



UNITED STATES MINT

Report to Congress on Operations

For the Period from October 1, 2005 to December 31, 2005
First Quarter 2006



The 2006-Dated "Return to Monticello" 5-Cent Coin (Nickel)

In a conference report to Public Law 104-52 that created the United States Mint Public Enterprise Fund (PEF), Congress directed the United States Mint to report quarterly on implementation of the PEF. This report is designed to fulfill that requirement.

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• Fourth Quarter FY 2005 Financials:

- **Quarterly Comparison:** First quarter 2006 revenues were 44% higher than first quarter 2005 revenues.
- **Comparison to Previous Quarter:** First quarter 2006 revenues were the same as fourth quarter 2005 revenues.

- The United States Mint prepared to release the 2006-dated "Return to Monticello" 5-cent coin. (See image on this report's cover.)
- The West Virginia commemorative quarter-dollar was launched.
- A ceremonial striking event for the Benjamin Franklin Commemorative Coin Program was held.
- The United States Mint safety record continues to improve.
- The United States Mint released a new business plan.
- The contracts of 12 Artistic Infusion Program artists were extended.
- The United States Mint Education Initiative continued to develop new and popular educational products.
- The Marine Corps 230th Anniversary Silver Dollar brochure won an award from the International Association of Business Communicators.
- The United States Mint's Most Efficient Organization (MEO) team won the A-76 public-private competition on Powered Industrial Trucks (PIT) operations and maintenance.

OTHER HIGHLIGHTS:

The Marine Corps 230th Anniversary Silver Dollar sold out./ The Chief Justice John Marshall Silver Dollar Program ended./ Reservations for tours of the United States Mint at Denver can now be made online./ The United States Mint maintains licensing agreements with four licensees./ The United States Mint's activities were addressed by one report and one government-wide review./ A new Chairperson and two new members were appointed to the Citizens Coinage Advisory Committee./ The United States Mint's Office of Protection received a score of 93% on the Office of Management and Budget's Program Assessment Rating Tool.

STATE OF THE UNITED STATES MINT

The United States Mint's primary responsibilities are:

- Producing an adequate volume of circulating coins for the United States to conduct its trade and commerce, and distributing these circulating coins to the Federal Reserve Bank.
- Manufacturing, marketing and selling proof and uncirculated coins, commemorative coins and medals to the general public. These products are known as numismatic products.
- Manufacturing, marketing and selling gold, silver and platinum bullion coins through the American Eagle Bullion Program. The value of American Eagle Bullion coins generally depends on their weight in specific precious metals. American Eagle coins are not sold directly to the general public by the United States Mint; they are available through precious metal dealers, coin dealers, brokerage companies and participating banks.
- Safeguarding United States Mint assets and non-Mint assets that are in the United States Mint's custody, including bullion reserves at the United States Bullion Depository and elsewhere.

STATUS OF THE PUBLIC ENTERPRISE FUND

The United States Mint's Public Enterprise Fund is financed by the sale of circulating coins to the Federal Reserve and the sale of numismatic and bullion coins and other products to customers worldwide.

FIRST QUARTER COMPARISON: FY 2006 to FY 2005

Table #1 COMPARISON OF 1st QTR FY 2006 REVENUES TO 1st QTR FY 2005 REVENUES (Millions of Dollars)			
Product Category	1st Qtr FY 2006	1st Qtr FY 2005	Change
Circulating	\$295	\$187	+58%
Numismatics	\$76	\$74	+3%
Bullion*	\$67	\$43	+56%
Total	C \$438	\$304	+44

** Proof versions are included in numismatic sales.*

First Quarter Circulating Comparison: Circulating collections through the first quarter of FY 2006 totaled \$295 million -- up 58% from the same quarter of FY 2005. (See Table #1.)

This increase in circulating collections reflected increased demand for circulating coins by commercial establishments and the general public that accompanied changes in nation-wide economic conditions. To accommodate such fluctuations in the demand for circulating coins, the United States Mint and the Federal Reserve Bank continually assess their inventories and the demand for circulating coins, and then adjust their production, ordering and delivery schedules accordingly.

Projected Second Quarter 2006 Circulating Collections: Next quarter's circulating collections are expected to increase along with an increase in the Federal Reserve Bank's forecasted coin order to 3.9 billion coins.

First Quarter Numismatic Comparison: Numismatic revenues through the first quarter of FY 2006 totaled \$76 million -- up by 3% from the same quarter of FY 2005. (See Table #1.) This increase resulted from this quarter's shipments of the Marine Corps 230th Anniversary Silver Dollar and sales of the 2005 American Legacy Collection.

