



UNITED STATES MINT

Report to Congress on Operations

For the Period from January 1 to March 31, 2005
Second Quarter FY 2005

SUMMARY



The 2005 American Bison 5-Cent Coin (Nickel).

In a conference report to Public Law 104-52, enacted November 19, 1995, which 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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- **Second Quarter FY 2005 Financials:**
 - **Year-to-Date Comparison:** Year-to-date revenues were 1 percent higher than for the comparable period in FY 2004.
 - **Fiscal Year Comparison:** Although the 2004 versions of several major recurring programs were released during the latter part of the 2004, the 2005 versions of these programs were released during this quarter. Therefore, this quarter's revenues were 20 percent higher than revenues for the comparable period in FY 2004, which did not benefit from sales of recurring programs.
 - **Quarterly Comparison:** This quarter's revenues were 58 percent higher than revenues for last quarter.
- Largely because the United States Mint slashed the time it takes to develop and launch new products, the 2005 versions of several major recurring programs launched this quarter -- the earliest these programs have launched since 1999.
- The American Bison nickel was released.
- The California commemorative quarter-dollar was released.
- Additional artists are being recruited for the Artistic Infusion Program.
- Director Fore, the current President of the Mint Directors' Conference (MDC), presided over the biennial meeting of the MDC meeting at the World Money Fair.
- A proposed rule authorizing fines against those who misuse the name or emblems of the United States Mint or the Treasury Department has been published.
- The United States Mint's online catalog earned excellent scores on the American Customer Satisfaction Index.
- The popularity of the United States Mint's educational materials continues to grow.

OTHER HIGHLIGHTS:

A virtual tour of coin production processes is posted on the United States Mint's website./ The Jackie Robinson Congressional Gold Medal was awarded, and five new commemorative coin programs are in development./ The United States Mint's activities are currently being addressed by three audits and reviews./ The United States Mint's safety record continues to improve./ Licensing activities earned \$1.6 million in royalties and coin sales during this quarter.

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 coins to the Federal Reserve.
- 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 upon their weight in specific precious metals. (By contrast, the numismatic value of other types of coins generally depends upon factors such as mintage, rarity, condition and age.) American Eagle Bullion Coins provide investors with a simple and tangible means to own precious metals. These products -- which are not sold directly to the general public by the United States Mint -- 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 Fort Knox 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 circulating coins to the Federal Reserve and the sale of numismatic and bullion coins and other products to customers worldwide.

YEAR-TO-DATE REVENUES

Comparison of Year-to-Date Totals: The United States Mint's total year-to-date revenues for FY 2005 were one percent higher than for the comparable period in FY 2004. (See Table #1.)

Product Category	Year-to-Date for FY 2005 2nd Qtr	Year-to-Date for FY 2004 2nd Qtr	Change
Circulating	\$440	\$496	-11%
Numismatics	\$174	\$94	+85%
Bullion*	\$170	\$184	-8%
TOTAL	\$784	\$774	+1%

Year-to-Date Numismatic Revenues: The United States Mint launched the 2005 versions of many of its major recurring programs during the second quarter of FY 2005. Therefore, these programs boosted revenues for the second quarter of FY 2005. By contrast, the United States Mint had launched the 2004 versions of many of these same recurring programs during the third and fourth quarters of 2004. Therefore, these programs were released too late to boost revenues for the second quarter of 2004.

Because of the comparatively early release of major recurring programs during the second quarter of FY 2005, year-to-date numismatic revenues were 85 percent higher than for the comparable period in FY 2004. (See Table #1.)

This year-to-date increase in numismatic revenues includes:

- A \$33.6 million revenue increase generated by 2005 American Eagle Gold Proof Coins and 2005 American Eagle Silver Proof Coins.
- A \$49.8 million revenue increase generated by the following programs: 1) the 2005 United States Mint Proof Set[®]; 2) the 2005 United States Mint 50 State Quarters Proof Set[™]; 3) the 2005 United States Mint Silver Proof Set[®]; and 4) American Bison Nickel bags and rolls.

Year-to-date numismatic revenues also benefited from a \$4.7 million revenue increase from coin sales to, and royalties from, United States Mint licensees.

