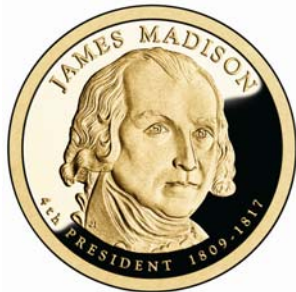




UNITED STATES MINT

Report to Congress on Operations

From October 1 through December 31, 2007
First Quarter Fiscal Year 2008



James Madison Presidential \$1 Coin

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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• First Quarter Fiscal Year (FY) 2008 Financials:

- **First Quarter Comparison:** Revenues for the first quarter of FY 2008 were 31% higher than revenues for the first quarter of FY 2007.

- On November 15, 2007, the United States Mint introduced the James Madison Presidential \$1 Coin, the fourth in the series of coins in the Presidential \$1 Coin Program.
- The Utah commemorative quarter-dollar coin was launched on November 9, 2007, in a ceremony in Salt Lake City, Utah.
- On October 17, 2007, President George W. Bush presented the Congressional Gold Medal to the Fourteenth Dalai Lama, in a ceremony held in the United States Capitol Rotunda.
- On November 19, 2007, the Dolley Madison First Spouse \$10 Gold Coin was introduced at a ceremony at the White House.
- An international panel selected three United States Mint coin submissions for "Coin of the Year" Awards.

OTHER HIGHLIGHTS

- On October 16, 2007, President Bush signed legislation that authorized a Congressional Gold Medal for Dr. Michael DeBakey.
- The Department of the Treasury is working with Congress to mitigate the effect of the rising costs of metals for circulating coins.

STATE OF THE UNITED STATES MINT

Vision and Goals of the United States Mint:

- The United States Mint's vision is "to embody the American spirit through the creation of our nation's coins and medals." By virtue of this vision, the United States Mint is committed to minimizing costs, streamlining operations, providing value to the American people, and ensuring that every product illustrates something positive about America.
- The strategic goals established to uphold the vision of the United States Mint are:
 - Establish and reinforce the exclusive brand identity of the United States Mint.
 - Create and execute the most effective coin and medal portfolio strategy.
 - Achieve greater excellence in coin and medal design.
 - Increase operational efficiency while meeting the highest quality standards.
 - Develop optimal workforce and workplace culture.

Responsibilities of the United States Mint:

- Minting and issuing circulating coins to meet the needs of the United States in trade and commerce, and distributing these circulating coins to the Federal Reserve Banks.
- Striking national medals, including Congressional Gold Medals.
- Manufacturing, marketing and selling proof and uncirculated coins, commemorative coins and medals to the general public. These products are known as numismatic products. Their value generally depends on factors such as mintage, rarity, condition and age.
- Manufacturing, marketing and selling gold, silver and platinum bullion coins through the American Eagle and the American Buffalo Bullion Programs. The value of these bullion coins generally depends on their weight in specific precious metals. These products are not sold directly to the general public by the United States Mint. They are sold to Authorized Purchasers and are available to the general public 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 at Fort Knox.

PRICES OF METALS AND PRODUCTION COSTS

The steady and dramatic increases in the prices of zinc, copper, and nickel have increased the cost of producing circulating coinage. This is causing the one-cent and 5-cent coins to cost more than their face value on a per-unit basis. As a result, the Department of the Treasury is working with Congress to explore alternatives to mitigate the effect of high metals prices.

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 2008 TO FY 2007

(\$ in millions)	Comparison to Same Period of Prior Year			
	First Quarter Ended		Year To Date	
	December 31, 2007	December 31, 2006	FY 2008	FY 2007
Circulating	\$ 327	\$ 248	\$ 327	\$ 248
Numismatic	\$ 182	\$ 164	\$ 182	\$ 164
Bullion	\$ 102	\$ 56	\$ 102	\$ 56
Total Revenues	\$ 611	\$ 468	\$ 611	\$ 468

* Investment versions; proof versions are included in numismatic sales.

Circulating First Quarter Comparison: Circulating collections for the first quarter of Fiscal Year (FY) 2008 totaled \$327 million - up by 32% from the same quarter of FY 2007. This increase reflected the Federal Reserve Bank's coin order for 143 million new Presidential \$1 Coins.

