IEEE operations continued to flourish in 2000 despite the unfortunate fall-off in investment returns. The accompanying financial report attests to the ongoing financial health and vitality of our organization. The major components of this report are as follows.

1. Report of Independent Accountants
2. Balance Sheet
3. Statements of Activities
4. Statements of Cash Flows
5. Notes to Financial Statements

The IEEE Foundation is a separately incorporated affiliate of the IEEE; accordingly, its audited financial statements are not included in the accompanying documents.

The Statement of Financial Position reflects total assets of US$266.35 million at the end of the fiscal year. The 2000 increase in total assets was US$1.85 million or an increase of 0.7 percent over 1999. The Statement of Financial Position shows the IEEE to be in excellent financial condition and well-positioned to continue to advance its Vision and Mission as reflected in its Strategic Plan. The continuing teamwork between volunteers and staff contributed to these fine operational results versus budget, despite investment returns less than budgeted.

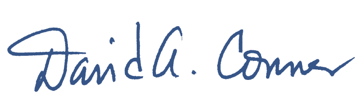
In 2000, the IEEE had revenues of US$190.79 million, a decrease of US$31.12 million or 14.0 percent from 1999. The overall net deficit for the year was US$9.95 million. Investment activities, including unrealized gains, were US$35.89 million less than 1999.

The 2000 operational results reflect the forward thinking of previous Boards of Directors who, since 1997, have supported major investments in our business — from improving our base systems to developing and implementing the first phase of the Web as the primary delivery system to our members and customers. This commitment to doing business electronically is best shown by the growth in the IEEE Electronic Library (IEL). In 2000, the IEL gross revenue grew by 44.4 percent over 1999.

As part of the audited financials, the Institute received an unqualified or clean opinion from PricewaterhouseCoopers, L.L.P.

The IEEE is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Ultimately, the fiduciary responsibility for the financial statements and other information in the annual report rests with the Board of Directors of the Institute. The Board, through its Executive Committee, Finance Committee, Investment Committee, and Audit Committee, monitors the system of accounting and internal controls, investment management, the independent audits, and the professional competency and integrity of those staff and volunteers performing these functions. The independent auditors have direct access to the Audit Committee to discuss the scope and results of their audit, their comments on the adequacy of internal accounting controls, and the quality of financial reporting.

I proudly submit this report attesting to the financial health of the IEEE.



David A. Conner, Ph.D., P.E.
2000 IEEE Treasurer

To the Board of Directors of
The Institute of Electrical and Electronics Engineers, Inc.

In our opinion, the accompanying balance sheet and the related statements of activities and cash flows present fairly, in all material respects, the financial position of The Institute of Electrical and Electronics Engineers, Inc. (the "Institute") at December 31, 2000 and 1999, 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. These financial statements are the responsibility of the Institute's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, 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 audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Florham Park, New Jersey, USA
May 10, 2001

Balance Sheet

As of December 31, 2000 and 1999

	2000	1999
Assets		
Cash and cash equivalents	$ 1,078,300	$ 3,160,500
Accounts receivable, less allowance for doubtful accounts of $1,040,000 in 2000 and $1,573,000 in 1999	30,711,500	24,920,200
Inventories, prepaid expenses and other assets	11,998,500	9,561,200
Investments	190,877,200	197,823,200
Land, buildings and equipment, net of accumulated depreciation	31,683,100	29,033,000
Total assets	$ 266,348,600	$ 264,498,100
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 25,195,200	$ 23,427,400
Deposits by sections and other	28,271,900	26,609,400
Debt obligations	16,044,300	11,179,600
Obligations under capital leases	3,420,200	3,257,000
Deferred income		
Dues and assessments	32,558,600	31,448,400
Subscriptions and other	39,182,300	36,946,800
Total liabilities	144,672,500	132,868,600
Net assets		
Unrestricted	118,791,900	129,351,700
Temporarily restricted	2,692,800	2,086,400
Permanently restricted	191,400	191,400
Total net assets	121,676,100	131,629,500
Total liabilities and net assets	$ 266,348,600	$ 264,498,100