Year-to-Date Circulating Revenues: Year-to-date circulating revenues for FY 2005 totaled \$440 million -- down by 11 percent from the comparable period in FY 2004. (See Table #1.) This decrease reflects the Federal Reserve's reduced coin order, which was designed to accommodate the reduced demand for circulating coins by commercial establishments and the general public.

Year-to-Date Bullion Revenues: Year-to-date bullion revenues for FY 2005 totaled \$170 million -- down by eight percent from the comparable period in FY 2004. (See Table #1.) This decrease reflects a decline in bullion sales that followed a sales spike accompanying earlier stages of the war in Iraq.

FISCAL YEAR COMPARISON

Fiscal Year Comparison of Total Revenues: Largely because of this fiscal year's significant increases in numismatic revenues, total revenues for the second quarter of FY 2005 were twenty percent higher than for the comparable period of FY 2004. (See Table #2.)

Table #2 FISCAL YEAR COMPARISON OF REVOLVING FUND REVENUE (Millions of Dollars)			
Product Category	FY 2005 2nd Qtr	FY 2004 2nd Qtr	Change
Circulating	\$253	\$247	+2%
Numismatics	\$100	\$29	+245%
Bullion*	\$127	\$123	+3%
TOTAL	\$480	\$399	+20%

Numismatic Fiscal Year Comparison: As mentioned above, the United States Mint launched the 2004 versions of some of its major recurring programs during the third and fourth quarters of FY 2004, but launched the 2005 versions of these same programs during the second quarter of FY 2005. Because of these relatively early program launches this fiscal year, the United States Mint's numismatic revenues for the second quarter of FY 2005 were 245 percent higher than those for the second quarter of FY 2004 (See Table #2).

Specifically, the United States Mint's numismatic revenue increases from this quarter include:

- A \$34 million revenue increase generated by the release of 2005 American Eagle Gold Proof Coins and 2005 American Eagle Silver Proof Coins.
- A \$43 million revenue increase generated by the following recurring programs: 1) The 2005 United States Mint Proof Set®; 2) The 2005 United States Mint 50 State Quarters Proof Set™; 3) The 2005 United States Mint Silver Proof Set®; and 4) American Bison Nickel bags and rolls.

This quarter's numismatic revenues also benefited from a \$1.6 million revenue increase from licensing agreements.

Circulating Fiscal Year Comparison: This quarter's circulating collections of \$253 million represents a 2 percent increase from the \$247 million in circulating collections earned during the same quarter of last year. (See Table #2.)

Bullion Fiscal Year Comparison: This quarter's \$127 million in bullion revenues represents a three percent increase from the \$123 million in revenues earned during the second quarter of last year. (See Table #2.)

QUARTERLY COMPARISON

Quarterly Comparison of Total Revenues: Because of significant increases in circulating, numismatic and bullion revenues during the second quarter of FY 2005, the United States Mint's total revenues increased by 58 percent from the first quarter to the second quarter of FY 2005. (See Table #3.)

Table #3 QUARTERLY COMPARISON OF REVOLVING FUND REVENUE (Millions of Dollars)			
Product Category	FY 2005 2 nd Qtr	FY 2005 1 st Qtr	Change
Circulating	\$253	\$187	+35%
Numismatics	\$100	\$74	+35%
Bullion ¹	\$127	\$43	+195%
TOTAL	\$480	\$304	+58%

Quarterly Numismatic Comparison: Numismatic revenues from the second quarter of FY 2005 totaled \$100 million -- up by 35 percent from the \$74 million in numismatic revenues earned during the first quarter of FY 2005 (See Table #1). This increase incorporates the following numismatic revenue increases:

- A \$16 million revenue increase generated by the release of 2005 American Eagle Gold Proof Coins and 2005 American Eagle Silver Proof Coins.
- A \$22 million revenue increase generated by the following recurring products: 1) the 2005 United States Mint Proof Set[®]; 2) the 2005 United States Mint 50 State Quarters Proof Set[™]; 3) the 2005 United States Mint Silver Proof Set[®]; and 4) American Bison Nickel bags and rolls.

It should be noted that this quarter's numismatic revenues exceed those of last quarter even though there were no commemorative coin sales this quarter. By contrast, last quarter's numismatic revenues benefited from sales of the Thomas Alva Edison Silver Dollar. (The first new commemorative coin program of FY 2005 will launch in the third quarter of FY 2005.)

