled $76,313. I am very pleased that during my first year as President 2000-2001, the SLF Committee approved awards to 97 students totaling $414,100 plus $10,000 each to Mexico-DF, Mexico-Torreon, and Chile-Santiago for a total of $444,100. The next year 2001-2002, due to the decrease in the Endowment Fund resulting from the decline in the economy, we had to make adjustments to the SLF budget. The Board of Directors approved $276,000 for 75 student awards and $10,000 for each of our four foreign Sections for a total of $316,000. Recently at the Cincinnati Board meeting the Board approved $10,000 for Chile-Santiago and $10,000 for Peru-Lima Sections for 2002-2003. In May 2003 we hope the WAAIME Board of Directors will approve more SLF awards for students in the United States and the two WAAIME Sections in Mexico. I would like to thank Judy Watson, SLF Chairman and the Section SLF Committees for their wonderful job. Congratulations on doing a great job. As the economy and our portfolio improve, we will be able to assist more earth science students and to further promote the mining, metallurgical and petroleum engineering professions through our Education for Tomorrow, Library, and Chest programs.

According to a recent presentation to the Board of Directors by Brown Brothers Harriman, who has managed our Endowment Fund since 1968 and has experience with nonprofit organizations, WAAIME has a well-balanced portfolio. We hope Brown Brothers Harriman continues keeping a close eye on our portfolio while shielding us from the worst of the storm.

I would like to mention the Sections I have visited as WAAIME President during these three years and thank the Section Chairmen for their hospitality; AZ-Phoenix, Carolyn Mertz; AZ-Pinal Mountain, Anne Moreno; AZ-Tucson/San Manuel, Toni Linhart; Chile-Santiago, Sara Ugarte; the now disbanded CO-Denver Section, Maryjane Allee; Tri-State, Sybil Kesten; MX-Torreon, Laura Luevano and Rosa Maria Sanchez; Nevada-NE, Debbie Dixon; NV-Reno, Beverly Horton and Natalie Mayrsohn; UT-Northern, Bonnie McMorris and Chris Braun; WA-Spokane, Dorothy Blair, and WV-Southern, Judy Mollins. I also remember my previous visits to the AZ-Morenci, Mexico-DF and UT-Coal Sections where I visited with Rose Cheff, Kathy Stegen, Alicia Lee, Eugenia Lomelin, Cuca Macias, Malena Alvidrez, Joyce Worley, Gail LaFrentz and Cindy Butler. WAAIME is a great organization thanks to the Section Chairmen and their members. As WAAIME President 2000-2003 I would like to thank all of them for their cooperation and support.

I have been privileged and honored to serve as the WAAIME President. It has been challenging but rewarding. I want to thank all the members of the WAAIME Board of Directors who served during my presidency and helped to accomplish my goals. I hope I have done a good job. I want to wish Helen Steele, President-elect for 2003-2004 and the new WAAIME Board of Directors the very best for the coming year. I promise to help them as much as I can to accomplish their goals and to have a successful term for the benefit of our minerals industry students.

Gloria Matus
INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of American Institute of Mining, Metallurgical, and Petroleum Engineers, Inc. ("AIME") as of November 30, 2001 and 2002, and the related statements of activities, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide 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, 2001 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Goldstein Golub Kessler LLP

GOLDSTEIN GOLUB KESSLER LLP
January 7, 2003
# Financial Statements

**American Institute of Mining, Metallurgical, and Petroleum Engineers, Inc.**

<table>
<thead>
<tr>
<th><strong>Statement of Financial Position</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Ended November 30,</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th><strong>2001</strong></th>
<th><strong>2002</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$44,794</td>
<td>$27,638</td>
</tr>
<tr>
<td>Accounts Receivable from Member Societies</td>
<td>8,386</td>
<td>1,977</td>
</tr>
<tr>
<td>Prepaid Expenses and Other Assets</td>
<td>138,481</td>
<td>123,575</td>
</tr>
<tr>
<td>Loans Receivable from SME Foundation</td>
<td>30,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Investments - at fair value</td>
<td>10,221,106</td>
<td>8,543,475</td>
</tr>
<tr>
<td>Property and Equipment, net</td>
<td>111,170</td>
<td>81,779</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$10,553,937</td>
<td>$8,803,444</td>
</tr>
</tbody>
</table>

| **Liabilities and Net Assets** |

| **Accounts Payable and Accrued Expenses** | $22,243 | $13,848 |
| **Amounts Payable - Program**             | 43,659  | 43,659  |
| **Total Liabilities**                     | 65,902  | 57,507  |