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Dues and assessments	$ 38,024,800			$ 38,024,800
Periodical subscriptions, other publication activities and educational products and services	95,896,800	$ 881,200		96,778,000
Conventions, conferences and other technical activities	47,496,800	945,700		48,442,500
Investment income, net	794,200	27,200		821,400
Other income	6,606,600	118,100		6,724,700
Net assets released from restrictions	1,365,800	(1,365,800)		
Total	190,185,000	606,400		190,791,400
Expenses				
Program services				
Publishing	92,155,200			92,155,200
Educational activities	3,480,300			3,480,300
Conventions, conferences and other technical activities	42,350,000			42,350,000
Services for and support of sections and branches	7,184,500			7,184,500
Membership records and services	48,092,800			48,092,800
Total program services	193,262,800			193,262,800
Supporting services				
General and administrative	7,482,000			7,482,000
Total	200,744,800			200,744,800
Change in net assets	(10,559,800)	606,400		(9,953,400)
Net assets, beginning of year	129,351,700	2,086,400	$ 191,400	131,629,500
Net assets, end of year	$ 118,791,900	$ 2,692,800	$ 191,400	$ 121,676,100

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

Statement of Activities

For the Year Ended December 31, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Dues and assessments	$ 35,831,000			$ 35,831,000
Periodical subscriptions, other publication activities and educational products and services	84,086,500	$ 622,200		84,708,700
Conventions, conferences and other technical activities	56,721,100	882,300		57,603,400
Investment income, net	36,663,900	50,800	$ 1,500	36,716,200
Other income	7,052,700			7,052,700
Net assets released from restrictions	1,201,300	(1,201,300)		
Total	221,556,500	354,000	1,500	221,912,000
Expenses				
Program services				
Publishing	78,258,200			78,258,200
Educational activities	3,049,000			3,049,000
Conventions, conferences and other technical activities	54,716,400			54,716,400
Services for and support of sections and branches	7,333,800			7,333,800
Membership records and services	44,929,800			44,929,800
Supporting services				
General and administrative	10,744,100			10,744,100
Total	199,031,300			199,031,300
Change in net assets	22,525,200	354,000	1,500	22,880,700
Net assets, beginning of year	106,826,500	1,732,400	189,900	108,748,800
Net assets, end of year	$ 129,351,700	$ 2,086,400	$ 191,400	$ 131,629,500

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

	2000	1999
Operating activities		
Change in net assets	$ (9,953,400)	$ 22,880,700
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization expense	4,832,600	4,607,900
Change in assets and liabilities		
Increase in accounts receivable	(5,791,300)	(4,640,400)
(Increase) decrease in inventories, prepaids and other assets	(2,437,300)	298,900
Increase in accounts payable and accrued expenses	811,200	4,003,900
Increase in deferred income	3,345,700	4,556,800
Increase in deposits	1,662,500	5,384,400
Net realized and unrealized gains from investments	5,942,900	(34,627,500)
Net cash (used in) provided by operating activities	(1,587,100)	2,464,700
Investing activities		
Proceeds from sale of investments	654,067,800	488,152,200
Purchase of land, buildings and equipment	(6,067,700)	(3,889,900)
Purchases of investments	(653,064,700)	(489,410,300)
Net cash used in investing activities	(5,064,600)	(5,148,000)
Financing activities		
Net short-term borrowings	5,500,000	—
Cash overdraft	956,600	1,758,800
Payment of debt obligations	(635,300)	(697,900)
Payment of capital lease obligations	(1,251,800)	(1,373,900)
Net cash provided by (used in) financing activities	4,569,500	(313,000)
Net decrease in cash	(2,082,200)	(2,996,300)
Cash and cash equivalents at beginning of year	3,160,500	6,156,800
Cash and cash equivalents at end of year	$ 1,078,300	$ 3,160,500
Supplemental data		
Interest paid	$ 1,834,900	$ 2,050,000
Non-cash items		
Acquisition of equipment through capital lease obligation	$ 1,415,000	$ 816,300

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

1. Organization and Nature of Operations

The objectives of The Institute of Electrical and Electronics Engineers, Inc. (the "Institute" or "IEEE") are (a) scientific and educational, directed toward the advancement of the theory and practice of electrical engineering, electronics engineering, computer engineering, computer sciences, and the allied branches of engineering and related arts and sciences and (b) professional, directed toward the advancement of the standing of the members of the profession it serves.

Implementation of the Institute's objectives is primarily performed through regions, sections, branches, societies and councils. Sections and branches are unincorporated geographical subdivisions of the Institute. Societies, councils and regions are incorporated units within the Institute formed to serve the specialized technical interests of members and to coordinate these with the local activities of the sections and the broader activities of the Institute. The societies and councils promote the technical interests of their members through symposia, conferences and various publications.