Projected Third Quarter Numismatic Revenues: Numismatic revenues will probably be around \$100 million for the third quarter of FY 2005, when the United States Mint will launch the following products: 1) the 2005 United States Mint Silver Set; 2) the American Eagle Platinum Proof Coin; 3) the 2005 United States Mint Uncirculated Set; and 4) the 2005 John Marshall Silver Dollar Commemorative Coin.

Quarterly Circulating Comparison: During the second quarter of FY 2005, the United States Mint shipped 2.8 billion coins to the Federal Reserve -- up by 17 percent from the 2.4 billion coins shipped during the first quarter of FY 2005. Because of this increase, circulating collections from the second quarter of FY 2005 totaled \$253 million -- up by 35 percent from the \$187 million in circulating collections earned during the first quarter of FY 2005 (See Table #1.)

Projected Third Quarter Circulating Collections: The Federal Reserve's forecasted coin order for next quarter is 3.5 billion coins. Therefore, circulating collections for the third quarter of FY 2005 will probably exceed those of this quarter.

Quarterly Bullion Comparison: During the second quarter of FY 2005, bullion revenues totaled \$127 million -- up by 195 percent from the \$43 million earned during the first quarter of FY 2004. (See Table #1.) This increase occurred because of the United States Mint's release during this quarter of 2005-dated bullion coins, which stimulated heavy bullion sales as well as increases in gold prices.

Projected Third Quarter Bullion Revenues: Because precious metals markets typically slow down between tax day on April 15 and Labor Day, bullion revenues will probably decrease next quarter.

UPDATE ON UNITED STATES MINT ACTIVITIES

THE 5-CENT COIN (NICKEL)

2005-DATED NICKELS

In a Capitol Hill ceremony on March 1, 2005, United States Mint Director Henrietta Holsman Fore unveiled the 2005 American Bison Nickel. (See nickel images on cover of this report.)

Speakers at the Capitol Hill ceremony included Senator Michael B. Enzi (R-WY); United States Treasurer Anna Escobedo Cabral; Mr. Emil Her Many Horses of the Oglala Lakota, Associate Curator of the National Museum of the American Indian; Daniel P. Jordan, President of the Thomas Jefferson Foundation; and Dana Gioia, Chairman of the National Endowment of the Arts. The event's festive atmosphere was heightened by American Indian drumming, singing and dancing, and by the presence of Cody, a 2,000-pound bison that brought to life the new nickel's reverse image. After the ceremony, a nickel exchange open to the public was held inside Union Station.

The American Bison Nickel is the third design in the United States Mint's Westward Journey Nickel Series[™], which began with the Peace Medal Nickel, and was followed by the Keelboat Nickel, in 2004. The "Ocean in View" Nickel, a fourth design, will be released later in 2005.

2006-DATED NICKEL

The 2006-dated nickel will be the last coin released from the Westward Journey Nickel Series. The obverse of this coin will feature a likeness of Thomas Jefferson, and its reverse will depict Jefferson's home at Monticello. Both the Citizens Coinage Advisory Committee (CCAC) and the Commission of Fine Arts (CFA) have reviewed candidate designs and issued recommendations for the 2006-dated nickel. The next step will be for the United States Mint to gain final approval from the Secretary of the Treasury.

50 STATE QUARTERS® PROGRAM

CALIFORNIA LAUNCH

The launch ceremony for the California commemorative quarter-dollar was held on January 31, 2005, at the California State History Museum in Sacramento, California. (See image of California quarter below.) At this ceremony, Director Fore shared the stage with Governor Arnold Schwarzenegger and First Lady Maria Shriver.



The California Commemorative Quarter-Dollar.

The California quarter was the first quarter released during calendar year 2005, and the 31st quarter released in the United States Mint's 50 State Quarters® Program.

OTHER 2005 STATE QUARTER DESIGNS

Four additional commemorative quarter-dollars will be released during calendar year 2005. Approved designs for these quarters are as follows:

1. Minnesota: Land of 10,000 Lakes
2. Oregon: Crater Lake
3. Kansas: Buffalo and Sunflower
4. West Virginia: New River Gorge

2005 is the seventh year of the 10-year 50 State Quarters Program. By year's end, the program will have honored 35 of the 50 states.