Projected Second Quarter 2006 Numismatic Revenues: Next quarter's numismatic revenues are expected to increase to \$100 million because the following products will be released next quarter: The "Return to Monticello" nickel, the 2006 50 State Quarters[®] Program clad and silver sets, the Benjamin Franklin Commemorative Coin Program, the Nevada commemorative quarter-dollar, and 2006 American Eagle gold and silver proof coins.

First Quarter Bullion Comparison: Bullion revenues through the first quarter of FY 2006 totaled \$67 million -- up by 56% from the same quarter of FY 2005. (See Table #1.)

Projected Second Quarter 2006 Bullion Revenues: Next quarter's bullion revenues are expected to decrease.

COMPARISON TO PREVIOUS QUARTER

Table #2 COMPARISON OF 1 st QUARTER FY 2006 REVENUES TO 4 th QUARTER FY 2005 REVENUES (Millions of Dollars)			
Product Category	1 st Qtr FY 2006	4 TH Qtr FY 2005	Change
Circulating	\$295	\$321	-8%
Numismatics	\$76	\$71	7%
Bullion*	\$67	\$56	+20%
Total	\$438	\$448	<-1%

** Proof versions are included in numismatic sales.*

Quarterly Circulating Comparison: Circulating collections for the first quarter of FY 2006 totaled \$295 million -- down by 8% from the fourth quarter of FY 2005. (See Table #2.) This

decrease is consistent with the United States Mint's shipment of 3.7 billion coins to the Federal Reserve Bank during the first quarter of FY 2006 -- down by 8% from the 3.4 billion coins shipped during the fourth quarter of FY 2005.

Quarterly Numismatic Comparison: Numismatic revenues for the first quarter of FY 2006 totaled \$76 million -- up by 7% from the fourth quarter of FY 2005 (See Table #2.) This increase resulted from this quarter's shipments of Marine Corps 230th Anniversary Silver Dollars, and sales of the 2005 American Legacy Collection and 2005 American Eagle gold and silver proof coins.

Quarterly Bullion Comparison: Bullion revenues for the first quarter of FY 2006 totaled \$67 million -- up 20% from the fourth quarter of FY 2005. (See Table #2.)

UPDATE ON ACTIVITIES

THE 2006-DATED NICKEL

The Westward Journey Nickel Series™ will conclude with the January 12, 2006, release of the "Return to Monticello" nickel. On October 5, 2005, the United States Mint announced that this coin's obverse will feature a forward-facing image of Thomas Jefferson. This image is based on a Rembrandt Peale painting of Jefferson that was completed in 1800. (See image on the cover of this report.)

The reverse of the "Return to Monticello" nickel will -- as previously reported -- feature a sharper, carefully restored version of Felix Schlag's classic rendition of President Thomas Jefferson's Virginia home, Monticello, that first appeared on the nickel in 1938. During more than 65 years of production, the United States Mint had slightly modified Schlag's design for technical reasons, such as die life extension. But the "Return to Monticello" nickel will show the results of a careful restoration that was performed using Schlag's original work.

50 STATE QUARTERS® PROGRAM

West Virginia Launch



The West Virginia Commemorative Quarter-Dollar

On October 14, 2005, United States Mint Acting Director David A. Lebryk and West Virginia Governor Joe Manchin launched the West Virginia commemorative quarter-dollar, "New River Gorge," at the West Virginia Capitol Building in Charleston, West Virginia.

After the launch ceremony, Acting Director Lebryk, Governor Manchin and Mrs. Manchin handed out shiny, new West Virginia quarters to children attending the event. In addition, adults exchanged their bills for \$10 rolls of West Virginia quarters.

The West Virginia commemorative-quarter was the 35th quarter released in the United States Mint's 50 State Quarters Program. It was the final quarter released in calendar year 2005, and it marks completion of the program's seventh year.

On the eve of the launch, the United States Mint hosted a Coin Collectors Forum at which members of the public discussed coin programs and designs.

