American Registry for Internet Numbers

ANNUAL REPORT

January 1, 2002 through December 31, 2002

The American Registry for Internet Numbers
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Chairman's Message

In December 2002, ARIN celebrated its fifth year of operation. This past year was one of many challenges and opportunities. A large part of the year was dominated by the ICANN's Evolution and Reform Process. This process was initiated in February by ICANN. Throughout the year, ARIN worked with the other Regional Internet Registries (RIRs) and the ICANN Evolution and Reform Committee to define processes and procedures that would facilitate the coordination of address space management policy at a global level. At year's end, significant progress had been made, and we anticipate having the ICANN/RIR relationship fully defined by the end of 2003.

One of the most significant accomplishments of 2002 in the international arena was the recognition by ICANN of LACNIC as the fourth RIR. ARIN, as the mentor for LACNIC, worked closely with the provisional LACNIC Board to organize and structure this new RIR. Technical interface meetings, training, and hard work in all areas resulted in a smooth transition of Latin American customers to a new viable and dynamic RIR. I wish to extend congratulations to our associates in LACNIC and wish them well in their future endeavors. We look forward to working with them in the future.

ARIN continues to be a healthy and vibrant organization, maturing while striving for constant improvement. It is financially sound and has an adept and dedicated staff that is always seeking ways to enhance services to its members and the Internet community. The policy development process, which has proved essential in ARIN meeting the needs of the community, continues to have active participation by both members and nonmember stakeholders. Several new policies were adopted that will serve the community well and discussion of several policy proposals will continue into 2003 on the mailing lists and at ARIN meetings.

ARIN looks forward to the coming year being another successful year.

John Curran
Chairman
ARIN Board of Trustees

President's Message

In December, ARIN celebrated its fifth anniversary. This capped a very busy and productive year. The year began with ARIN moving into new office space to replace the space that ARIN had outgrown. Throughout the year, service improvements were made in Registration Services, Member Services, and Business operations. These improvements included the conversion to the new registration database, release of computer-based training modules, and the installation of a new accounting system.

ARIN worked closely with its fellow RIRs to facilitate the development of a globally coordinated allocation policy for IPv6. Staff exchanges between the RIRs fostered a better understanding of how the RIRs operate and resulted in improvements in the way ARIN provides services.

While all of this represents an investment in the future, the biggest investment continues to be the active participation by members and Internet community stakeholders like you. It is your participation in the policy development process and your suggestions for improvements in services that make ARIN the success it is today. 2003 will be an even more successful year for ARIN.

Thank you,

Raymond A. Plzak
ARIN President and CEO

1. Overview of ARIN

1.1 Mission Statement

"Applying the principles of stewardship, ARIN, a nonprofit corporation, allocates Internet Protocol resources; develops consensus-based policies; and facilitates the advancement of the Internet through information and educational outreach."

1.2 Region

The American Registry for Internet Numbers currently manages the Internet numbering resources for North America, a portion of the Caribbean, and sub-equatorial Africa. On November 7, 2002, the Latin American and Caribbean Internet Address Registry (LACNIC) was officially recognized as a Regional Internet Registry, assuming responsibility for Latin America and part of the Caribbean region from ARIN.

1.3 Organizational Structure and Status

ARIN is structured to operate as a service organization that is responsive to the needs of the public it serves. It is organized and driven by the users in the community and is thus able to keep in step with their requirements. ARIN is comprised of the following:

ARIN's organizational structure remained unchanged in 2002.

2. Activity Reports

2.1 ARIN Departments

Administration Department

The Administration Department, managed by Mary K. Lee, is responsible for personnel acquisition, employee compensation management, benefits administration, payroll administration, employee training, office management and security, and travel administration. During the first half of 2002, the department concentrated on settling into the new facility. Contracts were finalized with vendors, coat hooks were installed, the library was organized and even a little bit of decorating occurred.

In 2002, there was much emphasis on training and education for ARIN staff. Internally, staff and management attended training sessions on customer service, supervisory skills, and sexual harassment awareness. Externally, ARIN staff attended seminars in human resources, accounting, and presentation and management techniques. The three part ARIN orientation package was completed in the spring. All current staff attended a "trial" run of the new hire orientation, and it is now being given to new staff during their first two weeks.

The revised Employee Handbook is undergoing final legal review and will be released soon. Projected activities for the upcoming year include training sessions for the new handbook, continuing training for supervisors, and development of a more comprehensive total compensation program and a formalized pay structure.

Business Department

The Business Department, managed by Bob Stratton, is responsible for all financial aspects of ARIN, including billing, budgeting, legal affairs, contracts, and accounting. The department implemented a new accounting system as of January 1, 2002, and with this new software has improved operations. Also, American Express was added as a choice for members/customers to pay for ARIN services. This was also the first year of the lower renewal fees for IP registrations. The Business Department was heavily involved with the Latin American and Caribbean Internet Addresses Registry (LACNIC) assuming full RIR duties during 2002. Finally, the department began the process of following up on collection of overdue invoices.

Plans for 2003 include developing procedures for a better collection process and a more efficient way to deal with bankruptcies. In addition, preliminary work will begin to allow linking accounting data to registration data in the Oracle database.

Engineering Department

Managed by Ginny Listman, the Engineering Department and its eleven-member staff writes and maintains the code that supports the efforts of registration, business, and member services. The department is responsible for system development as well as equipment maintenance and upgrades required to keep ARIN operational.

Several long-term projects were initiated this year with substantial work accomplished. They include:

Database Conversion. The Engineering Department released the first phase of upgrading the database. This included: revising existing ARIN templates and developing Organization and POC templates, conducting internal and external testing, improving template processing, and releasing a new version of WHOIS. Additional phases will be rolled out in the next several years.

Early Registration Transfer (ERX). The Engineering Department has been coordinating with the three other Regional Internet Registries to transfer the IPv4 networks and autonomous system numbers that had been delegated prior to ARIN's existence. In 2002, all appropriate autonomous system numbers were transferred. IPv4 networks will begin being transferred early in the first quarter of 2003.

IN-ADDR.ARPA Zone Improvements. Support for Transaction Signatures (TSIG) was added to protect the transfer of the zone files. Additional measures to secure these critical zone files will take place in 2003.

ARIN Network Improvements. For redundancy, ARIN established a co-location facility. We have also continued to upgrade hardware, and added more security to protect against hacking and virus incidents.

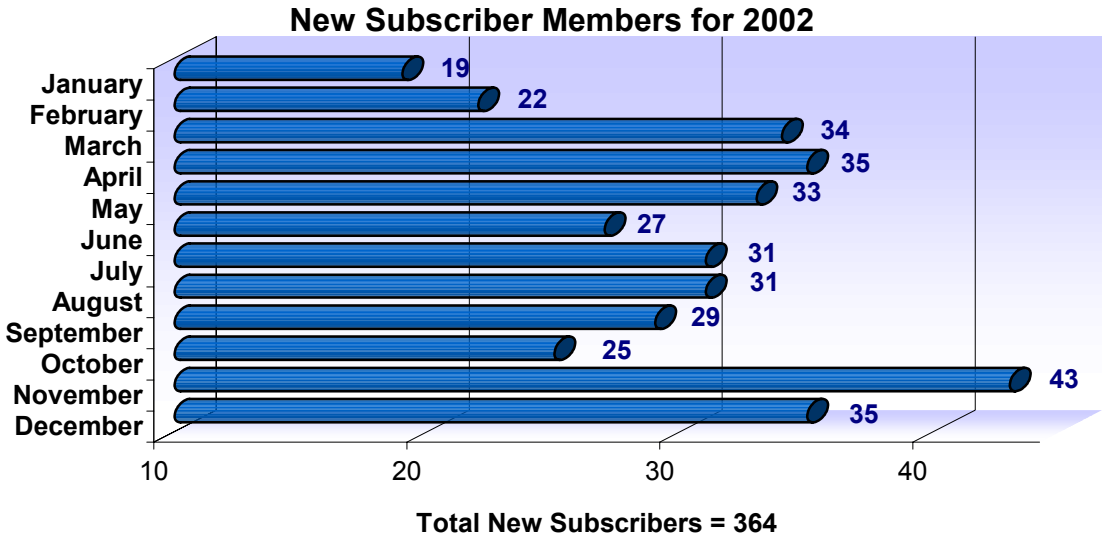
Member Services Department

The Member Services Department, managed by Susan Hamlin, continues to work in the following areas: outreach to the membership and Internet community, management of the ARIN website design and content, development of training materials, documentation, election oversight, and event planning.

Membership in ARIN continues to grow, albeit at a slower pace than in previous years. ARIN's total membership at the end of the year was 1880; consisting of 1780 automatic, or subscriber, members and 100 non-subscriber members.

One factor that should be noted impacted this year's membership count. In late fall, ARIN removed approximately 100 members from its database when LACNIC became fully operational as a RIR. These members were located and utilizing IP address space within the geographic boundaries of the new LACNIC registry.

The graph below shows the number of new subscriber members each month throughout the year.



Notable initiatives completed in fiscal year 2002 included the following:

New website released:
In March, ARIN unveiled a new website to better serve ARIN members and the community at large. Among the key improvements and new content were: user-friendly navigation; a new site-wide search engine; a WHOIS search window on every page; new Policy, Meetings, and Network Abuse sections; dated and archived announcements; and an expanded Library page.

New ARIN logo:
Released as part of the new website design, ARIN's new logo was created in order to remove the former geographic representation before LACNIC became fully operational, making the old logo obsolete.

Outreach Efforts:
The principal educational focus throughout the year was the ARIN database conversion project. A 2002 Database and Template Conversion Information Center was added to the website and weekly updates were provided in order to introduce new database objects and authorities, as well as new resource request and modify templates.

Training:
During the summer months, Database and Template Conversion training was offered by ARIN staff in four locations within the ARIN region: Vienna, VA, Dallas, TX, Marina del Ray, CA, Toronto, OT. Class locations were selected based upon member interest.

ARIN introduced its first computer-based training module at the fall ARIN X meeting. "ARIN's Database and Templates" is comprised of three units that introduce users to the areas of authority within the database and details the use of the newer and more commonly used templates.

Meetings:
ARIN's two Public Policy and Members meetings were very successful. Noteworthy was the fall meeting, held for the first time back-to-back with a NANOG meeting. This experiment was deemed a success by all involved and significantly, ARIN had many first-time participants due to the NANOG connection.

In addition to ongoing projects, in 2003 the department will work on enhancements to the website, develop additional CBT modules, and work on the design of a members-only website.

Registration Services Department

The Registration Services Department (RSD), managed by Leslie Nobile, is responsible for the allocation and assignment of all IP resources within the ARIN region. Responsibilities and day-to-day activities of the group include IPv4 and IPv6 Numbers Registration, Autonomous System Number Registration, maintaining a help desk, reverse delegation registration, WHOIS Directory Service, and a Routing Registry Service.

During the past year, RSD worked intensively to streamline many processes and procedures to ensure that we are providing the best possible service to customers and members. These processes include maintaining a consistent one to two day turnaround time on all requests, and ensuring that staff check all e-mail accounts and generate responses at least twice a day.

Another area of concentration for the group has been to work closely with the Engineering Department to ensure the success of one of ARIN's largest projects to date, the conversion to a new database and WHOIS. This entailed a great deal of coordination and work with the engineers. This project included the development of new templates, beta testing new software, and the testing of the new WHOIS. In addition, RSD worked with both the Member Services and Engineering departments on the development of training materials detailing the new database schema.