2006 STATE QUARTER DESIGNS

All five states that will release commemorative quarter-dollars in calendar year 2006 are expected to announce their final design recommendations by May 2005. Progress on the selection of these five quarter designs is described below:

- **Nebraska, North Dakota and Nevada:** Design candidates for each State's quarter were presented to the CCAC and the CFA. These design candidates are currently being reviewed by the Secretary of the Treasury.
- **Colorado:** During the second quarter of FY 2005, the CCAC and CFA reviewed Colorado's design candidates. The committees' recommendations are currently being considered by the Governor who will submit the State's candidate designs to the Secretary of the Treasury.
- **South Dakota:** South Dakota is currently soliciting public input on candidate designs to support its selection of a final design recommendation that will be submitted to the Secretary of the Treasury.

ARTISTIC INFUSION PROGRAM

The United States Mint's Artistic Infusion Program is designed to enrich and invigorate the designs of the United States Mint's coins and medals. The United States Mint has invited the program's current 18 "Master Designers" (professional artists) and six current "Associate Designers" (art students) to renew their agreements with the United States Mint to remain in the Program.

During the second quarter of FY 2005, the United States Mint accepted applications for up to two additional professional artists and up to 14 additional college and graduate-level visual arts students to join the program. These applications will be reviewed by the United States Mint and the National Endowment for the Arts.

QUALITY

Supplier Quality Audit Program: The United States Mint is committed to improving the efficiency of its manufacturing processes and the quality of its circulating coins. As part of this effort, the United States Mint is conducting a supplier quality audit program. This program involves grading the performance of the United States Mint's suppliers of clad strip and penny blanks on criteria including: 1) the conformance of delivered supplies to contract specifications; 2) the performance of materials during production; 3) the timeliness and completeness of deliveries; 4) the effectiveness of their Quality Management System against the ISO 9001:2000 Standard; and 5) each supplier's responses to identified deficiencies.

The United States Senate Productivity and Quality Award: The United States Senate Productivity and Quality Award (SPQA) is given to companies in Virginia that show continuous performance improvements and innovation in various management and production areas. The United States Mint is assisting in the evaluation of the performance of companies that are being considered for the SPQA. As part of this effort, the United States Mint recently worked with other organizations to complete a consensus scoring evaluation of an SPQA applicant.

MINT DIRECTORS CONFERENCE

On February 11 and 12, 2005, the meeting of the Mint Directors Conference (MDC) was held at the World Money Fair in Basel, Switzerland. Director Fore is the President of the XXIV MDC, which is the leading international body that promotes the exchange of information about manufacturing, technical, marketing and financial issues among its international membership of the world's mints and other industry leaders.

Director Fore presided over the MDC International Affairs meeting. Along with the representatives of 30 other member mints who attended this meeting, Director Fore planned for the XXIV MDC, which will be hosted by the Monnaie de Paris in 2006, and received updates on "The Future of Money" Task Force, the Coin Registration Office, and the Technical, Marketing and Benchmarking Committees. At the World Money Fair, Director Fore also met with the United States Mint's international dealers.

NEW RULE TO PROTECT CONSUMERS AND HOBBYISTS FROM MISUSE OF OFFICIAL NAME AND EMBLEMS

The Secretary of the Treasury authorized the publication of a proposed regulation designed to protect consumers and coin collectors from the confusing, misleading or deceptive use in advertising of the names or emblems of either the Department of Treasury or the United States Mint. Specifically, the proposed regulation will allow the United States Mint to fine those who misuse its name or emblems or those of the Department of the Treasury. The United States Mint is currently soliciting public comment on the proposed regulation, which was published in the *Federal Register*.

AMERICAN CUSTOMER SATISFACTION INDEX

The American Customer Satisfaction Index (ACSI) measures the performances of selected United States corporations and dozens of Federal Government agencies. During last quarter and this quarter, the United States Mint's online catalog scored 81 on the E-Commerce/Transactions section of the ACSI, which is a special report of the ACSI. A score of 80 or higher is considered "excellent" for a government agency or corporation. But the United States Mint's catalog score of "81" is particularly impressive because participation in the E-Commerce/Transactions section of the ACSI grew by nine percent since December 2004.