2006 Designs

During the first quarter of FY 2006, the United States Mint unveiled designs for the five commemorative quarter-dollars that will be released during calendar year 2006. They are as follows:

1. Nevada: A trio of wild stallions, the snow-capped mountains and the sun, bordered by sagebrush and a banner that reads, "The Silver State."
2. Nebraska: An ox-drawn covered wagon carrying pioneers, and in the background, Chimney Rock, with an inscription that reads, "Chimney Rock."
3. Colorado: A sweeping view of the State's rugged Rocky Mountains with evergreen trees and a banner carrying the inscription, "Colorful Colorado."
4. North Dakota: A pair of grazing American bison in the foreground, and in the background, a sunset view of the rugged buttes and canyons that symbolize the Badlands of North Dakota.
5. South Dakota: An inscription that reads, "Mount Rushmore State," with a Chinese ring-necked pheasant, which is the state bird, in flight above a depiction of Mount Rushmore National Memorial.

2007 Designs

During calendar year 2007, a commemorative quarter-dollar will be released for each of the following five states: Montana, Washington, Idaho, Wyoming, and Utah.

During the first quarter of FY 2006, each state's Governor's office and/or state quarter commission reviewed candidate designs for its commemorative quarter-dollar, and some states recommended revisions to designs. Then, revised designs, which incorporate the states' recommendations, were resubmitted to the states for review. In January 2006, candidate designs will be reviewed by the Citizens Coinage Advisory Committee and the Commission of Fine Arts.

STRIKING OF THE BENJAMIN FRANKLIN COMMEMORATIVE COIN

On December 19, 2005, Acting Director Lebryk hosted Delaware Congressman Mike Castle and officials from the Franklin Institute and the Benjamin Franklin Tercentenary Commission at the United States Mint at Philadelphia for a ceremonial striking event for the Benjamin Franklin Commemorative Coin Program.

The Benjamin Franklin Commemorative Coin Program, which is the first commemorative coin program of calendar year 2006, features two new silver dollars: "The Scientist" and "The Founding Father." (See images on next page.)



"The Scientist"

"The Scientist" recreates Benjamin Franklin's legendary kite experiment. This coin's reverse features a recreation of Franklin's "Join, or Die" political cartoon, which was published in the *Pennsylvania Gazette* on May 9, 1754.



"The Founding Father"

"The Founding Father" features a familiar image of Franklin in his later years that is based on a bust by Jean-Antoine Houdon. This coin's reverse honors Franklin's contributions to the development of the United States coinage and currency; it shows a replica of the 1776 Continental Currency dollar -- a design that is attributed to Franklin.

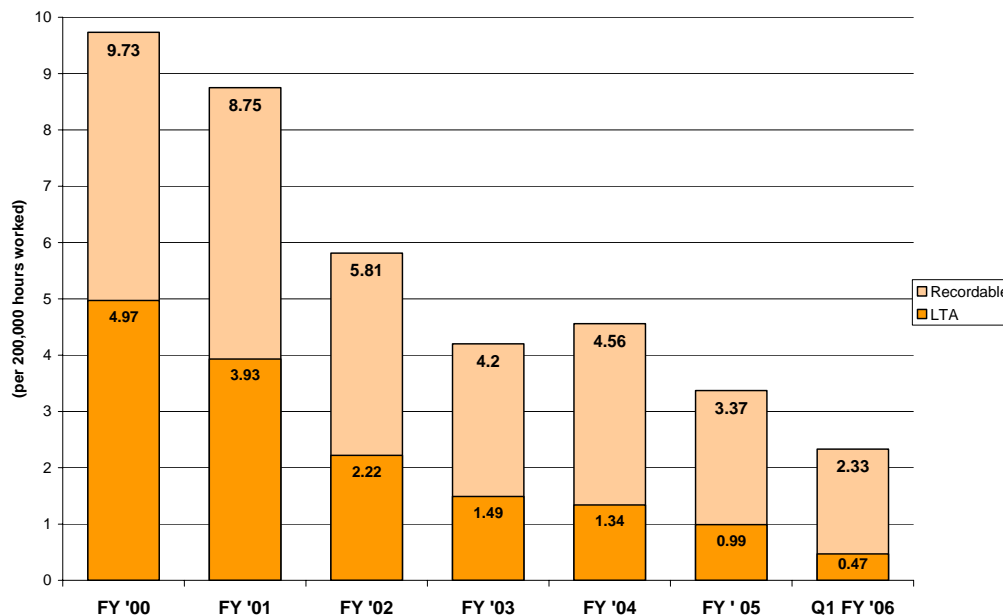
Surcharges from the sale of the Benjamin Franklin Commemorative Coin Program are authorized to be paid to the Franklin Institute for the purposes of the Benjamin Franklin Tercentenary Commission. This program, which marks the 300th anniversary of Franklin's birth in 1706, will go on sale on January 17, 2006. Coins are expected to start shipping in April 2006.