Projected Second Quarter 2008 Circulating Collections: Based on December orders and communications with the Federal Reserve, circulating collections are forecasted to decrease.

Numismatic First Quarter Comparison: Numismatic revenues for the first quarter of FY 2008 totaled \$182 million - up by 11% from the same quarter of FY 2007. This revenue increase is due to the increase in number of products that were released for sale in the first quarter FY 2008 compared to the first quarter FY 2007.

Projected Second Quarter Numismatic Revenues: The second quarter revenues are forecasted to drop. Revenues from the first quarter of FY 2008 included increased sales of 2007 gold and platinum products as a result of market volatility. However, most of those items are now sold out, and the 2008 versions will not be available in the next quarter.

Bullion First Quarter Comparison: Bullion revenues for the first quarter of FY 2008 totaled \$102 million - up by 82% from the same quarter of FY 2007. This increase was attributed to substantial increases in precious metals prices.

Projected Second Quarter 2008 Bullion Revenues: Bullion revenues are forecasted to increase in the second quarter because of the initial release of the 2008 bullion products in the next quarter.

UPDATE ON ACTIVITIES

NEW LEGISLATION

Presidential \$1 Coins

During this period, two pieces of legislation were passed pertaining to the Presidential \$1 Coin Program. The original Presidential \$1 Coin legislation required vending machines to both accept and dispense the \$1 coins. That mandate was later modified to exempt those vending machines that do not dispense more than \$1 in change from the dispensing requirement. The second piece of legislation requires the inscription "In God We Trust" to be placed on either the obverse or the reverse of the Presidential \$1 and Native American \$1 Coins, modifying the previous edge lettering requirement. The United States Mint is scheduled to implement this change beginning with the 2009 Presidential and Native American \$1 Coins.

2009 Native American \$1 Coins

The Native American \$1 Coin Act requires the Secretary of the Treasury to redesign, mint, and issue circulating \$1 coins commemorating Native Americans and the important contributions made by American Indian tribes and individual Native Americans to the development and history of the United States.

The United States Mint developed the design evaluation and selection process for the program, which was approved by the Secretary of the Treasury on October 25, 2007. In accordance with the design process, the United States Mint met with the Smithsonian's National Museum of the American Indian (NMAI) to discuss development of the design themes for the program. The NMAI plans to submit the initial design themes in the second quarter of 2008 which, per the authorizing legislation, will then be reviewed by the following three consulting organizations: the Committee on Indian Affairs of the Senate, the Congressional Native American Caucus of the House of Representatives, and the National Congress of American Indians.

District of Columbia and U.S. Territories Quarters Program

A provision of the 2008 Consolidated Appropriations Act requires the United States Mint to produce six newly designed quarters in 2009 honoring the District of Columbia and the five United States Territories: the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands and the Commonwealth of the Northern Mariana Islands. The new quarter program will continue to feature images of President George Washington on the obverse (heads side) of each quarter. The image on the reverse (tails side) will commemorate the District of Columbia and each territory. The United States Mint is currently working with the District of Columbia and U.S. Territories to implement this legislation.

UNITED STATES MINT COIN AWARDS

The annual "Coin of the Year" (COTY) Award by *Krause Publications* honors the work of mints worldwide. The annual awards have been presented for nearly a quarter of a century. An international panel of about 30 professional numismatists and experts judges the coin submissions. The United States Mint won three COTY Awards. The Most Historically Significant Coin Award went to the 2006 Benjamin Franklin "Founding Father" Commemorative Coin. The Nevada commemorative quarter-dollar won two awards: Best Trade Coin and Most Popular Coin.

50 State Quarters® Program

UTAH QUARTER LAUNCH

The United States Mint Associate Director for Sales and Marketing, Gloria Eskridge, joined Governor Jon M. Huntsman, Jr., and First Lady Mary Kaye Huntsman to launch the Utah commemorative quarter-dollar in a ceremony on November 9, 2007. Ken Verdoia, Senior Producer of Public Affairs at KUED, the local PBS affiliate, served as the Master of Ceremonies for the launch at the Rio Grande Depot in Salt Lake City, Utah.