In addition, RSD worked closely this year with LACNIC's registration staff to ensure that they were fully trained on all ARIN policies, processes, and procedures. This close association helped to prepare the LACNIC staff for the transition into their role as the fourth RIR to be recognized by ICANN.

A final area of focus for the RSD staff has been to implement the new policies that were voted on by the ARIN membership and ratified by the ARIN Board of Trustees this past year. These new policies include the revised web hosting policy, the new micro-allocation policy (Policy 2001-3) that includes both IPv4 and IPv6, the new IPv6 policy, reassignments to multi-homed downstream customers (Policy 2001-2),

and the policy concerning multiple discreet networks under a single maintainer ID (Policy 2001-6).

Projects for 2003 include working closely with the Engineering Department to enhance existing software and develop new tools, providing better and more detailed registration statistics, improving the format of the statistics provided on the website, and reducing lag time by enabling more template types to be automatically processed.

2. 2 Advisory Council Report

Members

The members of the Advisory Council for 2002 were:

- Chairman - Alec Peterson, Catbird Networks
- lyric apted[1]
- John Brown[2]
- Bill Darte, Center for the Application of Information Technology (CAIT) at Washington University
- Avi Freedman, Akamai Technologies, Inc.
- Sanford H. George, Information Sciences Institute at the University of Southern California
- Mark Kosters, VeriSign, Inc.
- Dawn Martin, WorldCom, Inc.
- Kevin Martin, pair Networks, Inc.
- Jeremy Porter[3]
- Lea Roberts, Stanford University
- Barbara Roseman
- Ron da Silva, AOL Time Warner, Inc.
- John Sweeting, Teleglobe Inc.
- Stacy Taylor, ICG Communications, Inc.[4]
- Cathy Wittbrodt, Packet Design

[1]lyric apted resigned effective November 5, 2002.
[2]John Brown resigned effective November 7, 2002.
[3]Jeremy Porter resigned effective August 12, 2002.
[4] Stacy Taylor was appointed to fill John Brown's seat until the next regularly scheduled election in the fall of 2003.

Meetings

In 2002, the Advisory Council (AC) met at ARIN's biannual meetings. In addition, they met three times via teleconference. The minutes from these meetings can be found at http://www.arin.net/library/minutes/ac/.

Elections / Resignations

In the fall elections, Bill Darte, Alec Peterson, and John Sweeting won re-election to the AC, while Tanya Hinman and Suzanne Woolf won their first elections to the AC.

The AC had three resignations this year. Jeremy Porter resigned in August, and lyric apted and John Brown resigned in November. As there was a year left in Jeremy Porter's term, the vacancy was filled through the normal election process in the fall. Mark Kosters, as the recipient of the most votes after the five full-term seats were filled, was elected to fill the remainder of this term. Lea Roberts was appointed to fill the remainder of lyric apted's term, while Stacy Taylor was appointed to fill the remainder of John Brown's term.

Policy Recommendations

Moved to Recommend Ratification:

Policy 2001-3: IPv6 Micro-assignments
http://www.arin.net/policy/2001_3.html

Policy 2001-4: Modification of the IPv6 allocation policies
http://www.arin.net/policy/2001_4.html

2002-1: Lame Delegations in IN-ADDR.ARPA
http://www.arin.net/policy/2002_1.html

2002-4: Bulk copies of ARIN's WHOIS
http://www.arin.net/policy/2002_4.html

Moved to Return to Public Policy Mailing List:

2002-2: Experimental Internet Resource Allocations
http://www.arin.net/policy/2002_2.html

2002-5: Amnesty Requests
http://www.arin.net/policy/2002_5.html

2002-6: Aggregation Requests
http://www.arin.net/policy/2002_6.html

2002-8: Privatizing POC Information
http://www.arin.net/policy/2002_8.html

Moved that no action be taken:

2002-3: Micro-Assignments for Multi-Homed Networks
http://www.arin.net/policy/2002_3.html

2002-7: Micro-assignments for multi-homed organizations
http://www.arin.net/policy/2002_7.html

2002-9: To allow micro-assignments for end-user organizations
http://www.arin.net/policy/2002_9.html

Other Actions

- Reviewed the policy language of Policy Proposal 2001-2: "/24 Reassignments for Multi-homing" and the language of Policy Proposal 2001-6: "Multiple Aggregation Point" after revisions by the Board of Trustees
- In February, Alec Peterson was re-elected as Chairman of the Advisory Council
- Provided input to the Board on Stuart Lynn's proposal for ICANN Evolution and Reform

2. 3 Board of Trustees Report

Members

The members of the Board of Trustees for 2002 were:

Officers

Chairman
John Curran, Vice President of Internet Technology, XO Communications
Secretary
Scott Bradner, Senior Technical Consultant, Harvard Office of the Provost, Harvard University
Treasurer
Lee Howard, Senior Manager of Internet Customer Installations, WorldCom, Inc.
President
Ray Plzak, Chief Executive Officer, American Registry for Internet Numbers

Trustees

- David Conrad, Chief Technology Officer, Nominum, Inc.
- Bill Manning, Partner, EP.NET, llc.
- Scott Marcus*, Chief Technology Officer, GENUiTY Inc.

* Scott Marcus resigned from the Board of Trustees in May 2002. His term was allowed to expire, and was filled normally during the fall election process.

Meetings

The Board held nine meetings during the year. Complete meeting minutes can be found at: http://www.arin.net/library/minutes/bot/.

Elections / Resignations

In the fall elections, David Conrad won re-election to the Board of Trustees, while Bill Woodcock was elected for the first time to the Board.

The Board had one resignation this year. Scott Marcus resigned in May. As Scott's term would have expired normally at the end of the year, the vacancy was filled through the normal election process in the fall.

Policy Actions

Ratified:

2001-2: Reassignments to multihomed downstream customers
http://www.arin.net/policy/2001_2.html

2001-3: IPv6 Micro-assignments
http://www.arin.net/policy/2001_3.html

2001-4: Modification of the IPv6 allocation policies
http://www.arin.net/policy/2001_4.html

2001-6: Multiple Discrete Networks -- Single Maintainer ID
http://www.arin.net/policy/2001_6.html

2002-1: Lame Delegations in IN-ADDR.ARPA
http://www.arin.net/policy/2002_1.html

2002-4: Bulk copies of ARIN's WHOIS
http://www.arin.net/policy/2002_4.html

Returned to Public Policy Mailing List:

2002-2: Experimental Internet Resource Allocations
http://www.arin.net/policy/2002_2.html

2002-5: Amnesty Requests
http://www.arin.net/policy/2002_5.html

2002-6: Aggregation Requests
http://www.arin.net/policy/2002_6.html

2002-8: Privatizing POC Information
http://www.arin.net/policy/2002_8.html

Decided no action was needed:

2002-3: Micro-Assignments for Multi-Homed Networks
http://www.arin.net/policy/2002_3.html

2002-7: Micro-assignments for multi-homed organizations
http://www.arin.net/policy/2002_7.html

2002-9: To allow micro-assignments for end-user organizations
http://www.arin.net/policy/2002_9.html

Other Actions

- In January, John Curran was re-elected as Chairman of the Board, Scott Bradner was re-elected as Secretary, and Lee Howard was elected as Treasurer.
- Approved an amendment to ARIN's bylaws to provide for reimbursement to members of the Advisory Council for travel expenses.
- Authorized the President to release $243,020.00 to ICANN. This represents 50% of the funds that ARIN is holding in escrow pending the execution of a contract between the RIRs and ICANN.
- Approved a temporary waiver of fees for IP and AS Number transfers as a means of encouraging subscribers to participate in database cleanup. In November, this waiver was extended to December 31, 2003, unless the Board decides otherwise.
- Approved documentation of the processes of election to the Board of Trustees and the Advisory Council.
- Approved a definition of ARIN membership.
- Approved a temporary waiver of fees for initial allocations of IPv6 address space. In November, this waiver was extended until December 31, 2003, or until a new IPv6 fee schedule is published, whichever occurs first.
- The Board Chairman and the President were tasked to work with the other RIR boards to move the NRR Blueprint document to publication. The NRR was published on October 9, 2002.
- Formally approved auditor's report.
- Formally approved Finance Committee charter
- Confirmed Advisory Council election process as required by ARIN bylaws.
- Revised "ARTICLE VI, Section 15. Board of Trustees. Trustee Conflict of Interest." of the bylaws.
- Extended the waiver of fees for the allocation of IPv6 address space to current IPv4 subscribers from January 1, 2003, until either such time as December 31, 2003, or a new IPv6 fee schedule is published, whichever occurs first.
- Confirmed the appointment to the Advisory Council of Lea Roberts, to fill the vacancy created by the resignation of lyric apted, and Stacy Taylor, to fill the vacancy created by the resignation of John Brown.

2. 4 Member and Public Policy Meeting Reports

ARIN IX
Public Policy Meeting: April 8-9, 2002
Members Meeting: April 10, 2002
Las Vegas, Nevada

Over 130 attendees, representing 24 states and 9 countries, enjoyed the hospitality of meeting sponsor Cox Communications during ARIN IX.

Public Policy Meeting Report:

Meeting minutes: http://www.arin.net/library/minutes/ARIN_IX/PPM.html

Prominent Policy Discussions:

- **Proposal 2002-1: Lame Delegations**
  http://www.arin.net/policy/2002_1.html
  While there was consensus for ARIN to implement a policy to monitor and remove lame delegations from the zone files, no agreement was reached on the details of an implementation plan. A call was made for renewed discussion on the Database Working Group mailing list (dbwg@arin.net).

- **Proposal 2001-3: Micro-allocation policy**
  http://www.arin.net/policy/2001_3.html
  Revised language was presented which, through a show of hands, was accepted by the attendees. Key changes were the inclusion of a separate allocation block for exchange points and no mention of the routability of the exchange point block. Mark Kosters was directed to refine this language and present it to the Advisory Council as stipulated in the Internet Resource Policy Evaluation Process.

Member Meeting Report:

Meeting minutes: http://www.arin.net/library/minutes/ARIN_IX/Members.html

Key Highlights:

- Reports from ARIN departments were given
- A request was made that the statistics depicting Registration Services response times be posted on the ARIN website.
- Board reported on a change in the bylaws to have ARIN's fiscal year match the calendar year.
- Discussion on the waiver of transfer fees to encourage data cleanup was held and consensus was determined to be in favor of this idea.
- A discussion was held regarding ARIN's fee structure and possible changes to it. It was announced that the Board would look into this.

ARIN X
Public Policy Meeting: October 30-31, 2002
Members Meeting: November 1, 2002
Eugene, Oregon

With over 152 registrants for ARIN X, representing 27 states and 10 countries, it was judged that the back-to-back meetings of ARIN and NANOG were successful. Furthermore, 90 people attended both the ARIN Public Policy Meeting and NANOG 26, as well as 30 people who were first-time ARIN attendees.

Public Policy Meeting Report:

Meeting minutes: http://www.arin.net/library/minutes/ARIN_X/ppm.html

Prominent Policy Discussions:

- **Proposal 2002-1 Lame Delegations in IN-ADDR.ARPA**
  http://www.arin.net/policy/2002_1.html
  Discussion revolved around how to contact organizations and ways to determine the lameness of delegations. Consensus was reached on these issues and the proposal with changes was accepted through a show of hands.