Benjamin Franklin Commemorative Silver Dollars will be included in two other products:

1. The Benjamin Franklin Coin & Chronicles Set, which will feature an uncirculated version of "The Scientist" silver dollar; a collection of four newly released stamps from the United States Postal Service; a reproduction of *Poor Richard's Almanack* from the Government Printing Office; and an intaglio print that was executed by the Bureau of Engraving and Printing to honor Franklin's contributions to the Declaration of Independence. The Benjamin Franklin Coin & Chronicles Set will go on sale on January 17, 2006. Coins are expected to start shipping in April 2006.
2. The 2006 United States Mint American Legacy Collection, which will feature a proof version of the "Founding Father" silver dollar along with proof versions of all 2006-dated circulating coins. If a second commemorative coin is released in 2006, a proof version of this coin will also be featured in the collection. The American Legacy Collection will be available later in 2006.

SAFETY

Recordable and Lost Time Accident Rates



The United States Mint's safety successes include the following:

1. During the first quarter of FY 2006, the United States Mint achieved an LTA rate of .47 -- down from 4.97 in FY 2000. (The LTA rate represents the number of lost time accidents that occur per 200,000 work hours.) The United States Mint's LTA rate of .47 is five times better than the average LTA rate within the metal stamping industry. If the United States Mint maintains this LTA rate throughout 2006, it will surpass its goal for 2006 of reducing its LTA rate to .78.
2. Since last quarter, the United States Mint's Lost Time Accident Rate (LTA) dropped from .99 to .47 -- down by 45 percent.
3. The United States Mint's Occupational Health and Safety Administration (OSHA) Recordable case rate dropped from 9.73 to 2.25 since FY 2000, and dropped by about 50 percent since the same quarter last year. (The OSHA Recordable case rate covers all injuries and illnesses that required some form of medical treatment, restricted work activity, or lost workdays.) The United States Mint's case rate of 2.25 is significantly better than the United States Mint's target of 2.81 for FY 2006. The United States Mint's safety goals for 2006 include achieving additional targets in the United States Mint's Total OSHA Recordable case rate.
4. During the first quarter of FY 2006, the United States Bullion Depository completed one year without an LTA, and the United States Mint at Denver logged 591 days without a single working day lost through injury.

PROTECTION PROGRAM RECEIVES HIGH RATING FROM THE OFFICE OF MANAGEMENT AND BUDGET

During FY 2005, the United States Mint's Office of Protection was reviewed by the Office of Management and Budget's Program Assessment Rating Tool. The program was highly rated, receiving a score of 93% and the highest rating of "Effective." These results indicate that the program has a clear purpose and performance measures with ambitious targets and timeframes, and is well planned and managed effectively.

UNITED STATES MINT RELEASES NEW BUSINESS PLAN

During the first quarter of FY 2006, the United States Mint released a new business plan that articulates the United States Mint's direction for the next three to five years. The report describes how the United States Mint will build on its strengths -- which include a strong demand for numismatic products; a growing customer base; strong production capabilities and a dedicated workforce. The report also describes how the United States Mint will adapt to challenges -- which include increasing metals costs; increased use of electronic money transactions; and the conclusion of the 50 States Quarters[®] Program.

ARTISTIC INFUSION PROGRAM

During the first quarter of FY 2006, the United States Mint reviewed the anticipated workload of participants in the Artistic Infusion Program (AIP) for 2006. This review resulted in a decision to extend the contracts of 12 AIP Master Designers.

The United States Mint is considering the possibility of a more comprehensive, education/training-based program for future student/associate artists in the AIP. These and other issues will be evaluated as planning progresses for the AIP's activities for 2007.

THE UNITED STATES MINT EDUCATION INITIATIVE

- During the first quarter of FY 2006, the United States Mint Education Initiative (MEI) added many new educational products to the United States Mint H.I.P. Pocket Change[™] -- the United States Mint's educational website. These products include:
 - New coloring pages for children.
 - Special sections for Halloween and Veteran's Day.
 - West Virginia-themed activities that were released when the West Virginia commemorative quarter was released.
 - Three new "Coin of the Month" features.
- During the first quarter of FY 2006, the United States Mint H.I.P. Pocket Change was noted in stories in *The Washington Post*, *The Washington Post's Mini Page* and *The Numismatic* magazine.
- Since the start of the 50 State Quarters[®] Program in 1999, lesson plans for the Program have received more than 2.4 million downloads. Since the start of the Westward Journey Nickel Series in 2004, lesson plans for the series have received more than 118, 000 downloads.