**Commitments**

**Net Assets:**

<table>
<thead>
<tr>
<th><strong>Unrestricted:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated</td>
</tr>
<tr>
<td>Designated for long-term investment</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

| **Temporarily restricted** | 2,128,474 | 1,794,972 |
| **Permanently restricted** | 433,802   | 433,802   |
| **Total net assets**       | 10,488,035 | 8,749,937 |
| **Total Liabilities and Net Assets** | $10,553,937 | $8,803,444 |
| AMERICAN INSTITUTE OF MINING, METALLURGICAL, AND PETROLEUM ENGINEERS, INC. |
| Statement of Activities |

<table>
<thead>
<tr>
<th>Year Ended November 30,</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue and losses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment loss</td>
<td>$(366,716)</td>
<td>$(735,255)</td>
</tr>
<tr>
<td>Offshore Technology Conference fees</td>
<td>118,769</td>
<td>114,130</td>
</tr>
<tr>
<td>Dues and assessments from member societies</td>
<td>16,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Copyright and other revenue</td>
<td>28,644</td>
<td>23,642</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>102,096</td>
<td>88,630</td>
</tr>
<tr>
<td><strong>Total revenue losses</strong></td>
<td>$(101,207)</td>
<td>$(492,853)</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special projects and grants</td>
<td>27,260</td>
<td>26,557</td>
</tr>
<tr>
<td>Federation support</td>
<td>210,487</td>
<td>183,121</td>
</tr>
<tr>
<td>Medals and awards</td>
<td>184,489</td>
<td>166,532</td>
</tr>
<tr>
<td>Meetings</td>
<td>135,827</td>
<td>133,685</td>
</tr>
<tr>
<td>Books and publications, net</td>
<td>84,698</td>
<td>80,378</td>
</tr>
<tr>
<td></td>
<td>642,761</td>
<td>590,273</td>
</tr>
<tr>
<td>Supporting services - management and general</td>
<td>312,323</td>
<td>325,470</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>955,084</td>
<td>915,743</td>
</tr>
<tr>
<td><strong>Change in unrestricted net assets</strong></td>
<td>$(1,056,291)</td>
<td>$(1,408,596)</td>
</tr>
<tr>
<td><strong>Temporarily restricted:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment loss</td>
<td>$(117,598)</td>
<td>$(244,872)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$(102,096)</td>
<td>$(88,630)</td>
</tr>
<tr>
<td><strong>Change in temporarily restricted net assets</strong></td>
<td>$(219,694)</td>
<td>$(333,502)</td>
</tr>
<tr>
<td><strong>Permanently restricted - grant received</strong></td>
<td>300</td>
<td></td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>$(1,275,685)</td>
<td>$(1,742,098)</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>11,763,720</td>
<td>10,488,035</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$10,488,035</td>
<td>$8,745,937</td>
</tr>
</tbody>
</table>
Financial Statements

American Institute of Mining, Metallurgical, and Petroleum Engineers, Inc.