2. Summary of Significant Accounting Policies

Reporting Entity

The financial statements include the accounts of the societies, councils and regions. The books and records of the sections and branches are maintained by the respective treasurers of each unit and are not included in the accompanying financial statements.

The financial statements of the Institute should be read in conjunction with the financial statements of the IEEE Foundation, a related organization. (See Note 15.)

Financial Statements

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Institute. Such assets primarily include the Institute's permanent endowment funds. The principal of these endowments cannot be expended and only the income earned can be used as designated by the donor.

Temporarily Restricted - Net assets whose use by the Institute is subject to donor-imposed stipulations that can be fulfilled by actions of the Institute pursuant to those stipulations or that expire by the passage of time. These temporarily restricted assets are designated principally for awards, medals and specific projects.

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets can be utilized to carry out any of the purposes of the Institute.

Expenses are generally reported as decreases in unrestricted net assets. Expiration of donor-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted net assets are reported as reclassifications. Temporarily restricted revenues received and expended during the same fiscal year are recorded as unrestricted revenues and expenses in the statement of activities.

Revenue Recognition

Revenue from membership dues and yearly periodical subscriptions is recognized during the year to which it pertains. Amounts received in advance are included in deferred income. The Institute's share of revenue and expense from conferences is recognized principally when financial reports are submitted by societies and councils.

Revenue from contributions is recorded at its fair value in the period received including unconditional promises to give and is classified based upon the existence or absence of donor-imposed restrictions.

Contributions received by the Institute are primarily private and governmental grants containing donor-imposed restrictions as to their use. These restrictions are usually fulfilled within a two-year period by satisfying the respective restrictions.

Investments

Investments are carried at market value which is generally determined on the basis of quoted market prices. (See Note 3.) Realized gains and losses on sales of investments are determined on an average cost basis.

Inventories
Inventories consist of periodicals published by the Institute and are stated at the lower of average cost or net realizable value.

Land, Buildings and Equipment
Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Buildings, furniture and equipment are depreciated over periods ranging from three to thirty-five years. Assets under capital leases are depreciated over the shorter of the lease terms or the useful lives of the assets. Leasehold improvements are amortized over twenty years or the lease term, whichever is shorter.

Upon retirement or other disposition of fixed assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses, if any, are reflected in operations.

Cash and Cash Equivalents
Cash and cash equivalents include highly liquid short-term investments purchased with original maturities of three months or less.

Use of 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.

Reclassifications
Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

3. Investments

Investments at December 31, 2000 and 1999 consist of the following:

	2000		1999	
	Cost	Market Value	Cost	Market Value
Short-term investments				
Money market and mutual funds	$ 822,200	$ 822,200	$ 623,700	$ 623,700
Equity investments				
Equity securities	84,970,800	106,567,600	70,706,000	106,206,700
Investments in emerging markets fund and international equity fund	27,493,800	32,494,900	32,214,900	53,612,800
Money market and mutual funds	3,201,300	3,201,300	5,282,700	5,282,700
Due from brokers and accrued interest	540,000	540,000	(64,100)	(64,100)
	116,205,900	142,803,800	108,139,500	165,038,100
Fixed income investments				
U.S. Government obligations	32,801,500	33,783,400	22,558,600	21,793,800
Corporate obligations	5,259,100	5,309,100	3,515,100	3,392,500
Money market and mutual funds	26,138,000	25,966,400	7,042,200	6,635,000
Due from brokers and accrued interest	(17,774,600)	(17,807,700)	340,100	340,100
	46,424,000	47,251,200	33,456,000	32,161,400
Total	$ 163,452,100	$ 190,877,200	$ 142,219,200	$ 197,823,200

Realized and unrealized capital gains and losses are reported in the statement of activities net of their related commission and broker/management fees which amounted to $2,967,200 and $2,760,600 during 2000 and 1999, respectively.