- **Proposal 2002-2 Experimental Internet Resource Allocations**
  http://www.arin.net/policy/2002_2.html
  Some attendees felt that the "commercial purpose" language in the proposal needed to be clarified. A majority of those expressing their opinions on the matter agreed that the language needed to be revised. Another point raised was whether the disclosure of details of the experiment should be made optional to protect proprietary information. A vote was taken and consensus was unanimously against such a change.

- **Proposal 2002-3 Micro-Assignments for Multihomed Networks**
  http://www.arin.net/policy/2002_3.html
  Discussion of this policy was combined with discussion of similar policies, specifically proposals 2002-7 and 2002-9. Many questions were raised about what rationale should be used in setting minimums, and what effect such minimums would have on the community. It was expressed that this particular policy was confusing in its use of "allocation" and "assignment." No clear consensus was reached.

- **Proposal 2002-4 Bulk Copies of ARIN's WHOIS**
  http://www.arin.net/policy/2002_4.html
  After discussion about how the other RIRs handled similar issues, the policy was accepted by a majority of those voting with the change that private POC

information be kept out of the bulk copies.

- **Proposal 2002-5 Amnesty Requests**
  http://www.arin.net/policy/2002_5.html
  A large majority of those voting indicated that they would in general support an amnesty policy with a limit of a /24. The suggestion was made for wording changes similar to those made in Proposal 2002-6, specifying a 12-month limit to renumber, an applicability to portable addresses only, and that the policy apply to any smaller size down to a /24. A slight majority showed a preference for making the limit a /24, instead of a larger size.

- **Proposal 2002-6 Aggregation Requests**
  http://www.arin.net/policy/2002_6.html
  The suggestion was made for wording changes specifying a 12-month limit to renumber, an applicability to portable addresses only, and that the policy apply to any smaller size down to a /24. Another suggestion was made that a change be made to the text that ARIN will select the space. Specific language suggested, “Shall receive at their option,” rather than ”shall be allowed to select.” In addition, a limit of up to a /20 on the size of an allocation received was suggested. In voting, the majority favored the policy as written, rather than with changes.

- **Proposal 2002-7 Micro-Assignments for Multihomed Organizations**
  http://www.arin.net/policy/2002_7.html
  Discussion of this policy was combined with discussion of similar policies, specifically proposals 2002-3 and 2002-9. Many questions were raised about what rationale should be used in setting minimums, and what effect such minimums would have on the community. No clear consensus was reached, though a majority of those voting approved trying to make appropriate changes.

- **Proposal 2002-8 Privatizing POC Information**
  http://www.arin.net/policy/2002_8.html
  It was pointed out that at least one point of contact needs to remain visible for the resolution of networking and spam issues. In voting at the meeting, unanimous consent was shown in support of accepting this policy as written.

- **Proposal 2002-9 To allow Micro-Assignments for End-user Organizations**
  http://www.arin.net/policy/2002_9.html
  Discussion of this policy was combined with discussion of similar policies, specifically proposals 2002-3 and 2002-7. Many questions were raised about what rationale should be used in setting minimums, and what effect such minimums would have on the community. No clear consensus was reached, though a majority of those voting approved rejecting the proposal.

Other Discussion Items:

Proposal for Transfer of 6bone Address Management Responsibilities to RIRs

Mark Kosters, ARIN Advisory Council member, moderated the discussion on this issue. While this is not a formal ARIN policy proposal, comments have been requested on this document in all three RIR regions and the 6bone community. Discussion of the issue focused on identifying an exact amount for the administration fee, the place the RIRs should have in closing down the 6bone and whether or not they have the right to do so, as well as talking about the consequences of the RIRs not doing this. Mark said that the discussion would be taken as feedback and a summary of discussions on the issue would be produced before the end of the comment period on December 31, 2002.

Member Meeting Report:

Meeting minutes: http://www.arin.net/library/minutes/ARIN_X/member.html

Key Highlights:

- The list of candidates for the Board of Trustees and the Advisory Council, along with biographical information, was presented. Those candidates present were given the opportunity to address the attendees.
- John Curran, Board of Trustees Chairman, gave a report on the ICANN Evolution and Reform Process and described the joint-RIR proposal for the creation of a Numbering Resource Registry (NRR). Details can be found at http://www.arin.net/nrr-blueprint/.
- Lee Howard, Board of Trustee and Treasurer, gave a report on ARIN's finances. As part of this, John Curran led a discussion of the IPv6 fee structure. Consensus was judged to be in favor of a fee structure that mirrored the fee structure of IPv4, with some in favor of the addition of a separate fee structure for organizations with only IPv6.
- During the open microphone section of the agenda, it was brought up that the issue of the transfer fee waiver needed to be addressed. The consensus was that this waiver should continue for another year.

3. Global Activities Report

3.1 LACNIC Approved as Fourth RIR

On October 30, 2002, during ICANN´s Public Forum at its meeting in Shanghai, China, The Latin American and Caribbean Internet Addresses Registry (LACNIC) presented to the community and to the ICANN Board a report on the outcome of its transitional process. This transitional process started in March 2002, when ICANN gave provisional approval to LACNIC. Following LACNIC´s report, Ray Plzak, ARIN President and CEO, presented a report on the excellent job done by LACNIC during this period and the results of this process.

Presentation of these satisfactory reports then led to the signing of a joinder to the ASO "Memorandum of Understanding" by the Presidents of ICANN and LACNIC in relation to LACNIC´s recognition. On October 31, during the ICANN Board meeting, LACNIC was formally recognized and proclaimed as the fourth Regional Internet Registry (RIR).

3.2 RIR Coordination Activities

Coordination among the RIRs continued strongly this year focusing on joint policy concerns, common operational tasks and on issues relating to ICANN's evolution and reform process.

Highlights of the coordination efforts are listed below:

- Joint-RIR IPv6 Policy enacted across all RIRs
  http://www.arin.net/policy/2001_4.html
  http://www.arin.net/policy/ipv6_policy.html
- Numerous ICANN-related actions including
  - A draft contract between the RIRs and ICANN
    http://www.arin.net/announcements/archive/2002/04092002.html
  - Feedback to ICANN on the ICANN evolution and reform process
    http://www.arin.net/library/internet_info/RIR_statement.pdf
    http://www.arin.net/library/internet_info/rir_submission.pdf
  - Publication of the "RIR Blueprint for Evolution and Reform of Internet Address Management," which included the proposal of a Numbering Resource Registry
    http://www.arin.net/announcements/10092002.html

- Assistance provided to emerging registries, as shown with LACNIC´s achieving recognition as fourth RIR and AfriNIC's continued progress.
- Cross-registry operational instruction, with RIRs providing training for each other's hostmaster and technical staff.

3.3 ICANN Activities

Along with the joint-RIR activities centered on the ICANN Evolution and Reform process, ARIN has been busy with ICANN and ASO activities.

ARIN acted as the Secretariat for the ASO AC in 2002. ASO AC members from the ARIN region for 2002 include:

- Barbara Roseman*
- Eric Decker
- Cathy Wittbrodt

* Barbara Roseman resigned her seat in December 2002

After the formal election process in the fall, it was announced at ARIN X that Mark McFadden had been elected to fill the seat on the ASO AC being vacated by Cathy Wittbrodt.

3.4 Internet Community Meetings

ARIN seeks opportunities to engage the community in dialogue as well as provide information to the public on its role as a RIR. ARIN participated in the following meetings throughout the year:

- NANOG 24, February 10-12, Miami, Florida, US
- RIPE 41, January 14-18, Amsterdam, NL
- ISOC - NDSS '02, February 6-8, San Diego, California, US
- APRICOT 2002 / APNIC 13, March 3-7, Bangkok, TH
- ASO General Assembly, March 5, Bangkok, TH
- ICANN, March 10-14, Accra, GH
- IETF 53, March 17-21, Minneapolis, Minnesota, US
- RIPE 42, April 29-May 3, Amsterdam, NL
- ITU-T Tutorial Workshop on IPv6, Geneva, CH
- AfNOG / AfriNIC, May 5-14, Lomo, TG
- NANOG 25, June 9-11, Toronto, CA
- GSM-NA, June 17, Atlanta, Georgia, US
- INET 2002 - ISOC, June 18-21, Washington, D.C., US
- ICANN, June 24-28, Bucharest, RO
- IETF 54, July 14-19, Yokohama, JP
- AfriNIC, August 5-9, Nairobi, KE
- APNIC 14, September 3-6, Kitakyushu, JP
- RIPE 43, September 9-13, Rhodes, GR
- NANOG 26, October 27-29, Eugene, Oregon, US
- ICANN, October 27-31, Shanghai, CN
- LACNIC III, November 12-13, Mexico City, MX
- IETF 55, November 17-22, Atlanta, Georgia, US
- ICANN, December 14-15, Amsterdam, NL

4. Public Policy Report

4.1 Internet Resource Policy Evaluation Process

ARIN's Internet resource policies are ratified by the Board of Trustees only after a full public discussion is held, a recommendation by the ARIN Advisory Council is made, and there is evidence that a consensus for the policy has been reached among the community and ARIN membership.

This process is governed by the Internet Resource Policy Evaluation Process, which is available on our website at http://www.arin.net/policy/ipep.html. This document has not undergone any changes in 2002. In addition, a flowchart describing the process is available at http://www.arin.net/policy/policy_flow.html.

4.2 Policy Proposals Acted on in 2002

Proposal 2001-3: Micro-allocation policy
http://www.arin.net/policy/2001_3.html
Mailing List: Introduced on the ARIN IPv6 list, September 26, 2001

- v6 Working Group List: http://www.arin.net/mailing_lists/v6wg/index.html
- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion

- ARIN VIII http://www.arin.net/library/minutes/ARIN_VIII/PPM.html
- ARIN IX http://www.arin.net/library/minutes/ARIN_IX/PPM.html

Advisory Council

- Advisory Council Meeting, 10/30/2001, http://www.arin.net/library/minutes/ac/ac2001_1030.html

Board of Trustees

- Board of Trustees Meeting, 12/11/2001, http://www.arin.net/library/minutes/bot/bot2001_1211.html
- Board of Trustees Meeting, 06/05/2002, http://www.arin.net/library/minutes/bot/bot2002_0605.html

Status as of 12/31/2003: Ratified

Proposal 2002-1: Lame Delegations
http://www.arin.net/policy/2002_1.html
Mailing List: Introduced on the DBWG list, March 8, 2002

- DBWG Mailing List: http://www.arin.net/mailing_lists/dbwg/index.html
- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion

- ARIN IX http://www.arin.net/library/minutes/ARIN_IX/PPM.html
- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council

- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html

- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees

- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: Ratified

Proposal 2002-2 Experimental Internet Resource Allocations

http://www.arin.net/policy/2002_2.html

Mailing List: Introduced on the PPML list, September 23, 2002

- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion

- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council

- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees

- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: The ARIN Advisory Council, based on comments from stakeholders expressed either at the ARIN X Public Policy meeting or on the ARIN public policy mail list, advised the ARIN Board of Trustees that Policy Proposal 2002-2 will be returned to the public policy mailing list for further discussion and consideration. The Board accepted this recommendation.

Proposal 2002-3 Micro-Assignments for Multihomed Networks

http://www.arin.net/policy/2002_3.html

Mailing List: Introduced on the PPML list, September 23, 2002

- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion

- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council

- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees

- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: The ARIN Advisory Council advised the ARIN Board of Trustees that no action is required on their part regarding this policy proposal, at this time. It was decided that ARIN staff would send a letter out to the author(s) on redrafting the proposal. The Board accepted this recommendation.