Statement of Cash Flows

Year Ended November 30, 2001  2002

Cash flows from operating activities:
Change in net assets $(1,275,685) $(1,742,098)
Adjustments to reconcile change in net assets to net cash
used in operating activities:
Depreciation and amortization 29,686 29,592
Net realized and unrealized loss on investments 902,325 1,202,766
Changes in operating assets and liabilities:
(Increase) decrease in accounts receivable from member societies (5,624) 6,409
Decrease in prepaid expenses and other assets 17,013 14,906
Decrease in accounts payable and accrued expenses (61,996) (8,395)
Decrease in amounts payable to member societies (312,341)

Net cash used in operating activities (706,622) (496,820)

Cash flows from investing activities
Proceeds from sales of investments 3,921,779 1,369,003
Purchases of investments (3,311,053) (894,138)
Repayment of loans receivable from member societies 5,000 5,000
Purchase of property and equipment (4,247) (201)

Net cash provided by investing activities 611,479 479,664

Net decrease in cash and cash equivalents (95,143) (17,156)

Cash and cash equivalents at beginning of year 139,937 44,794

Cash and cash equivalents at end of year $ 44,794 $ 27,638

1. Organization and Summary of Significant Accounting Policies:

Organized in 1871, the American Institute of Mining, Metallurgical, and Petroleum Engineers, Inc. ("AIME") is a professional organization organized and operated to advance and disseminate, through the programs of the Member Societies, 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 mankind, and to represent AIME and the Member Societies within the larger engineering community. AIME is a non-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 & Materials Society ("TMS"), the Iron & Steel Society ("ISS") and the Society of Petroleum Engineers ("SPE"). When sufficient funds are available, determined by formula, AIME provides funding for overarching programs (programs conducted by two or more member societies that carry out AIME's purpose) and funding for member-direct programs of the member societies based on their project requirements. The AIME 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, the other two societies were the American Society of Mechanical Engineers ("ASME") and the Institute of Electrical and Electronics Engineers ("IEEE"). The American Society of Civil Engineers ("ASCE") and the American Institute of Chemical Engineers ("AIChE") were later added as Founder Societies. UET owned the United Engineering Center ("UEC"), a building located on East 47th Street in New York City, provided occupancy to AIME, maintained a free public library and endowed and maintained an engineering foundation fund. Acting upon approval of the New York State courts, the library was transferred to the Linda Hall Library of Science, Engineering and Technology (located on the campus of the University of Missouri at Kansas City) and UEC was sold. AIME is now co-located in a midtown Manhattan office building with the other Founder Societies. UET was governed by a board of trustees comprised of three representatives from each of the Founder Societies. UET has been reconstituted as the United Engineering Foundation ("UEF") and is governed by a board of trustees comprised of two representatives from each of the Founder Societies.

In fiscal year 1997, UET entered into an agreement to sell 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 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 provided for the following:

a. $150,000 was retained by AIME for its new AIME headquarters at Three Park Avenue, New York, NY, and
b. The remainder, plus investment income, a total of $8,465,568, was disbursed over three years by formula to the four member societies for them to help carry out the mission of AIME.

AIME reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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. AIME considers all highly liquid investments purchased with maturities of three months or less when purchased to be cash equivalents. Investments are valued at fair value, which is the prevailing market value at yearend with the resulting change in unrealized gains or losses included in the statement of activities.

Depreciation of furniture and equipment is being provided for by the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided for by the straight-line method over the term of the lease.

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.
Notes to Financial Statements

of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Loans Receivable From Member Societies:

During 1992, the SME Foundation (the "Foundation") obtained a noninterest-bearing $50,000 loan from AIME's endowment funds. The Foundation began repaying the loan with payments of $5,000 in 1998 and 1999, and the SME executive committee recommended payments of $10,000 per year over the four following years. However, the Foundation took a more conservative approach and did not commit to increased installments. At November 30, 2001 and 2002, the balance of the loan was $30,000 and $25,000, respectively.

