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MEMORANDUM

CONFIDENTIAL

To: Mr. N. S. Hibshman

November 23, 1962

From: Charles S. Rich

Re: IEEE Editorial Policy Committee Meeting, November 16, 1962

The figures given in the tabulation for AIEE publications were taken from our budget estimate for the current fiscal year with 10 months actual cost and 2 months estimated for the fiscal year ending April 1962. Quantities and costs have been rounded out (Sample A). Unfortunately, \$8,776 of income from the sale of the TRANSACTIONS Index has been disregarded which is accountable in our audited statement under Special Publications (Sample B).

SUMMARY OF NET COSTS OF AIEE PUBLICATIONS AS REPORTED  
AT THE MEETING OF 11/16/62 COMPARED WITH ACTUAL  
AUDITED COSTS FOR THE YEAR ENDING APRIL 30, 1962

	As Reported in Tabulation 11/16/62	Actual Year Ending April 30, '62
EE	-\$139,000	-\$140,622
Bimonthlies	- 31,000	- 27,169
Transactions	- 9,500	- 7,240
Preprints	- 12,000	- 16,274
Miscellaneous Publications	- 31,800	- 21,912*
	-\$223,300	-\$213,217

\*Includes \$17,788 expense for production of Membership Directory and Organization Manual.

	-\$21,912
	+ 17,788
Miscellaneous Publications	-\$ 3,124

Thus in respect to the statement at the bottom of the tabulation referring to AIEE Miscellaneous Publications and the loss of \$31,800 appears misleading as the actual net cost here was \$21,912. If the Membership Directory and Organization Manual, which cost \$17,788, are not considered as Miscellaneous Publications, then the loss on the remaining Miscellaneous Publications -- mainly Special Publications and Technical Conference Publications -- would amount to a net cost of only \$3,124. In regard to the average number of print copies for the bimonthlies, these were as follows:

Part I. Communication and Electronics	9,650
Part II. Applications and Industry	5,567
Part III. Power Apparatus and Systems	7,383

In regard to the first column of the tabulation headed Proceedings IRE for 1961, I believe the figures in this column represent a total of income for both the Proceedings and the Directory. The line for circulation where 105,000 copies are shown is believed to be the print order today. At the time of their anniversary issue last May, they were talking about 100,000 copies and 103,000 and 104,000 have only been mentioned recently in their advertising promotion. This should be an average figure for the 12 issues in the calendar

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year 1961, and from their publisher's statement for the first six month ending June 30, 1961, adding their paid circulation to their unpaid distribution, you get a total of only 94,114 copies; for the six months ending December 31, 1961 a total of 97,579. Thus, the average circulation for the entire year 1961 is nearer 95,847.

Also again from the Report of the Secretary for 1961, the total membership growth curve showed 96,551. We know that their rate of growth has been fairly constant since 1955, or approximately 7,666 per year. Subtracting back and adding 5,128 for the total number of their nonmember paid subscriptions, you would get a circulation figure of 97,846. (Sample-C)

The total number of pages shown are pages only for the Proceedings and correspond exactly with the number of pages for editorial and advertising given me by Woody Gannett for a total of 4,304.

In regard to income, the IRE accountant, Mr. Buckley gave me the following figures by telephone about August 20 for income during the calendar year 1961:

Advertising in Proceedings	\$ 1,300,766.59
Advertising in Directory	300,000.16

These two figures except for the cents correspond exactly with the advertising income shown in Table IV of the Secretary's Report on page 1556 of the June issue of the Proceedings. Using the first 3 expense figures reported in Table IV of the Secretary's Report and adding to the income \$91,000 as reported for subscriptions in the tabulation used at the meeting, you would arrive at a net cost or loss for the Proceedings in 1961 of \$124,484 and a net loss or cost for the Directory of \$63,161 or a total loss on the entire operation of \$187,545 as shown in the following tabulation:

	<u>Expense</u>	<u>Income</u>
Proceedings Editorial Pages	\$ 681,353	\$ 91,000
Advertising pages	834,897	1,300,766
	\$1,516,250	\$1,391,766
	1,391,766	
Net Cost	(\$ 124,484)	
Directory	363,161	300,000
	300,000	
Net Cost	(\$63,161)	
Total Loss	(\$187,545)	

Also in all IRE accounting the figures shown for advertising income is the net after agency commission. They consider the 2% discount as an expense item. Their total income figure of \$1,600,766 would have to be about \$32,000 less to be comparable with our net income from advertising of \$254,095.

Again in Industrial Marketing for January 1962, a total of 1675 paid pages was reported for Proceedings of the IRE for the calendar year 1961. The 6-time rate in 1961 for IRE Proceedings was \$900 per page. Multiplying, it would give a gross income of \$1,507,500 and the net income would be approximately 15% less or \$1,280,000. This is a fairly close rough check on the \$1,300,766 reported to me by Mr. Buckley.



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The total number of advertising pages shown in the meeting tabulation 2,070 could not possibly represent the total paid pages of both Proceedings and Directory because there were 880 advertising pages in the 1962 Directory and 796 advertising pages in the recent 1963 Directory.

In view of the foregoing reasons, I cannot reconcile the figures given in the first column of the tabulation for Proceedings of the IRE in the calendar year 1961.

CSR:sg

Charles S. Rich

P. S. The AIEE estimated expense figure for ELECTRICAL ENGINEERING of \$438,000, as you recognized, includes \$10,100 for the telephone, telegraph and stationery; and \$23,590 for rent -- a total of \$33,690. It is not known whether the figure for Proceedings includes rent and overhead.