4. Investment Income

Net investment income for the years ended December 31, 2000 and 1999 consisted of the following:

	2000	1999
Interest and dividends	$ 6,764,300	$ 2,088,700
Realized gains, net	22,236,000	3,149,500
Change in net unrealized gains	(28,178,900)	31,478,000
	$ 821,400	$ 36,716,200

5. Land, Buildings and Equipment

Fixed assets, carried at cost, and the related accumulated depreciation at December 31, 2000 and 1999 consist of the following:

	2000		1999	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Buildings	$ 18,625,500	$ 6,315,600	$ 18,625,500	$ 5,784,900
Furniture and equipment	32,063,600	19,463,400	25,152,100	15,670,400
Leasehold improvements	5,955,300	1,155,900	5,904,200	1,167,100
	56,644,400	26,934,900	49,681,800	22,622,400
Land	1,973,600		1,973,600	
Total	$ 58,618,000	$ 26,934,900	$ 51,655,400	$ 22,622,400

Included within the cost of furniture and equipment is $6,117,500 of assets under capital leases as of December 31, 2000. Approximate annual rentals are:

2001	$ 1,511,200
2002	1,235,400
2003	725,300
2004	374,000
2005	153,400
Total minimum lease payments	3,999,300
Less: amount representing interest imputed at an average rate of 6.2%	579,100
Present value of minimum lease payments	$ 3,420,200

6. Debt Obligations

Debt obligations at December 31, 2000 and 1999 consist of the following:

	2000	1999
New Jersey Economic Development Authority ("NJEDA") Bonds, average coupon of 6.3%, annual principal and sinking fund payments through April 1, 2014; collateralized by irrevocable direct-pay letter of credit issued by First Union Bank	$ 8,045,000	$ 8,405,000
Note payable to First Union Bank, bearing interest at 6.99% payable monthly through 2006, collateralized primarily by fixed income investments	1,925,500	1,936,000
Note payable to First Union Bank, bearing interest at 6.49%, payable monthly through 2003, collateralized primarily by fixed income investments	573,800	838,600
Short-term borrowing	5,500,000	
	$ 16,044,300	$ 11,179,600

Interest expense amounted to approximately $779,600 for 2000, and $816,000 for 1999.

On January 16, 1998, the Institute refinanced a 6.7% term loan, which had a balloon payment that was due March 1, 1998, by entering into a $1,324,200 term loan agreement with First Union Bank at 6.49%. The Institute entered into an interest rate swap agreement, which fixed the interest rate on this term loan. Under this agreement, the Institute pays to First Union Bank interest at 6.49% on the current principal, and First Union Bank pays to the Institute interest based on LIBOR plus 0.25%, on the principal. The principal of the swap amortizes through February 3, 2003 and was $573,800 and $838,600 as of December 31, 2000 and 1999, respectively. Amounts receivable or payable under the swap agreement are reflected as a reduction of, or addition to, interest expense. The estimated fair value of the swap reflected a loss of approximately $2,800 and a gain of approximately $3,300 for the years ended December 31, 2000 and 1999, respectively.

The Institute entered into a $2,200,000 term loan agreement with First Union Bank on December 23, 1996. The proceeds of this term loan were used to finance the purchase and renovation of two buildings in Orange County, California. The Institute entered into an interest rate swap agreement which fixed the interest rate on this term loan. Under this agreement, the Institute pays to First Union Bank interest at 6.99% on the current principal and First Union Bank pays to the Institute interest based on LIBOR plus 0.25%, on the principal. The principal of the swap amortizes through December 1, 2006, and was $1,848,000 and $1,936,000 as of December 31, 2000 and 1999, respectively. Amounts receivable or payable under the swap agreement are reflected as a reduction of or addition to interest expense. The estimated fair value of the swap reflected a loss of approximately $74,700 and a gain of approximately $8,400 for the years ended December 31, 2000 and 1999, respectively.

The NJEDA Bonds are collateralized by an irrevocable direct-pay letter of credit issued by First Union Bank, for which the Institute entered into a Letter of Credit and Reimbursement Agreement with First Union Bank dated April 1, 1994. The amount of the letter of credit at December 31, 2000 and 1999 was $8,350,043 and $8,723,700, respectively, which represents the outstanding principal and accrued interest thereon. At December 31, 1999 the Institute was in compliance with all restrictive covenants contained in the letter of credit and reimbursement agreement. At December 31, 2000 the Institute was in compliance with all but the most restrictive covenants contained in the Letter of Credit and Reimbursement Agreement. Under the most restrictive of these covenants, the Institute is required to maintain a debt service coverage ratio of no less than 1.75:1.0. The Institute obtained a waiver from First Union Bank forever waiving violations at December 31, 2000 and March 31, 2001.