The United States Mint attributes its leadership position on the E-Commerce/Transactions section of the ACSI to the high priority it places on continuously soliciting feedback from customers via its website, and incorporating customer feedback into its products and online catalogue.

THE UNITED STATES MINT EDUCATION INITIATIVE

New Website Offerings: During the second quarter of FY 2005, the United States Mint Educational Initiative (MEI) added new pages to its educational website, which is called the United States Mint H.I.P. Pocket Change™ website. These new pages cover the following topics:

- Presidents Day
- The American Bison Nickel
- The California Quarter
- The Minnesota Quarter
- New "Coins of the Month," including a Travel Guide Quiz accompanying each new coin profile
- Downloadable, cross-curricular lesson plans for the Bison nickel for grades K-6
- A 2005 Nickel Resource Guide for grades K –12

Publicity for Educational Resources:

- During March 2005, MEI sent out a direct mail package, including a brochure and poster introducing the United States Mint H.I.P. Pocket Change Website, to 31,000 Assistant Principals and more than 57,000 Librarians/Media Specialists nationwide.
- The January 2005 issue of *The Numismatist* magazine featured an article and photograph of the United States Mint H.I.P. Pocket Change Time Machine booth, which was featured at the National Council for the Social Studies Convention in Baltimore, Maryland in 2004.

Popularity of the Website: Evidence of the increasing popularity of United States Mint H.I.P. Pocket Change includes the following:

- As of this quarter, lesson plans for the Westward Journey Nickel Series have been downloaded more than 70,000 times. The number of downloads made this quarter represents a 38 percent increase over the number of downloads made last quarter, and a 34 percent increase over the number of downloads made last year.
- As of this quarter, lesson plans for the 50 State Quarters Program have been downloaded more than two million times. During this quarter alone, these lesson plans were downloaded 222,551 times -- up by 72 percent over the same period last year, and up by 128 percent over last quarter.

OTHER HIGHLIGHTS

VIRTUAL TOUR

During the summer of 2004, the United States Mint's website launched a virtual tour that demonstrates how circulating coins are designed, engraved and mass produced. (To view the tour, go to usmint.gov/mint_tours.) The tour features a slideshow and video.

Since its creation, the tour has drawn more than 75,000 visits. In addition, many participants in collectors' forums have asked the United States Mint to offer additional virtual tours. In response, the United States Mint is currently producing a virtual tour that will profile numismatic production processes, including the production of annual uncirculated and proof sets and American Eagle coins. This virtual tour will be posted on the United States Mint's website during the summer of 2005.

COMMEMORATIVE COINS AND MEDALS

2005 Jackie Robinson Congressional Gold Medal: On March 2, 2005, in a ceremony at the United States Capitol Rotunda, the Congressional Gold Medal, which is Congress' highest honor to civilians, was posthumously bestowed to Jackie Robinson -- a baseball great, civil rights leader and political activist. Jackie Robinson's wife, Mrs. Rachel Robinson, accepted the medal from President George W. Bush. A three-inch bronze duplicate medal and a 1 1/2-inch miniature bronze duplicate medal replica are available to the public.

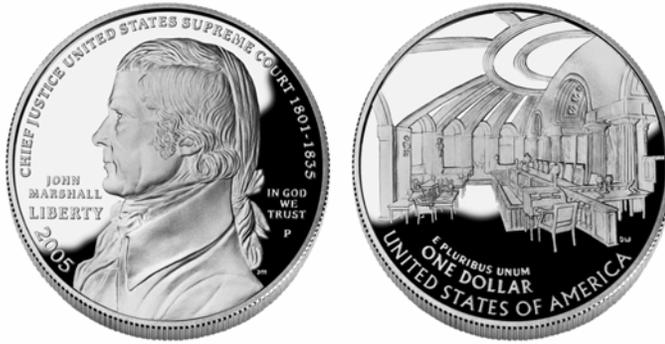


The Jackie Robinson Congressional Gold Medal

2005 Chief Justice John Marshall Silver Dollar: On February 10, 2005, the United States Mint released designs for a commemorative silver dollar that will honor the 250th anniversary of the birth of Chief Justice John Marshall. The Chief Justice John Marshall Silver Dollar -- which will be available in standard proof and uncirculated versions -- will be released on April 25, 2005. A surcharge from the sale of each coin is authorized to be paid to the Supreme Court Historical Society.