Proposal 2002-4 Bulk Copies of ARIN's WHOIS
http://www.arin.net/policy/2002_4.html
Mailing List: Introduced on the PPML list, September 24, 2002
- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion
- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council
- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees
- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: Ratified

Proposal 2002-5 Amnesty Requests
http://www.arin.net/policy/2002_5.html
Mailing List: Introduced on the PPML list, September 24, 2002
- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion
- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council
- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees
- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: There were substantive comments made during the last call period for this policy. The ARIN Advisory Council, based on comments from stakeholders expressed either at the ARIN X Public Policy meeting or on the ARIN public policy mail list, and noting that there have been substantive comments regarding Policy Proposal 2002-5 advised the ARIN Board of Trustees that Policy Proposal 2002-5 will be returned to the public policy mailing list for further discussion and consideration. The Board accepted this recommendation.

Proposal 2002-6 Aggregation Requests
http://www.arin.net/policy/2002_6.html
Mailing List: Introduced on the PPML list, September 25, 2002
- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion
- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council

- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees

- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: There were substantive comments made during the last call period for this policy. The ARIN Advisory Council, based on comments from stakeholders expressed either at the ARIN X Public Policy meeting or on the ARIN public policy mail list, and noting that there have been substantive comments regarding Policy Proposal 2002-6 advised the ARIN Board of Trustees that Policy Proposal 2002-6 will be returned to the public policy mailing list for further discussion and consideration. The Board accepted this recommendation.

Proposal 2002-7 Micro-Assignments for Multihomed Organizations
http://www.arin.net/policy/2002_7.html
Mailing List: Introduced on the PPML list, September 25, 2002

- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion

- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council

- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees

- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: The ARIN Advisory Council advises the ARIN Board of Trustees that no action is required on their part regarding this policy proposal, at this time. The Board accepted this recommendation.

Proposal 2002-8 Privatizing POC Information
http://www.arin.net/policy/2002_8.html
Mailing List: Introduced on the PPML list, September 25, 2002

- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion

- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council

- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees

- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: The ARIN Advisory Council, based on comments from stakeholders expressed either at the ARIN X Public Policy meeting or on the ARIN public policy mail list, and noting that there have been substantive comments regarding Policy Proposal 2002-8, advised the ARIN Board of Trustees that Policy Proposal 2002-8 will be returned to the public policy mailing list for further discussion and consideration. The Board accepted this recommendation.

Proposal 2002-9 To allow Micro-Assignments for End-user Organizations
http://www.arin.net/policy/2002_9.html
Mailing List: Introduced on the PPML list, October 1, 2002

- Public Policy Mailing List: http://www.arin.net/mailing_lists/ppml/index.html

Discussion

- ARIN X http://www.arin.net/library/minutes/ARIN_X/ppm.html

Advisory Council

- Advisory Council Meeting, 10/31/2002, http://www.arin.net/library/minutes/ac/ac2002_1031.html
- Advisory Council Meeting, 11/22,/2002, http://www.arin.net/library/minutes/ac/ac2002_1122.html

Board of Trustees

- Board of Trustees Meeting, 11/17/2001, http://www.arin.net/library/minutes/bot/bot2002_1117.html

Status as of 12/31/2003: The ARIN Advisory Council, based on comments from stakeholders expressed either at the ARIN X Public Policy meeting or on the ARIN public policy mail list and noting that there have been substantive comments regarding Policy Proposal 2002-9, advises the ARIN Board of Trustees that no action is required on their part regarding this policy proposal. The Board accepted this recommendation.

4.3 Working Group Actions

IPv6 Working Group

Archives: http://www.arin.net/mailing_lists/v6wg/

At ARIN IX, attendees were led through each key component of the proposed IPv6 policy and in each instance consensus was expressed in favor of the policy. It was agreed that the IPv6 policy document should be used as a basis for ARIN IPv6 policies and that this document would be revised to take into account the discussions and conclusions that were reached during this session.

Database Working Group

Archives: http://www.arin.net/mailing_lists/dbwg/

At ARIN IX, Consensus was expressed on the following issues:

- ARIN should add sequence numbers to all POC and network handles during a discussion of ARIN's new mechanism for generating database handles.
- That ARIN should be proactive in the cleanup of stale POC data.
- Concern was expressed during a review of WHOIS display enhancements that ARIN should not display the administrative contact in any organization record because of privacy considerations. There was a call for discussion of this issue on the mailing list (dbwg@arin.net).

At ARIN X, Ginny Listman, DBWG Working Group Chair and ARIN Director of Engineering, reported on issues involving the DBWG. The items discussed included a post-conversion report, changes to WHOIS output, stale POC data, and presentations on the next steps for the ARIN database and the Early Registration Transfer Project. The attendees were asked how they felt rejected templates should be marked. It was suggested that the return e-mail from ARIN should include either "Approved" or "Rejected" in the subject line, along with the appropriate ticket number. It was decided that ARIN would take this as direction from the community.

RTMA

Archives: http://www.arin.net/mailing_lists/rtma/

At ARIN IX, two presentations were given, one providing an in-depth look at the IPv6 routing table and the other including updates on Internet routing growth, allocation and assignment statistics, the definition and analysis of dark space, and squatted space.

During ARIN X, the RTMA Working Group Chair, Cathy Wittbrodt, presented findings of work being conducted by graduate students at UCLA to show the amount of time between the allocation of a prefix and its appearance in the global routing table. In addition, a report was given by Philip Smith providing an update on the status of the routing table.

CLEW

Archives: http://www.arin.net/mailing_lists/clew/

During ARIN IX, it was suggested that the group disband due to recent inactivity. However, with no clear direction given by attendees, it was determined that the group would go forward and await initiatives.

At ARIN X, CLEW Working Group Chair, Bill Darte, reported on the group's history, its recent charter revision, and the general successes and failures of CLEW. He recommended that with the lack of involvement in the group, and the fact that other avenues existed to present ideas for training, the CLEW working group should be disbanded. A vote was taken, and the proposal was approved unanimously. Bill was thanked for his leadership and work associated with CLEW.

RFC 2050

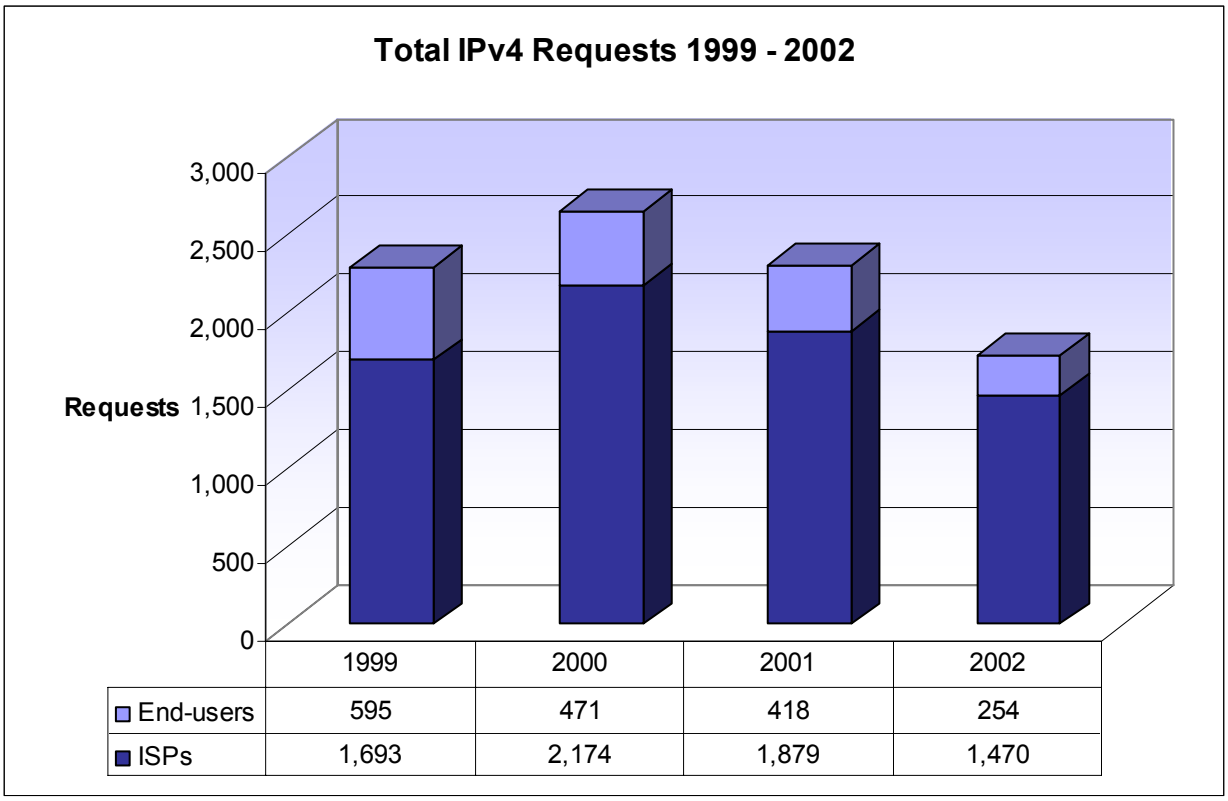
Archives: http://www.arin.net/mailing_lists/2050-wg/

During ARIN IX, input was requested on the order in which a new series of documents should be written. Attendees were encouraged to participate in the efforts to revise RFC 2050.

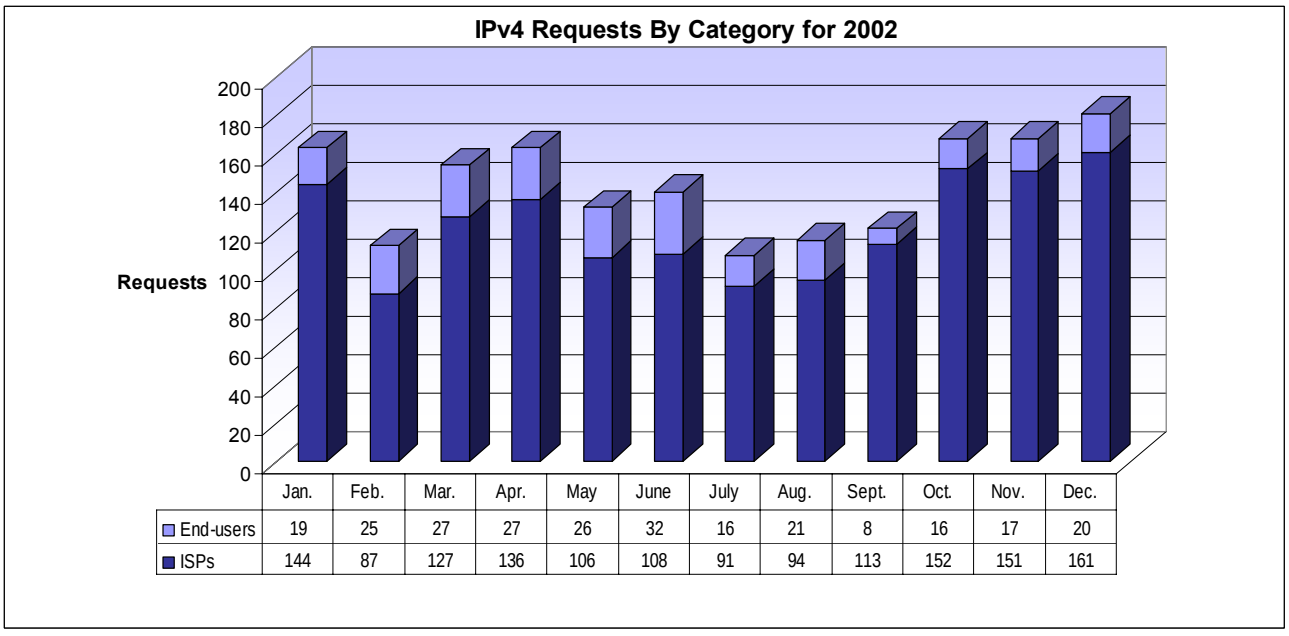
At ARIN X, Mark McFadden, RFC 2050 Working Group Chair, gave an update on its activities. It was reported that a RFC 2050 inventory has been published on the mailing list, and discussions have been held at three RIRs. It has been decided to have the RIRs work cooperatively rather than have a single RIR do the work. A series of documents has been proposed, and small editorial teams proposed for the documents.