Future principal repayments required under the NJEDA Bonds agreement and the First Union Bank term loans are as follows:

2001	$	6,310,300
2002		752,800
2003		557,200
2004		538,000
2005		563,000
Thereafter		7,323,000
	$	16,044,300

At December 31, 2000, the Institute had a total of $50,000,000 of uncommitted short-term lines of credit available to it for short-term borrowing. The Institute has a $20,000,000 uncommitted short-term line of credit with First Union Bank, and a $15,000,000 uncommitted short-term line of credit with both The Bank of New York, and Mellon Bank. A $500,000 uncommitted short-term line of credit with Suntrust Bank (formerly Crestar Bank of Washington) expired unused May 26, 2000. This line was not renewed. For short-term borrowings with terms of thirty days or more, these lines of credit bear interest at rates approximately equivalent to LIBOR. There are no service fees charged on the unused portions of these lines of credit. Interest expense resulting from the utilization of these short-term lines of credit during 2000 and 1999 amounted to approximately $786,000 and $1,065,300, respectively. At December 31, 2000, there was $5,500,000 in outstanding borrowings with First Union Bank and at December 31, 1999 there were no outstanding borrowings against these lines of credit.

At December 31, 2000, the Institute had an irrevocable stand-by letter of credit in the amount of $583,000 with First Union Bank, which serves as a security deposit as required by the terms of its lease agreement with Park Avenue Building Company LLC.

The Institute has finalized an agreement with the NJEDA to refund the existing bonds and refinance the outstanding non-callable debt on May 10, 2001. The portion of the debt that is not callable, $6,390,000, will be refinanced with variable rate bonds. The Institute entered into a swap agreement with First Union National Bank on April 24, 2001, thereby fixing the Institute's rate on the bonds at 4.55%. The new bonds will be payable through 2014. These bonds will be collateralized through May 2011 with an irrevocable stand-by letter of credit from First Union National Bank. This new debt will be subject to a new restrictive financial covenant, which requires that the Institute maintain a ratio of minimum marketable securities (less deposits by Sections and others) over total liabilities (less deposits by Sections and others) of 1:1.

7. Commitments

At December 31, 2000, minimum rental commitments under noncancelable operating leases for office space and computer equipment are as follows:

2001	$	1,770,600
2002		1,307,700
2003		992,200
2004		744,700
2005		19,500
Thereafter		5,889,600
	$	10,724,300

The leases for the office space are subject to escalation. Total rent expense for noncancelable operating leases amounted to $1,574,400 and $1,560,500 in 2000 and 1999, respectively.

8. Transactions with Sections, Branches and Others

The investments include deposits by certain sections, branches and others which participate in the income therefrom. In addition, the Institute paid $2,021,200 and $1,818,500 in 2000 and 1999, respectively, to the sections and branches for financial support of their activities.

9. Pension and Other Postretirement Benefits

The Institute sponsors a qualified and a non-qualified pension plan and other postretirement benefit plans for its employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending December 31, 2000, and a statement of the funded status as of December 31 of both years:

	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
Reconciliation of benefit obligation				
Obligation at January 1	$ 33,747,700	$ 36,032,300	$ 1,330,600	$ 1,284,800
Service Cost	2,381,000	2,704,300	48,900	56,700
Interest Cost	2,512,000	2,484,600	94,500	86,300
Actuarial (gain) loss	2,953,800	(5,100,700)	22,600	18,400
Benefit payments	(1,878,600)	(2,372,800)	(112,000)	(115,600)
Obligation at December 31	$ 39,715,900	$ 33,747,700	$ 1,384,600	$ 1,330,600
Reconciliation of fair value of plan assets				
Fair value of plan assets at January 1	$ 47,590,500	$ 39,431,000		
Actual return on plan assets	(312,000)	8,960,700		
Employer contributions	541,200	1,571,600	$ 112,100	$ 115,600
Benefit payments	(1,878,600)	(2,372,800)	(112,100)	(115,600)
Fair value of plan assets at December 31	$ 45,941,100	$ 47,590,500	$ —	$ —
Funded status				
Funded status at December 31	$ 6,225,200	$ 13,842,800	$ (1,384,600)	$ (1,330,600)
Unrecognized transition (asset) obligation	(299,100)	(598,200)	640,700	686,400
Unrecognized prior service cost	362,100	516,700		
Unrecognized (gain) loss	(3,410,200)	(11,573,200)	226,000	205,200
Net amount recognized - prepaid (accrued) benefit cost	$ 2,878,000	$ 2,188,100	$ (517,900)	$ (439,000)