The obverse of the Chief Justice John Marshall Silver Dollar will feature an image of Marshall that was based on a profile portrait by Charles de Saint-Memim, and its reverse will feature an interior view of the old Supreme Court chamber in which John Marshall served as Chief Justice. This Silver Dollar is the first United States coin to honor a Supreme Court Justice or the United States Supreme Court.

The Chief Justice John Marshall Silver Dollar will be featured in two special sets: 1) the 2005 Heritage Collection, which will contain proof versions of all 2005 circulating coins as well as a proof version of the Chief Justice John Marshall Silver Dollar; 2) the Chief Justice John Marshall Coin & Chronicles Set, which will feature an uncirculated version of the Silver Dollar, an intaglio print of a statue of Chief Justice Marshall from the Bureau of Engraving and Printing, and an informative booklet about the Chief Justice that was written by the Supreme Court Historical Society.



The Chief Justice John Marshall Silver Dollar

2005 Marine Corps 230th Anniversary Silver Dollar: Designs for this Silver Dollar were unveiled in February 2005. Its release is slated for July 2005. The Marine Corps 230th Anniversary Silver Dollar will be available in three product options: 1) a proof silver dollar; 2) an uncirculated silver dollar; and 3) one special set, which will also contain the Chief Justice John Marshall Silver Dollar. A surcharge from the sale of each coin is authorized to be paid to the National Museum of the Marine Corps in Quantico, Virginia, which is being developed through a partnership between the Marine Corps Heritage Foundation and the United States Marine Corps.

2006 Benjamin Franklin Silver Dollars: Two Benjamin Franklin Silver Dollars will be released in early 2006. One of these Silver Dollars will feature an image of a young Benjamin Franklin on its obverse, and a design representing Franklin's role as a patriot and a statesman on its reverse. The other Benjamin Franklin Silver Dollar will feature an image of an older Benjamin Franklin on its obverse, and a design representing Franklin's role in establishing the United States' coinage and currency on its reverse. The United States Mint is currently gathering source materials that will help its sculptor-engravers prepare design options for these Silver Dollars. A surcharge from the sale of each Benjamin Franklin Silver Dollar is authorized to be used to educate people about the important legacy of Benjamin Franklin.

2007 Jamestown Commemorative Coin: The Jamestown Commemorative Coin will commemorate the 400th anniversary of the Jamestown Settlement, the first permanent English settlement in America. This coin will be available as a \$5.00 gold coin and a silver dollar -- both of which will be released in 2007. The Jamestown Commemorative Coin will be designed by United States Mint sculptor-engravers, along with artists from the United States Mint's Artistic Infusion Program. Preparations for getting the design process underway have begun. A surcharge on the sale of each Jamestown Commemorative Coin is authorized to help pay for programs that promote the public's understanding of the legacies of Jamestown.

2008 American Bald Eagle Recovery and National Emblem Coin Program: This program will celebrate the recovery of the American eagle and this bird's great importance as a distinctive and unifying national symbol. This program will include three coins: 1) a \$5.00 gold coin; 2) a \$1.00 silver coin; and 3) a \$5.00 clad piece. All three coins will be released in 2008 -- the 35th Anniversary of the Endangered Species Act. A surcharge from the sale of each American Bald Eagle Coin is authorized to help pay for the creation of an American Eagle Fund endowment, which is managed by the American Eagle Foundation. Initial preparations for the design process are currently underway.

SECOND QUARTER AUDITS AND REVIEWS

- The Government Accountability Office is currently conducting a review of currency paper procurement. Although this review primarily covers the activities of the Bureau of Engraving and Printing (BEP), it also covers the methods used by the United States Mint to obtain competition in its procurement of metals used in producing coins. A draft report of this review, which is entitled *Currency Paper Procurement: Additional Analysis Would Help Determine Whether a Second Supplier is Needed*, was issued for review and comment.