MARINE CORPS BROCHURE RECEIVES AWARD

The United States Mint's Marine Corps 230th Anniversary Silver Dollar Brochure won a 2005 Silver Inkwell Communications Award in the "Writing -- Sales and Marketing" category from the International Association of Business Communicators.

UNITED STATES MINT TEAM WINS A-76 COMPETITION

The United States Mint's Most Efficient Organization (MEO) team won the A-76 public-private competition on Powered Industrial Trucks (PIT) operations and maintenance.

OTHER ACTIVITIES

TWO COMMEMORATIVE COIN PROGRAMS END

The Marine Corps 230th Anniversary Silver Dollar

During the first quarter of 2006, the Marine Corps 230th Anniversary Silver Dollar sold out its entire mintage of 600,000 coins. This silver dollar was the second commemorative coin released during calendar year 2005.

The Chief Justice John Marshall Silver Dollar

The 2005 Chief Justice John Marshall Silver Dollar continued to sell through December 1, 2005. This program included:

1. Proof and uncirculated coins in individual packages.
2. The Chief Justice John Marshall Coin & Chronicles Set. This set featured the Chief Justice John Marshall Uncirculated Silver Dollar along with an intaglio print of a statue of Chief Justice Marshall and a booklet about him that was written by the Supreme Court Historical Society.

UNITED STATES MINT AT DENVER NOW ACCEPTS TOUR RESERVATIONS ON THE INTERNET

Reservations to tour the United States Mint at Denver can now be made online. The facility is also continuing to accept walk-up tour reservations.

LICENSING

The United States Mint Office of Licensing currently maintains licensing agreements with the following four licensees:

1. H.E. Harris & Co. (now called Whitman Publishing L.L.C.), which distributes coin folders and holders for 50 State Quarters[®] coins, Golden Dollars and other coins.
2. Peak Capital Group, which distributes folders and cards that hold 50 State Quarters coins and folders, as well as cards and bags that contain Golden Dollar coins. Peak Capital Group also operates 11 United States Mint Licensed Products kiosks under a pilot agreement that will be in effect through February 2006.

3. Fuller Fine Jewelry, which distributes licensed coin jewelry.
4. Hallmark Group, Ltd., which markets products through direct mail and operates a website offering a Presidential medal and stamp ingot set.

Since 2000, the United States Mint's licensing agreements have earned \$55.2 million in royalties and coin sales revenue, including \$5.2 million earned during the first quarter of FY 2006.

FIRST QUARTER FY06 AUDITS AND REVIEWS

Treasury Office of Inspector General

On July 13, 2005, the Treasury Office of Inspector General (OIG) issued audit report #OIG-05-040, *Mint's Computer Security Incident Response Capability Needs Improvement*. The United States Mint has developed and implemented corrective actions that respond to the report's recommendations.

Government Accountability Office

During the first quarter of FY 2006, the United States Government Accountability Office continued a government-wide review of law enforcement personnel training provided by each agency to its own law enforcement officers as well as to other law enforcement agencies.

THE CITIZENS COINAGE ADVISORY COMMITTEE

On November 15, 2005, the Citizens Coinage Advisory Committee (CCAC) held a public meeting via teleconference; the public participated from the United States Mint's Headquarters in Washington, DC. At the meeting, the CCAC submitted its 2005 annual report for approval by the Secretary of the Treasury. In addition, the CCAC announced the following new appointments to the CCAC by the Secretary of the Treasury:

- 1 Mitchell Sanders, Ph.D. was appointed as the CCAC'S Chairperson; he is a research scientist and a member of the American Numismatic Association (ANA), the American Numismatic Society, the Rochester (NY) Numismatic Association, the Latin American Paper Money Society and the U.S. Mexican Numismatic Association. He is also a columnist for the ANA's *Numismatist* magazine.
- 2 John K. Alexander, Ph.D. was appointed as the CCAC member specially qualified in American history. He is a Professor of History and a Distinguished Teaching Professor at the University of Cincinnati.
- 3 Sherl Joseph Winter was appointed as the CCAC member specially qualified in medallic arts or sculpture. He is a former Acting Chief Engraver of the United States Mint. In addition, as the owner of this art studio, he has worked with many private mints in the design and execution of more than 300 medals.