The Institute's nonqualified pension plan was the only pension plan with an accumulated benefit obligation in excess of plan assets. The plan's accumulated benefit obligation was $118,800 at December 31, 2000 and $127,400 at December 31, 1999. There are no plan assets in the nonqualified plan due to the nature of the plan. All of the Institute's plans for post-retirement benefits other than pensions also have no plan assets. The aggregate benefit obligation for those plans is $1,384,600 as of December 31, 2000 and $1,330,600 as of December 31, 1999.

The following table provides the components of net periodic benefit cost for the plans for 2000 and 1999:

	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
Service cost	$ 2,381,000	$ 2,704,300	$ 48,900	$ 56,700
Interest cost	2,512,000	2,484,600	94,500	86,300
Expected return on plan assets	(4,228,000)	(3,509,800)		
Amortization of transition (asset) obligation	(299,100)	(299,100)	45,800	45,800
Amortization of prior service cost	154,600	154,600		
Amortization of net loss	(653,700)	5,700	1,700	5,800
Net periodic benefit cost	$ (133,200)	$ 1,540,300	$ 190,900	$ 194,600

The prior service costs are amortized on a straight line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The Institute has multiple non-contributory nonpension postretirement benefit plans. In 1999, the Institute approved a plan to restore pension benefits to certain employees whose benefits would otherwise be foregone by the IRS limitation.

The assumptions used in the measurement of the Institute's benefit obligation are shown in the following table:

	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
Weighted average assumptions as of December 31				
Discount rate	7.25%	7.75%	7.25%	7.75%
Expected return on plan assets	9.00%	9.00%	N/A	N/A
Rate of compensation increase	6.25%	6.25%	N/A	N/A

The healthcare plan benefits are a flat dollar reimbursement to the retirees toward healthcare premiums. No increase in the reimbursement amount is assumed.

10. 401(K) Savings and Investment Plan

The Institute has a defined contribution 401(K) Savings and Investment Plan for eligible employees. Employees are eligible to participate in the Plan after the start of the next pay period following thirty days of employment. Under the Plan, employees may generally contribute from 2% to 16% of their salary, however, not in excess of IRS limitations. The Institute provides a 100% matching contribution up to 4% of each employee's base salary. The Institute contributed $1,639,800 and $1,486,900 to the Plan in 2000 and 1999, respectively.

11. Tax Status

The Institute is qualified under section 501(c)(3) of the Internal Revenue Code as an organization exempt from Federal income taxes.

12. Financial Instruments and Risk Management

Cash
The Institute maintains cash balances which, at times, are in excess of the Federal Deposit Insurance Corporation insured amounts. The Institute mitigates this risk by placing its cash in high quality financial institutions.

Debt Obligations
The fair value of the Institute's debt obligations (including current installments) is estimated based on quoted market prices for similar debt of the same remaining maturities. At December 31, 2000 and 1999, the estimated fair value of the Institute's debt was $15,859,500 and $11,041,100, respectively.

Investments
The fair value of the Institute's investments as reported in the financial statements is disclosed in Note 3.

In the normal course of business, the Institute engages in a variety of derivative and non-derivative financial instrument transactions in connection with its market risk management of its investing and trading activities. Derivative financial instruments include futures and options contracts each of which contain varying degrees of off-balance sheet risk whereby changes in the market value of the securities underlying the financial instruments may be in excess of the amounts recognized in the balance sheet. These contracts commit the Institute to purchase or deliver other instruments at specified future dates and prices, or to make or receive payments based upon notional amounts. Risk arises from the potential inability of counterparties or exchanges to perform under the terms of the contracts and from changes in securities values and interest rates. In Management's opinion, such risk is remote.

In connection with its market risk management, the Institute may enter into a derivative contract to manage the risk arising from other financial instruments or to take a position based upon expected future market conditions. These contracts are valued at market, and unrealized gains and losses are reflected in the statement of activities. There were twenty-seven open commitments at December 31, 2000 with a cost of $12,336,675 and a market value of $12,149,861 which were included in "Due from Brokers and Accrued Interest" in Note 3.