3. Investments:

Investments, at fair value, consist of the following:

<table>
<thead>
<tr>
<th>November 30,</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Market Value</td>
</tr>
<tr>
<td>Mutual Funds -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>$2,972,669</td>
<td>$3,019,806</td>
</tr>
<tr>
<td>Equity securities</td>
<td>9,743,194</td>
<td>7,201,300</td>
</tr>
<tr>
<td>Total</td>
<td>$12,715,863</td>
<td>$10,221,106</td>
</tr>
</tbody>
</table>

Investment income (loss) and its classification in the statement of activities for fiscal 2001 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$367,006</td>
<td>$114,243</td>
<td>$481,249</td>
</tr>
<tr>
<td>Realized gains</td>
<td>441,395</td>
<td>136,123</td>
<td>577,518</td>
</tr>
<tr>
<td>Unrealized losses</td>
<td>(1,126,967)</td>
<td>(352,876)</td>
<td>(1,479,843)</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>(48,150)</td>
<td>(15,088)</td>
<td>(62,238)</td>
</tr>
<tr>
<td>Total return on investments</td>
<td>$(366,716)</td>
<td>$(117,598)</td>
<td>$(484,314)</td>
</tr>
</tbody>
</table>

Investment income (loss) and its classification in the statement of activities for fiscal 2002 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$208,184</td>
<td>$69,066</td>
<td>$277,250</td>
</tr>
<tr>
<td>Realized gains</td>
<td>(250,870)</td>
<td>(82,656)</td>
<td>(333,526)</td>
</tr>
<tr>
<td>Unrealized losses</td>
<td>(650,858)</td>
<td>(218,382)</td>
<td>(869,240)</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>(41,711)</td>
<td>(12,900)</td>
<td>(54,611)</td>
</tr>
<tr>
<td>Total return on investments</td>
<td>$(735,255)</td>
<td>$(244,872)</td>
<td>$(980,127)</td>
</tr>
</tbody>
</table>
4. Property and Equipment:

Property and equipment, at cost, consists of the following:

<table>
<thead>
<tr>
<th>November 30,</th>
<th>2001</th>
<th>2002</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$49,149</td>
<td>$49,350</td>
<td>5 to 7 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>148,670</td>
<td>148,670</td>
<td>Term of lease</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>197,819</td>
<td>198,020</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(86,649)</td>
<td>(116,241)</td>
<td></td>
</tr>
</tbody>
</table>

|                   | $111,170 | $81,779 |

5. Commitments:

AIME leases its office space from IEEE under an operating lease expiring in December 2005. The lease is subject to escalations for AIME’s pro rata share of increases in real estate taxes and porters’ wages.

In August 2002, AIME’s Board of Trustees approved the motion that the AIME headquarters be moved to the SME building in Littleton, Colorado by May 31, 2003. AIME has negotiated with IEEE to terminate its lease as of August 2003.

The minimum future obligation under the IEEE lease, exclusive of required payments for increases in real estate taxes and porters’ wages is $49,850 for the year ending November 30, 2003.

Rent expense under the lease, inclusive of escalations and charged to operations, amounted to $78,577 and $79,693 for the years ended November 30, 2001 and 2002, respectively.

6. Retirement Income Plans:

The AIME Retirement Income Plan, a defined benefit retirement income plan, covers substantially all full-time employees. Eligible employees receive a noncontributory benefit based on the amount of compensation and the years of benefit service.

The Retirement Income Committee has contracted with Connecticut General Life Insurance Company ("CIGNA"), 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 CIGNA. 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 Employee Retirement Income Security Act 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:
### Notes to Financial Statements

#### November 30,

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in benefit obligation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at beginning of year</td>
<td>$ 701,541</td>
<td>$ 721,764</td>
</tr>
<tr>
<td>Service cost</td>
<td>27,334</td>
<td>24,280</td>
</tr>
<tr>
<td>Interest cost</td>
<td>49,259</td>
<td>49,175</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(89,077)</td>
<td>(86,966)</td>
</tr>
<tr>
<td>Change in actuarial assumptions</td>
<td>32,707</td>
<td>44,433</td>
</tr>
<tr>
<td><strong>Benefit obligation at end of year</strong></td>
<td><strong>721,764</strong></td>
<td><strong>752,686</strong></td>
</tr>
</tbody>
</table>

| Change in plan assets:          |          |          |
| Fair value of plan assets at beginning of year | 649,048   | 493,368   |
| Actual returns of plan assets   | (91,603) | (78,486) |
| Employer contributions          | 25,000   | 23,577   |
| Benefits paid                   | (89,077) | (86,966) |
| **Fair value of plan assets at end of year** | **493,368** | **351,493** |
| Funded status                   | (228,396) | (401,193) |
| Unrecognized net actuarial loss | 360,640  | 516,305  |
| Unrecognized prior service cost | 2        |          |
| Prepaid retirement income plan cost included in prepaid expense | $ 132,246 | $ 115,112 |