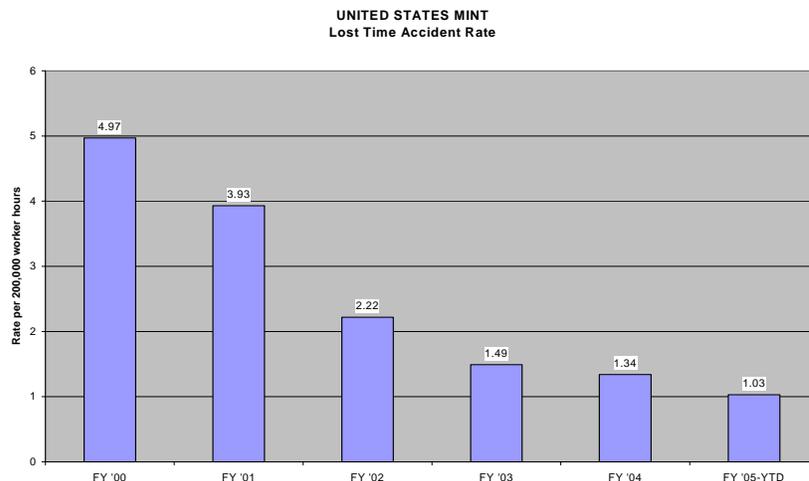
- On March 10, 2005, the Treasury Office of Inspector General (OIG) conducted an exit conference for an audit of Treasury's computer security incident response, which is currently being conducted in support of the Federal Information Security Management Act. In addition to covering the activities of the United States Mint, this audit also covers the activities of the Treasury Department offices, the Financial Management Services and the BEP. The United States Mint is currently awaiting release of the audit's final draft report for comment.
- The Treasury OIG released an interim report entitled *U.S. Mint's Standard A-76 Competition Study for the Preparation of Ready-to-Coin Planchets Is Delayed and Requires Significant Actions to Complete*. This interim report covers the United States Mint's activities from the start of the A-76 study in February 2004 through October 25, 2004. The OIG followed up the report with some additional questions that were answered by the United States Mint's Office of Competitive Sourcing. The OIG is currently working to complete an audit of the United States Mint's Blanking, Annealing & Upsetting activities.

SAFETY

The United States Mint is committed to reducing its Lost Time Accident (LTA) rate to zero. (An LTA rate represents the number of lost time accidents that occur per 200,000 work hours.)

The United States Mint's year-to-date LTA rate for the second quarter of FY 2005 is 1.03. (See chart below.) If the United States Mint maintains this LTA rate throughout the fourth quarter of this fiscal year, its LTA rate for FY 2005 will be 23 percent lower than was its LTA rate for FY 2004.

The safety record of the United States Mint is apparently benefiting from: 1) the implementation in FY 2004 of the employee-driven safety observation system at all United States Mint facilities; and 2) the heightened visibility at the United States Mint of safety processes that accompanied the participation of key executives in the United States Mint's Safety Steering Committee during this quarter.



LICENSING

The United States Mint's Office of Licensing protects the integrity and image of the United States Mint's intellectual property. The Office of Licensing works together with the Office of the Chief Counsel to monitor compliance with the United States Mint's licensing agreements and to address infringement of the United States Mint's intellectual property. The United States Mint's licensing activities have, to date, earned \$46.7 million in royalties and coin sales revenues, including \$1.6 million earned during the second quarter of FY 2005.

The Office of Licensing currently maintains licensing agreements with the following companies: 1) H.E. Harris & Company (currently called Whitman Publishing L.L.C), which distributes coin folders and holders for 50 State Quarters coins, Golden Dollars and other coins; 2) Wonderland Marketing, which recently began distributing licensed products that incorporate 50 State Quarters coins, the 50 State Quarters logo, and Greetings from America stamp images; 3) Peak Capital Group, which currently distributes albums, folders and cards that hold 50 State Quarters coins and folders, as well as bags that hold Golden Dollars; 4) Fuller Fine Jewelry, which recently began distributing licensed coin jewelry; 5) KARS/Wideband Jewelry, which is in the initial stages of developing licensed coin jewelry that will primarily incorporate American Eagle Bullion Coins and the United States Mint banner logo; and 6) Hallmark Group, which recently signed an agreement to produce a medal and stamp ingot set that will be sold by the company via direct mail.

NEW SALES COUNTER GENERATES IMPRESSIVE SALES

On December 6, 2004, the United States Mint opened a new sales counter in the lobby of its Headquarters facility at 801 9th Street in Washington, DC. By the end of February 2005, the sales counter had generated more than \$60,000 in sales.