Appendix I - Registration Statistics

IPv4 Requests for 2002



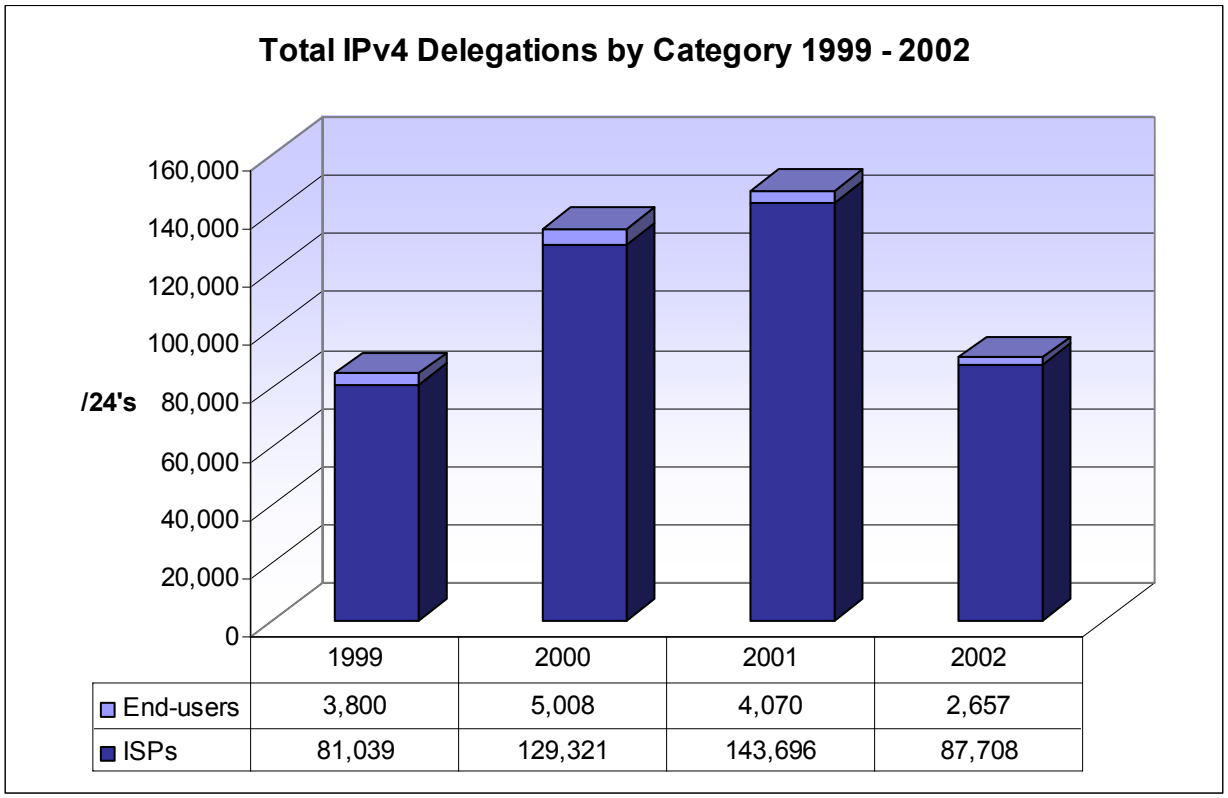
	1999	2000	2001	2002
End-users	595	471	418	254
ISPs	1,693	2,174	1,879	1,470



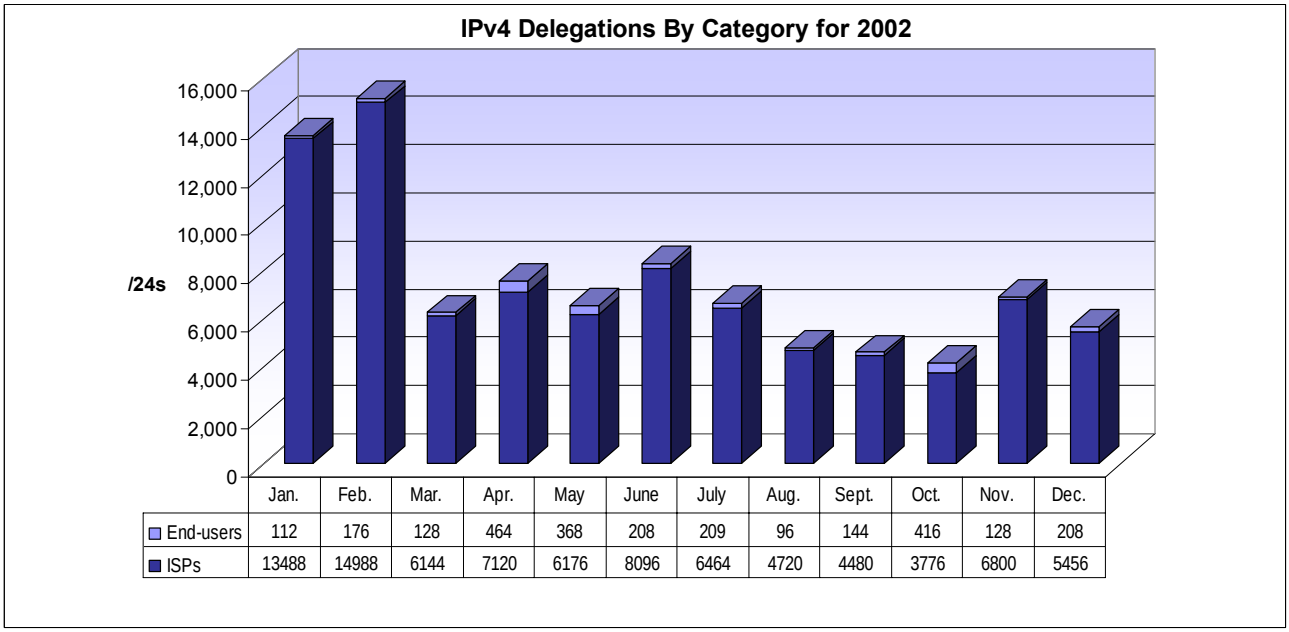
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
End-users	19	25	27	27	26	32	16	21	8	16	17	20
ISPs	144	87	127	136	106	108	91	94	113	152	151	161

IPv4 Delegations for 2002

/24 (class C) equivalents are used as the "common denominator" for measuring the larger (/19s, /16s, etc.) networks that ARIN actually delegates. One /19 equals 32 /24s. One /16 equals 256 /24s.



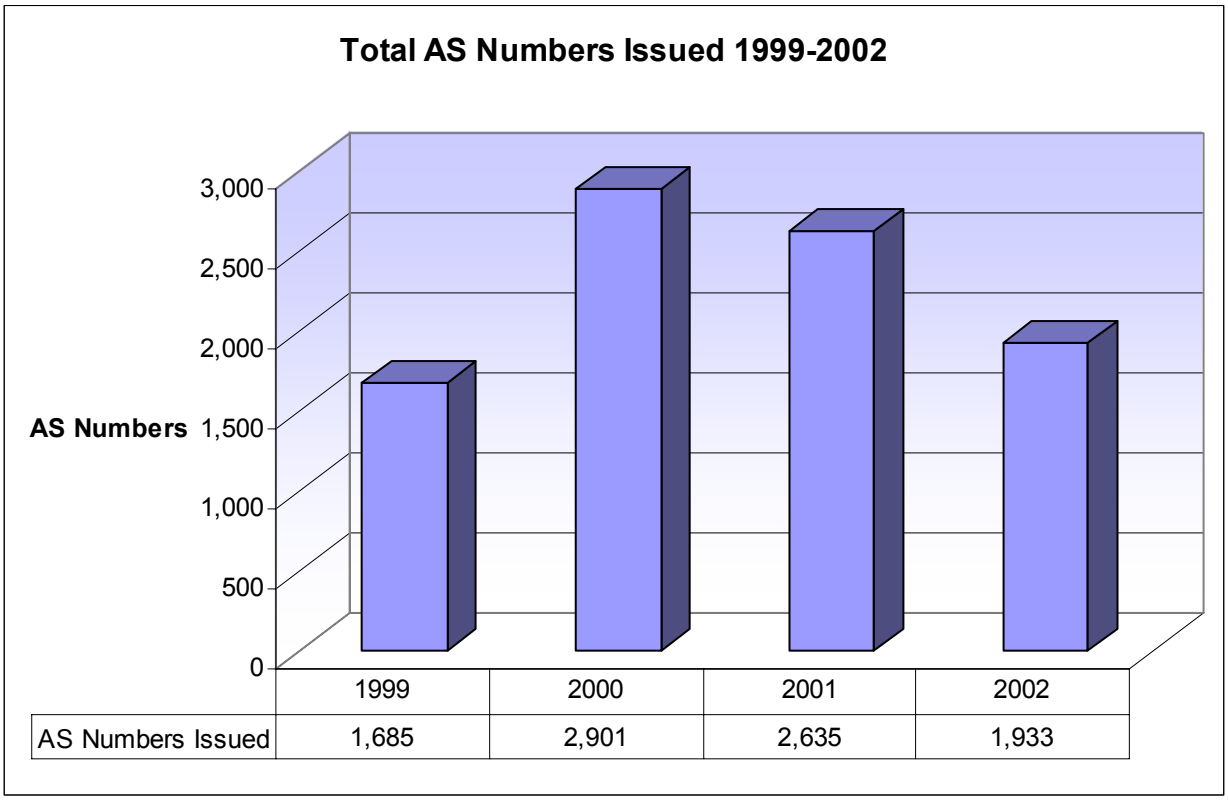
	1999	2000	2001	2002
End-users	3,800	5,008	4,070	2,657
ISPs	81,039	129,321	143,696	87,708