#### November 30,

<table>
<thead>
<tr>
<th>Components of net periodic pension cost include the following:</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$ 27,334</td>
<td>$ 24,280</td>
</tr>
<tr>
<td>Interest cost</td>
<td>49,259</td>
<td>49,175</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(52,300)</td>
<td>(47,690)</td>
</tr>
<tr>
<td>Amortization of unrecognized prior-service cost</td>
<td>7,839</td>
<td>2</td>
</tr>
<tr>
<td>Amortization of net loss</td>
<td>7,531</td>
<td>14,944</td>
</tr>
<tr>
<td><strong>Net retirement income plan cost</strong></td>
<td>$ 39,663</td>
<td>$ 40,711</td>
</tr>
</tbody>
</table>

The pretirement interest rate for funding and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 6.5%.

For fiscal years 2001 and 2002, the projected benefit obligation was determined at a weighted-average discount rate of 7.25% and 6.75%, respectively, and an assumed rate of increase in future compensation of 4.0% and 0%, respectively. The expected long-term rate of return on plan assets was 8.5% and 7.75% for fiscal years ended 2001 and 2002, respectively.
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 $12,000 and $11,000, for AIME employees only to this plan in fiscal years 2001 and 2002, respectively.

7. Amounts Payable to Member Societies:

An amount payable to an AIME overarching program of $43,659 was carried forward from 2001 to 2002.

8. Restricted Net Assets:

<table>
<thead>
<tr>
<th>November 30,</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporarily restricted net assets are restricted to the following purposes:</td>
<td>$792,731</td>
<td>$694,693</td>
</tr>
<tr>
<td>Medals and awards</td>
<td>660,684</td>
<td>536,286</td>
</tr>
<tr>
<td>Books and publications</td>
<td>675,059</td>
<td>563,993</td>
</tr>
<tr>
<td>Scholarships</td>
<td>$2,128,474</td>
<td>$1,794,972</td>
</tr>
</tbody>
</table>

Permanently restricted net assets in 2001 and 2002 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 | 100,973 |
| Unrestricted purposes | 10,466 |
| | $433,802 |

9. Net Assets Released From Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donor:

<table>
<thead>
<tr>
<th>Year ending November 30,</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medals, awards and scholarships</td>
<td>$102,096</td>
<td>$88,630</td>
</tr>
</tbody>
</table>
### 10. FUNCTIONAL CLASSIFICATION OF EXPENSES:

Fiscal year 2002 expenses have been classified as program and supporting services as follows:

<table>
<thead>
<tr>
<th></th>
<th>Supporting Services</th>
<th>2002 Total</th>
<th>2001 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Management and General</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll and employee benefits</td>
<td>$17,339</td>
<td>$157,627</td>
<td>$350,282</td>
</tr>
<tr>
<td>Rent</td>
<td>$77,062</td>
<td>$38,252</td>
<td>$79,693</td>
</tr>
<tr>
<td>Audit, legal and other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>professional services</td>
<td>$32,751</td>
<td>$41,441</td>
<td>$38,252</td>
</tr>
<tr>
<td>Supplies, postage,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>maintenance and repairs</td>
<td>$4,638</td>
<td>$3,995</td>
<td>$3,535</td>
</tr>
<tr>
<td>Federation support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AIME board activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meetings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medals, awards and scholarships</td>
<td>$114,266</td>
<td>$114,266</td>
<td>$131,048</td>
</tr>
<tr>
<td>Publication expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free books</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$26,557</td>
<td>$183,121</td>
<td>$325,470</td>
</tr>
</tbody>
</table>

(1) The summarized financial information for the year ended November 30, 2001 should be read in conjunction with the 2001 financial statements.
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.