Set forth below are the gross contract or notional amounts of all off-balance-sheet derivative financial instruments held or issued for trading purposes. These amounts are not reflected in the balance sheet and are indicative only of the volume of activity during 2000 and 1999. They do not represent amounts subject to market risks, and in many cases, limit the Institute's overall exposure to market losses by hedging other on and off-balance-sheet transactions.

		Notional or Contract Amount	
		Purchases	Sales
Fixed income			
Securities contracts (primarily treasury bonds)			
including futures and options written and purchased	2000	$ 250,061,121	$ 255,365,304
	1999	175,616,600	178,303,100

The Institute's net trading revenues from fixed income securities contracts including futures and options written and purchased were $4,300,386 and $2,459,600 for the years ended December 31, 2000 and 1999, respectively. Net trading revenues include realized gains and losses in the fair value of the derivative and other financial instruments and are recorded in the statement of activities within investment income.

Set forth below are the average fair values of derivative financial instruments during the years ended December 31, 2000 and 1999. The fair value amounts are determined by quoted market prices and pricing models which consider the time value and volatility of the underlying instruments. Changes in fair value are reflected in the trading revenues or net interest as incurred, depending on the nature of the contract.

		Average Fair Value	
		Assets	Liabilities
Fixed income			
Securities contracts including futures and options written and purchased	2000	$ 44,544,902	$ 23,300,504
	1999	17,535,600	18,791,300

The Institute monitors and controls its risk exposure on a daily basis through financial reporting systems and, accordingly, believes that it has effective procedures for evaluating and limiting the market risks to which it is subject. Additionally, these derivative financial instruments and transactions are with significant institutions.

13. Net Assets

December 31,	2000	1999
Temporarily Restricted Net Assets consist of		
Grant funds held for specific purposes	$ 2,279,500	$ 1,692,900
Funds held for awards, medals and other specific purposes	413,300	393,500
	$ 2,692,800	$ 2,086,400
Permanently Restricted Net Assets consist of Endowment principal	$ 191,400	$ 191,400

14. Related Party

The Institute enters into transactions with the IEEE Foundation, Incorporated (the "Foundation"), a related organization. The Foundation performs activities in support of the scientific and educational functions and programs of the Institute. The Institute provides certain accounting and administrative services ("contributed services") which are not reimbursed by the Foundation. Total contributed services recorded by the Foundation were $82,300 and $77,000 in 2000 and 1999, respectively. The Institute solicits contributions on behalf of the Foundation through its annual member renewal process. Total contributions solicited were $473,800 and $389,000 in 2000 and 1999, respectively. The Institute has on deposit $18,476,400 and $18,814,600 from the Foundation at December 31, 2000 and 1999, respectively. These amounts are invested by the Institute on behalf of the Foundation. Receivables due from and payables due to the Foundation at December 31, 2000 and 1999 are $26,500 and $199,200, and $39,300 and $214,000, respectively.

Summarized financial data of the Foundation for 2000 and 1999 are as follows:

	2000	1999
Total assets	$ 26,279,000	$ 27,331,700
Total liabilities	1,387,400	946,300
Net assets	24,891,600	26,385,400
Revenues	1,176,700	6,328,000
Expenses	2,670,500	2,073,500

IEEE Corporate Headquarters
Three Park Avenue, 17th floor
New York, New York 10016 USA
+1 212 419 7900

IEEE Operations Center
445 Hoes Lane
Piscataway, New Jersey 08855 USA
+1 732 981 0060

IEEE-United States of America
1828 L Street, N.W., Suite 1202
Washington, D.C. 20036 USA
+1 202 785 0017

IEEE Asia Pacific Operations Center
59E Science Park Drive
The Fleming, Singapore Science Park
Singapore 11844, Singapore
65 778 2873

IEEE European Operations Center
13th Avenue de l´Aquilon
Brussels, B-1200, Belgium
32 2 770 2242

IEEE Communications Society
305 East 47th Street, 9th floor
New York, New York 10017 USA
+1 212 705 8900

IEEE Computer Society
Headquarters
1730 Massachusetts Avenue, NW
Washington, D.C. 20036 USA
+1 202 371 0101

Publications
10662 Los Vaqueros Circle
P.O. Box 3014
Los Alamitos, California 90720 USA
+1 714 821 8380

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