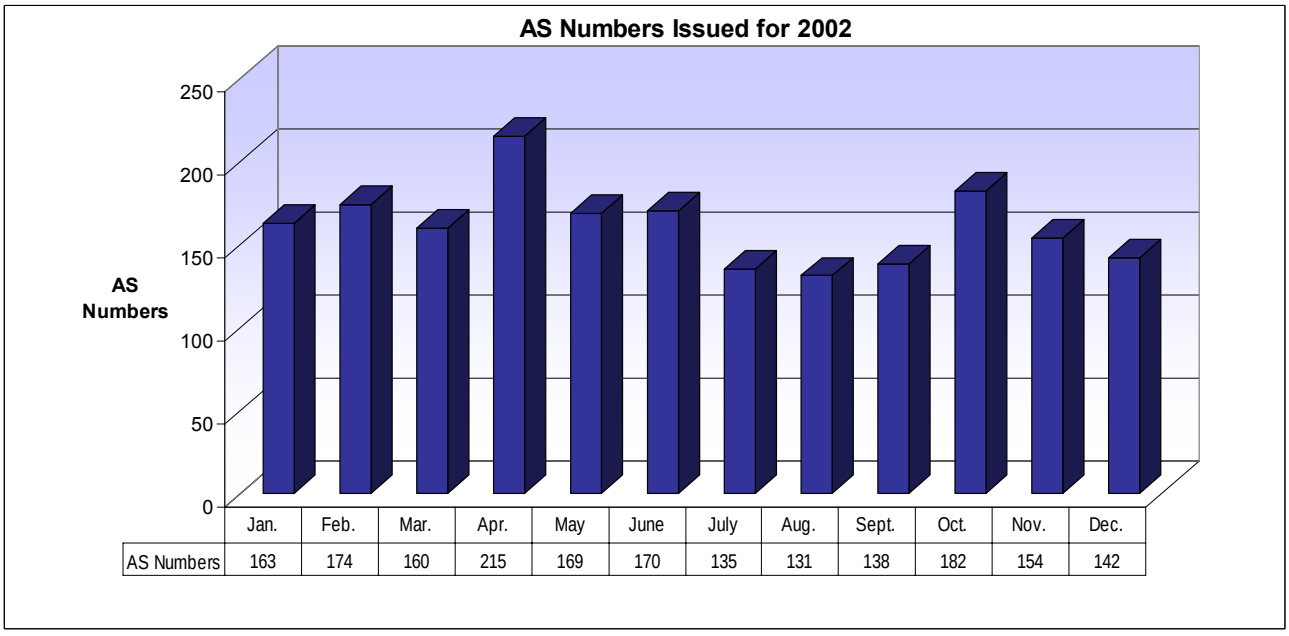


	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
End-users	112	176	128	464	368	208	209	96	144	416	128	208
ISPs	13488	14988	6144	7120	6176	8096	6464	4720	4480	3776	6800	5456

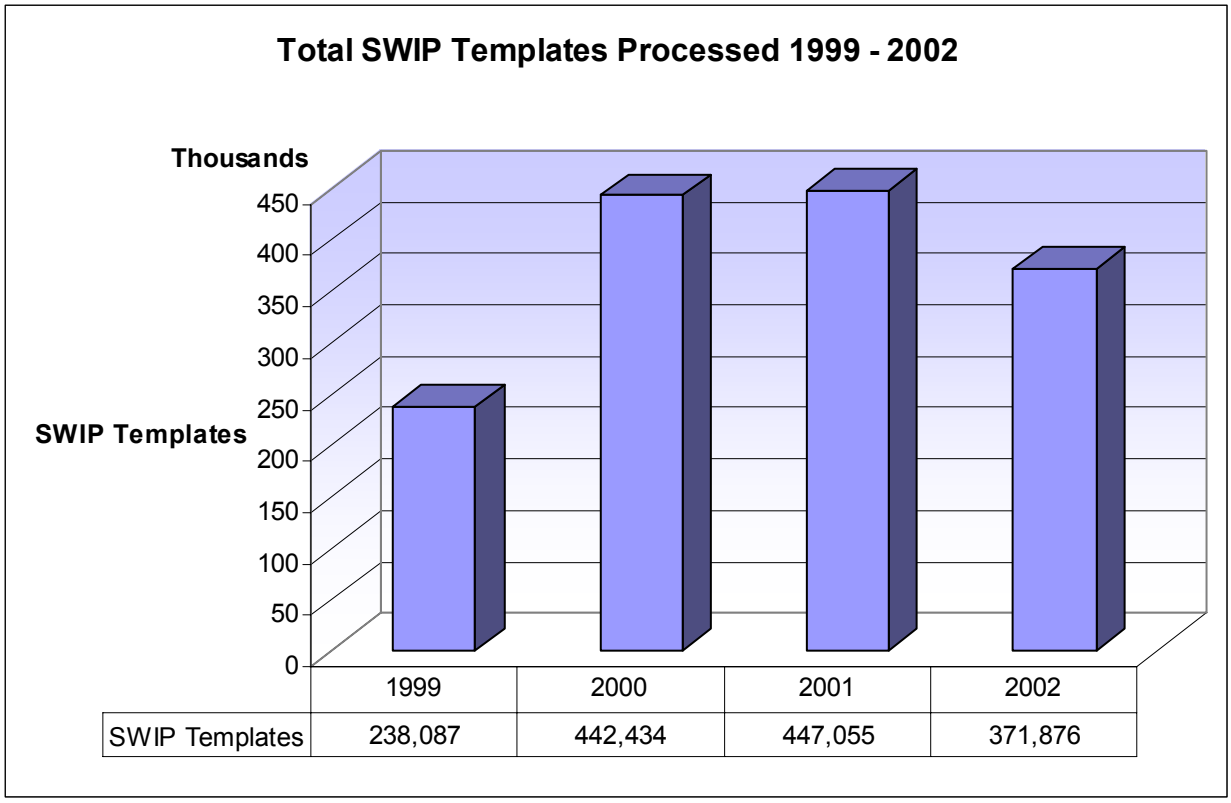
For the time period between August and December, this does not include delegations within the LACNIC region.

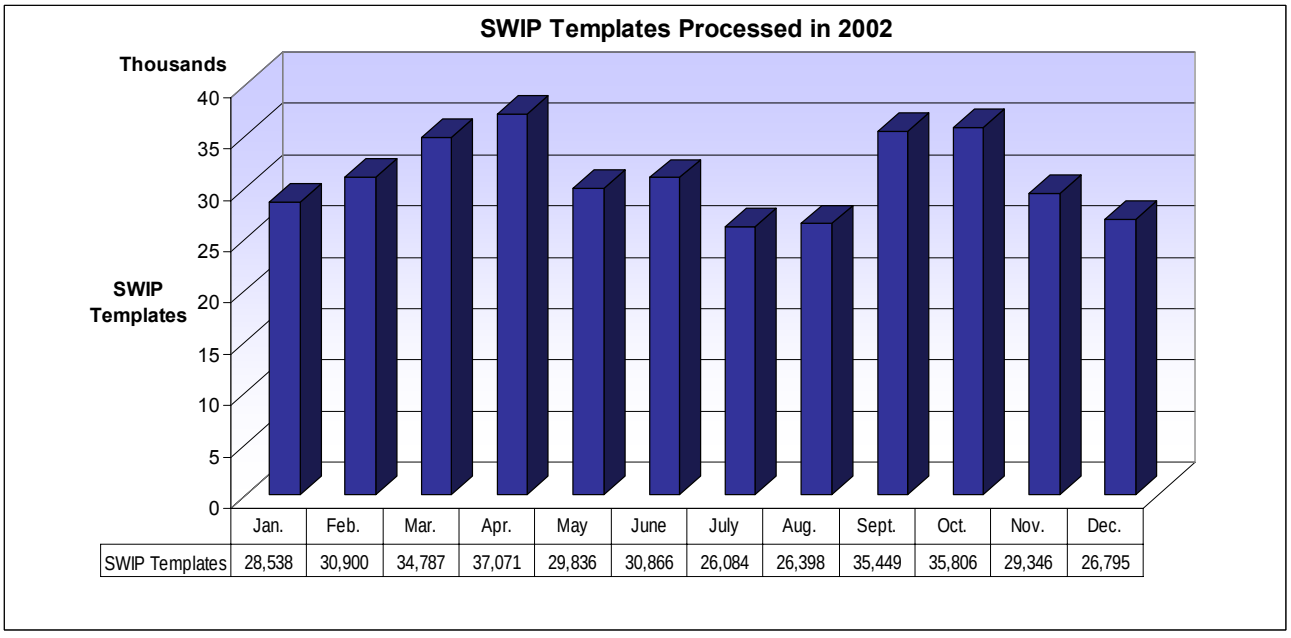
AS Numbers


Total AS Numbers Issued 1999-2002
AS Numbers
3,000
2,500
2,000
1,500
1,000
500
0
1999
2000
2001
2002
AS Numbers Issued
1,685
2,901
2,635
1,933

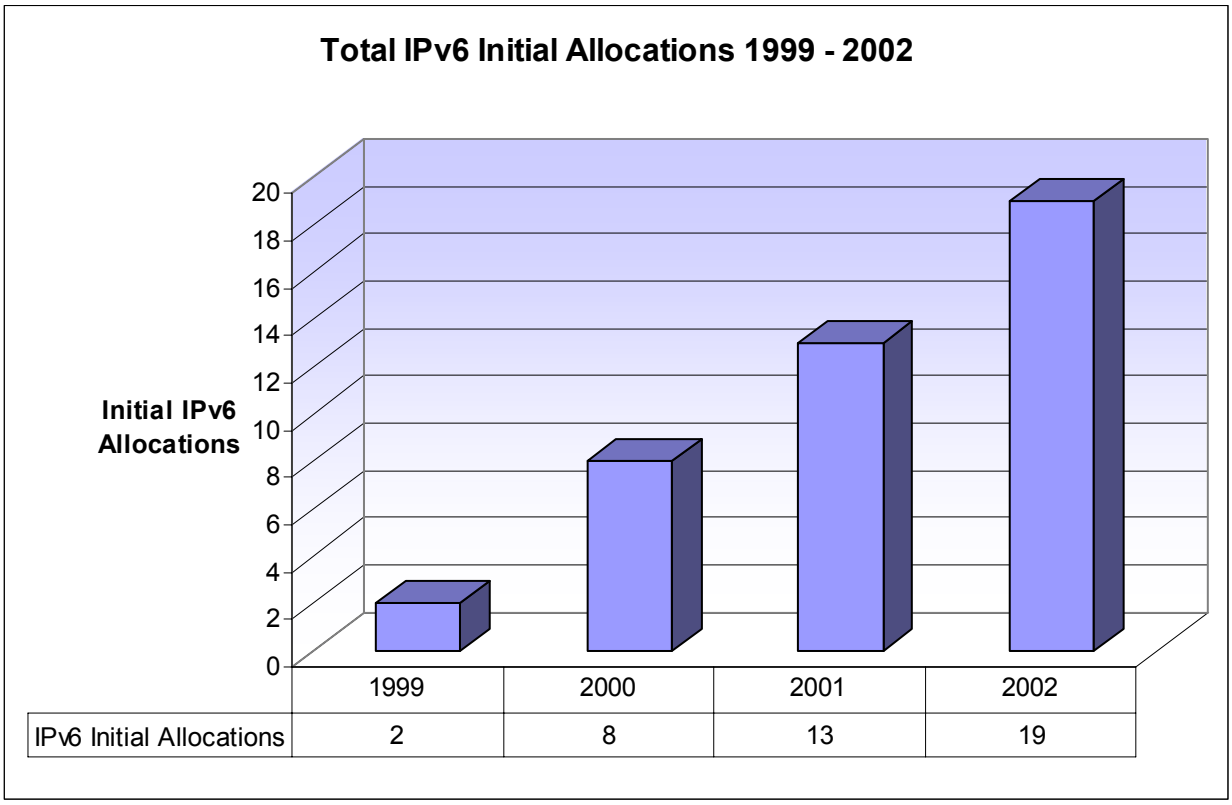

AS Numbers Issued for 2002
AS Numbers
250
200
150
100
50
0
Jan.
Feb.
Mar.
Apr.
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
AS Numbers
163
174
160
215
169
170
135
131
138
182
154
142

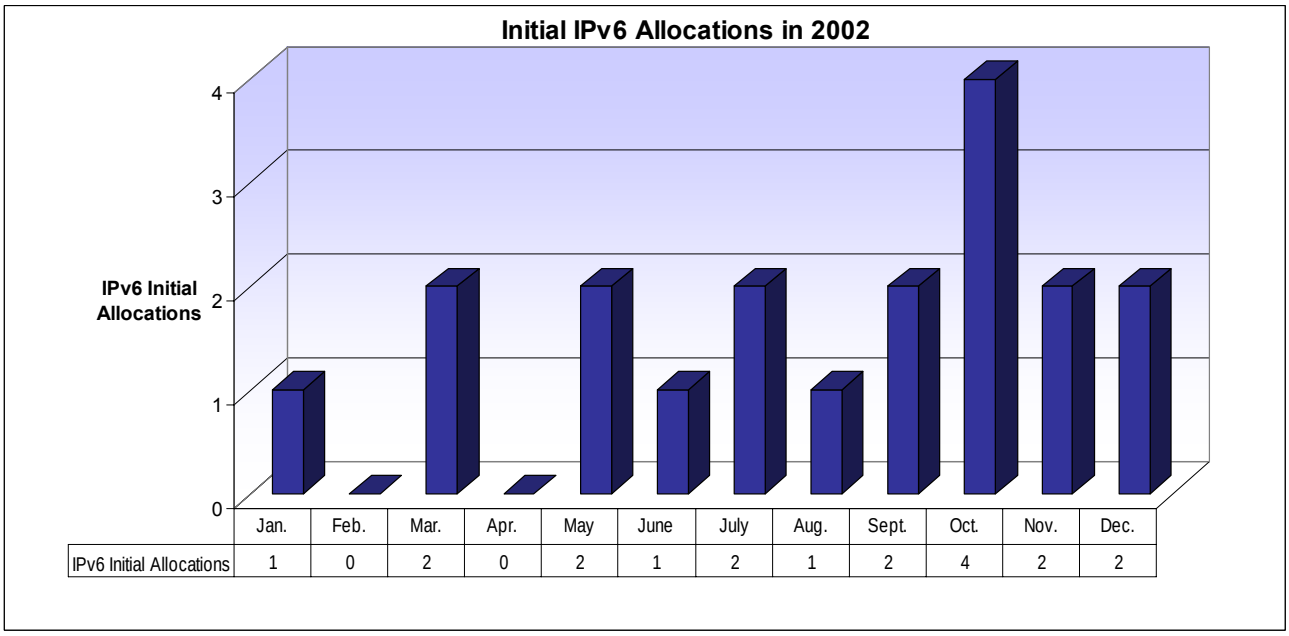
SWIP Templates



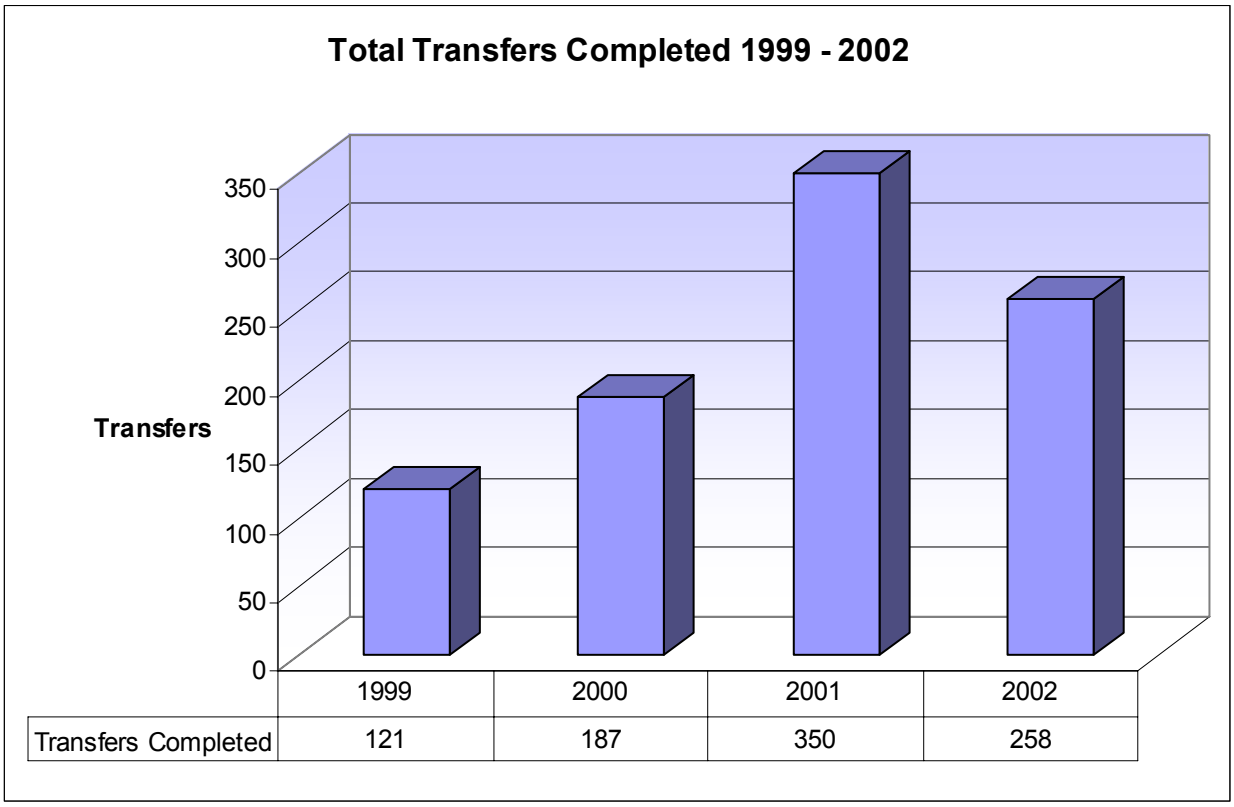


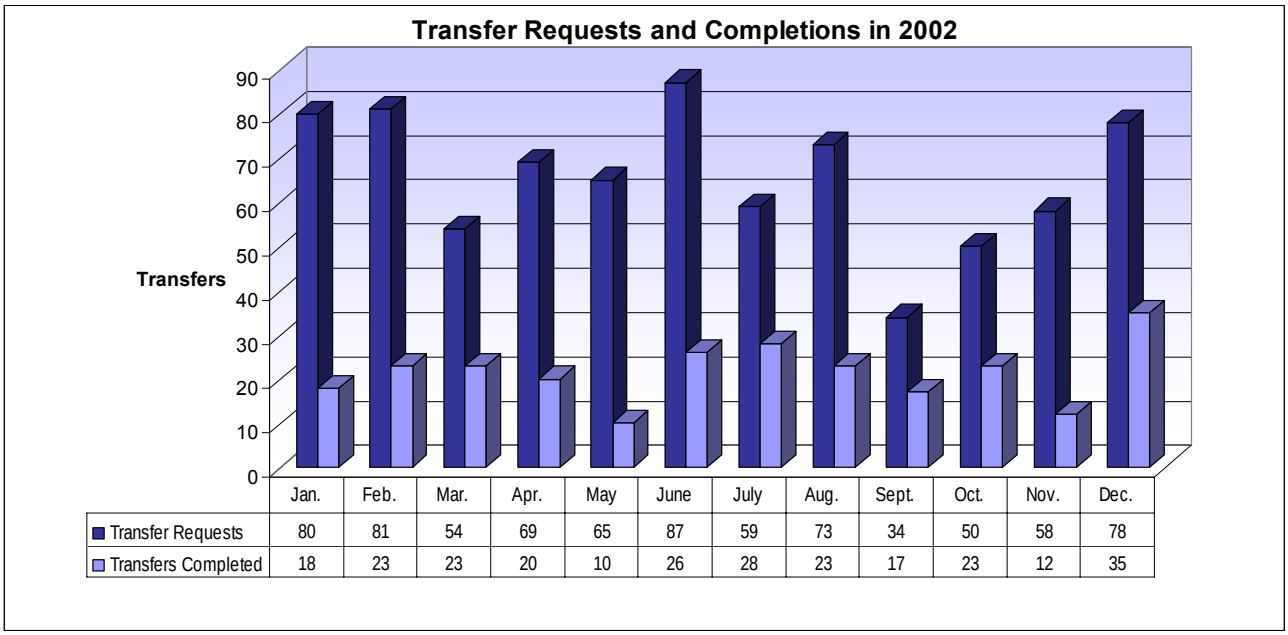
IPv6 Initial Allocations



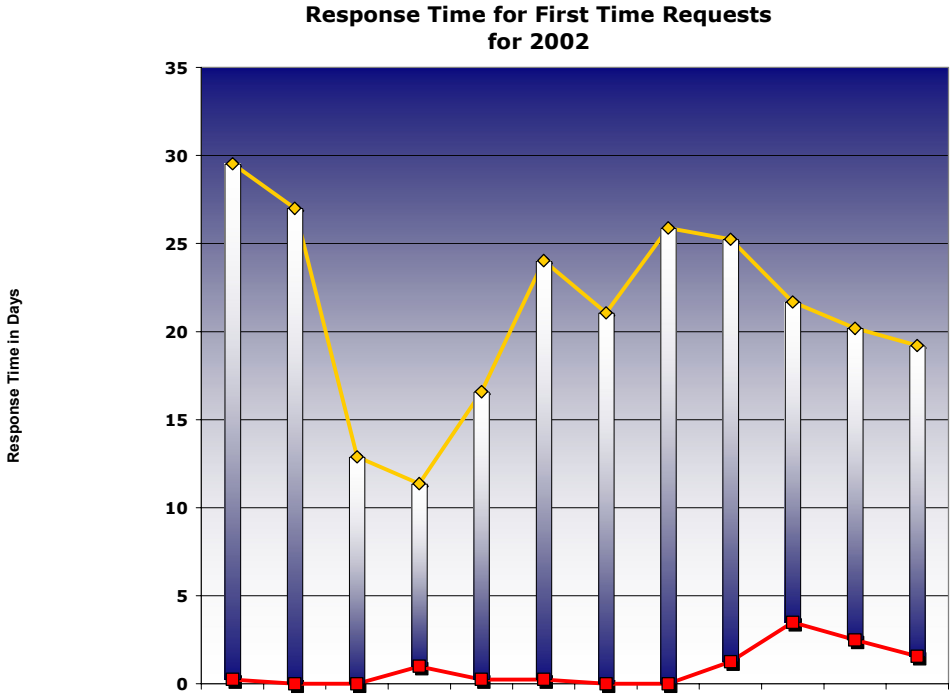


Transfer Requests and Completions



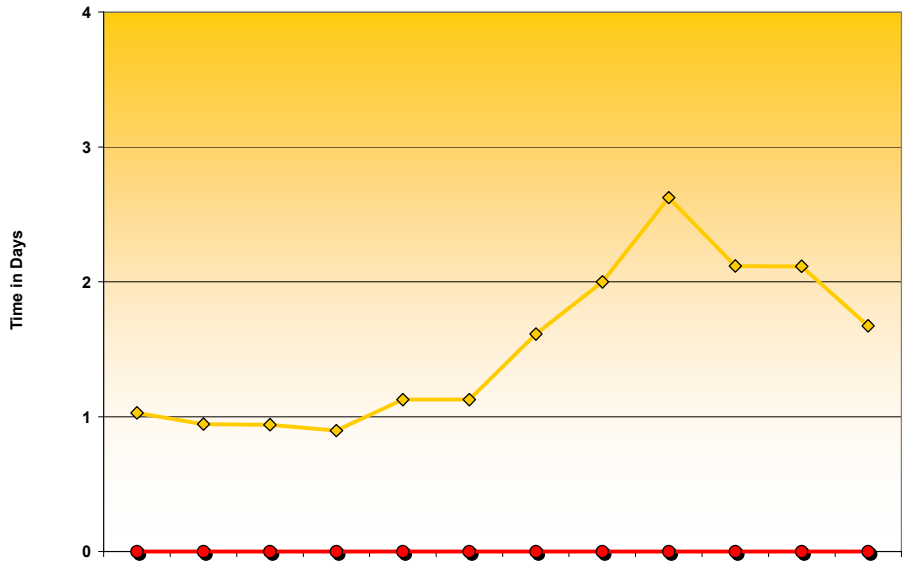


RSD Response Times



	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
Days to Approve	29.54	27.00	12.89	11.38	16.59	24.04	21.06	25.89	25.25	21.68	20.19	19.21
Days to Deny	0.25	0.00	0.00	1.00	0.25	0.25	0.00	0.00	1.25	3.50	2.50	1.57

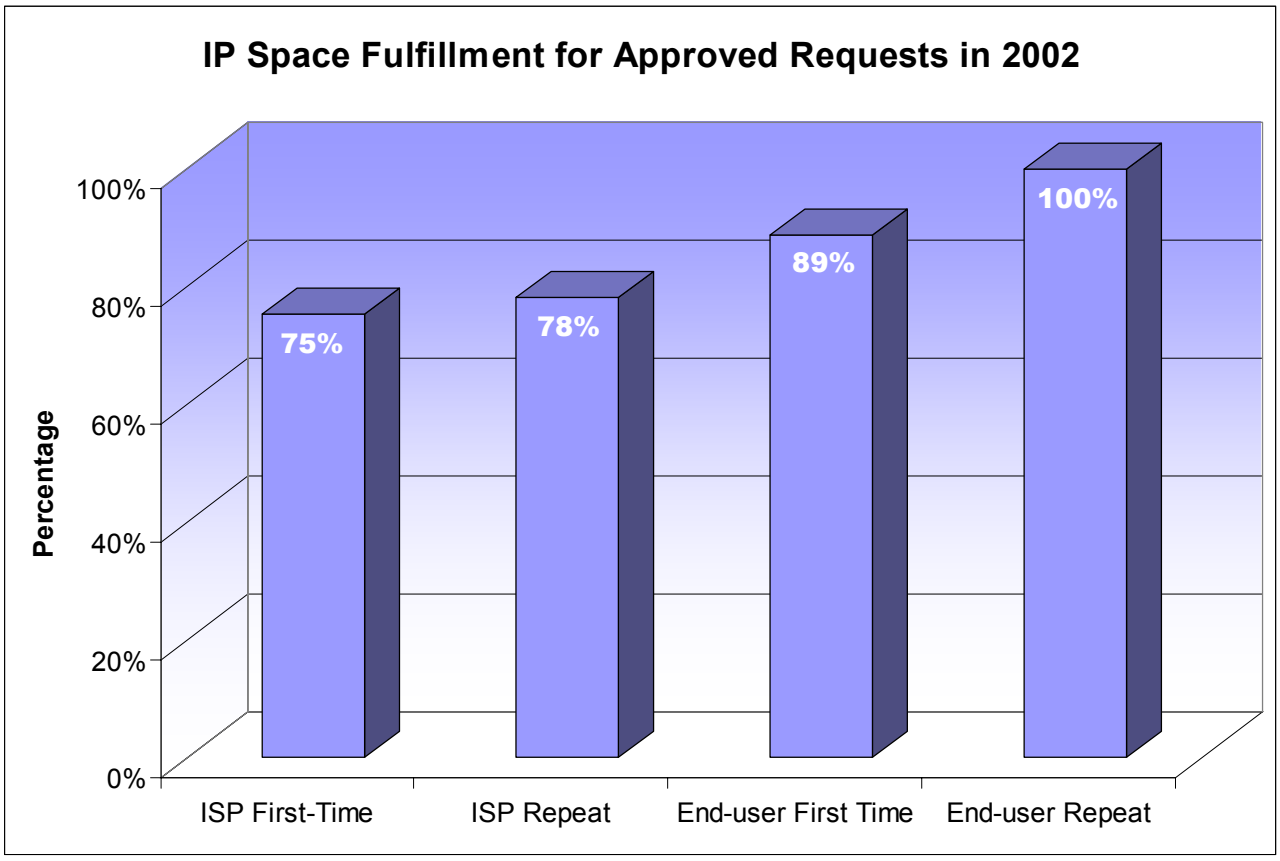
Response Time for Repeat Customers for 2002



	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
First Response	1.03	0.95	0.94	0.90	1.13	1.13	1.61	2.00	2.63	2.12	2.12	1.67
Days to Close	10.17	9.62	6.68	6.64	8.90	8.90	11.97	8.43	16.05	13.20	9.08	7.91
Days to Approve	10.32	9.62	6.80	6.64	7.27	7.27	11.97	8.23	16.05	13.20	9.08	7.91
Days to Deny	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

IP Space Fulfillment for Approved Requests

This chart details the amount of address space delegated as a percentage of the amount of space requested in approved requests.



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and Consultants

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ASHINGTON, DC

TELEPHONE

FAX

Independent Auditor's Report

To the Board of Trustees
American Registry for Internet Numbers, Ltd.

We have audited the accompanying statement of financial position of the American Registry for Internet Numbers, Ltd. (ARIN) as of December 31, 2002, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of ARIN's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Registry for Internet Numbers, Ltd. as of December 31, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Tate & Tryon

Washington, DC
March 21, 2003

AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.

Statement of Financial Position

December 31, 2002

Assets	
Current assets	
Cash and cash equivalents	$ 1,362,983
Accounts receivable	35,633
Prepaid expenses	68,587
Deposits - ICANN - Note B	345,490
Total current assets	1,812,693
Investments - Note C	9,390,090
Fixed assets	
Furniture and equipment	2,017,684
Leased equipment	186,795
Building improvements	612,785
	2,817,264
Less accumulated depreciation and amortization	(1,276,669)
	1,540,595
Total assets	$ 12,743,378
Liabilities and Net Assets	
Current liabilities	
Accounts payable	$ 240,807
Deferred rent expense	51,039
Due to ICANN - Note B	343,292
Due to LACNIC	2,000
Deferred revenue	3,076,508
Total liabilities	3,713,646
Commitments - Note E	-
Net assets - unrestricted	9,029,732
Total liabilities and net assets	$ 12,743,378

See notes to financial statements.

AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.

Statement of Activities

Year Ended December 31, 2002

Revenue		
Registrations	$	6,977,747
IP end user		287,530
Maintenance		122,550
Other revenue		120,054
Membership dues		19,500
Total revenue		7,527,381
Expense		
Program		
Engineering		2,098,032
Registration services group		1,437,865
Member services		937,163
Total program expense		4,473,060
Administrative		1,647,149
Total expense		6,120,209
Change in net assets before investment activity		1,407,172
Loss on investment activity - Note C		(190,420)
Change in net assets		1,216,752
Net assets, January 1, 2002		7,812,980
Net assets, December 31, 2002	$	9,029,732

See notes to financial statements.

AMERICAN REGISTRY FOR INTERNET NUMBERS, LTD.

Statement of Cash Flows

Year Ended December 31, 2002

Cash Flows From Operating Activities		
Change in net assets	**$**	**1,216,752**
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		**557,416**
Loss on investments, net		**286,341**
Changes in assets and liabilities:		
Accounts receivable		**(4,457)**
Prepaid expenses		**310,177**
Deposits - ICANN		**(24,729)**
Accounts payable and accrued expense		**65,573**
Deferred rent expense		**51,039**
Amount due to ICANN		**(76,669)**
Amount due to LACNIC		**(53,622)**
Deferred revenue		**9,100**
Total adjustments		**1,120,169**
Net cash provided by operating activities		**2,336,921**
Cash Flows From Investing Activities		
Purchases of investment, net		**(682,910)**
Purchases of furniture and equipment		**(1,371,806)**
Net cash used in investing activities		**(2,054,716)**
Net increase in cash and cash equivalents		**282,205**
Cash and cash equivalents, January 1, 2002		**1,080,778**
Cash and cash equivalents, December 31, 2002	**$**	**1,362,983**

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The American Registry for Internet Numbers, Ltd. (ARIN) was established on August 28, 1997, and began operations on December 22, 1997, for the purpose of administration and registration of Internet Protocol (IP) numbers to certain geographical areas. Those areas include, but are not limited to, North America, sub-Saharan Africa, and the Caribbean. ARIN also provides a range of educational services for the benefit of its members.

Income taxes: ARIN is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code.

Basis of accounting: ARIN prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Use of estimates: 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, ARIN considers all investments managed by outside investment companies to be other then cash equivalents.

Fixed assets: Acquisitions of furniture and equipment greater than $1,000 are recorded at cost. Donated furniture and equipment are recorded as contributions and capitalized at their estimated fair value at the date of donation. Furniture and equipment are depreciated using the straight-line method over estimated useful lives of 3 to 5 years. Building improvements and leased equipment are amortized over the term of the respective lease.

Deferred revenue: Revenue received in advance of the period in which it is earned is deferred to subsequent periods. Deferred revenue is comprised principally of registration fees received in advance.

Functional allocation of expenses: The costs of providing various programs and administrative activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B – DEPOSITS - ICANN

ARIN is provided internet registry numbers for distribution by the Internet Corporation for Assigned Names and Numbers (ICANN). ARIN pays ICANN a portion of fee collected. ARIN deposits money to be paid to ICANN in an escrow account. The cumulative fee owed as of December 31, 2002 is $343,292. Total escrow account contains the fee owed to ICANN and interest earned on the escrow account. The account totaled $345,490 at December 31, 2002.

NOTE C – INVESTMENTS

Investments are stated at fair value and consist of the following at December 31, 2002:

Mutual Funds	$6,480,032
Certificates of Deposit	2,801,420
Cash	63,792
Money Market	44,846
Total investments	$9,390,090

Investment income consists of the following:

Net loss on investments reported at fair value	$ (286,341)
Dividends and interest	95,921
	$ (190,420)

NOTE D - RETIREMENT PLAN

ARIN has a 401(k) retirement plan available to substantially all employees as of their date of hire. The employer has a discretionary matching option of up to the first 6% that the employee contributes through salary reduction election. Total expense for the year ending December 31, 2002 was $117,686.

NOTE E - LEASE COMMITMENTS

In January 2002, ARIN moved into new office space. ARIN leases the office space in Chantilly, VA under a noncancellable operating lease that expires in January 2012. Future minimum lease payments are:

Year Ending December 31,	
2003	$ 232,300
2003	239,200
2004	246,400
2005	253,800
2006 and beyond	1,412,900
	$2,384,600