The Utah quarter was the fifth quarter-dollar released in calendar year 2007, and the 45th to be introduced in the United States Mint's 50 State Quarters® Program. The reverse of the Utah quarter features two locomotives moving toward the golden spike that joined the Central Pacific and Union Pacific Railroads on May 10, 1869. The quarter commemorates that event, at Promontory, Utah, linking East and West regions of the United States. The reverse of the coin also bears the inscriptions "Crossroads of the West," "Utah," and "1896," the year Utah was admitted into the Union.



*Utah Commemorative
Quarter-Dollar Coin*

PRESIDENTIAL \$1 COIN ACT OF 2005

JAMES MADISON PRESIDENTIAL \$1 COIN LAUNCH

On November 15, 2007, the James Madison Presidential \$1 Coin was released into circulation. James Madison, known as the "Father of the Constitution," was the fourth President of the United States and served from 1809 to 1817.

PRESIDENTIAL \$1 COIN OUTREACH

There has been an increased level of activity concerning Presidential \$1 Coins in the first quarter of FY 2008. In early November, the United States Mint created the Office of \$1 Coin Programs with the goal of establishing robust acceptance and circulation of \$1 coins by the American public. On December 27, 2007, the United States Mint issued a press release, with coin photography, of the designs for the 2008 Presidential \$1 Coins. Presidential \$1 Coin promotional materials for James Monroe, including a poster and tent card, were printed and will soon be posted to the United States Mint's materials web site. The United States Mint sent the Presidential \$1 Coin e-newsletter to more than 80,000 subscribers, and sent the Coins Online e-newsletter monthly to its more than 400,000 subscribers.

During the first quarter, the United States Mint also met with Federal entities to discuss their progress on compliance with the Presidential \$1 Coin legislation; attended trade shows to dispense information and answer questions; and conducted surveys on \$1 Coin users, as well as level of public "awareness," since the release of the Jefferson Presidential \$1 Coin.

FIRST SPOUSE 24-KARAT GOLD COINS

The United States Mint is honoring our Nation's First Spouses by issuing one-half ounce, 24-karat gold proof and uncirculated coins featuring their images in the order that they served as First Spouse. The Dolley Madison Gold Coin, the last in the series for calendar year 2007, was released on November 19, 2007. At the ceremony in the East Room of the White House, United States Mint Director Edmund C. Moy presented First Lady Laura Bush with a framed set of the 2007 First Spouse Gold Coins for the White House Collection.

24-KARAT AMERICAN BUFFALO GOLD COINS

This quarter, 44,500 one-ounce American Buffalo 24-Karat Gold Bullion Coins and 18,663 American Buffalo 24-Karat Gold Proof Coins were sold.

AMERICAN PRESIDENCY \$1 COIN COVER SERIES

The James Madison \$1 Coin Cover was released in early December and is the last in the series for calendar year 2007. This was a limited edition that featured two James Madison Presidential \$1 Coins, one each from the United States Mints at Philadelphia and Denver, from the first day of production. The Thomas Jefferson \$1 Coin Cover sold out in November.

PRESIDENTIAL \$1 COIN UNCIRCULATED SET

The Presidential \$1 Coin Uncirculated Set, released in early December, is offered in three versions: coins from the United States Mint at Philadelphia, coins from the United States Mint at Denver, and a set with coins from both the United States Mints at Philadelphia and Denver. The sets feature the four Presidential \$1 Coins issued in calendar year 2007: George Washington, John Adams, Thomas Jefferson, and James Madison.

UNITED STATES MINT EDUCATIONAL INITIATIVE

Educational content was added to the United States Mint H.I.P. Pocket Change™ website, including a Teacher's calendar for the 2007–2008 school year. Every month, the United States Mint H.I.P. Pocket Change website will have a different theme, and each week it will highlight a special coin or activity. The fall edition of the quarterly online newsletter, *Making Cents*, was added and, in November, the *State Quarter Day in the Classroom* page featured the Utah commemorative quarter-dollar.

The United States Mint Educational Initiative team staffed a booth at the National Middle School Association Annual Conference in Houston, Texas, in November, and the National Council for the Social Studies Annual Conference in San Diego, California, in December. The conferences attracted more than 7,000 educators, and more than 500 people signed up for the Teachers' Network.

LICENSING AND LICENSING AGREEMENTS

The United States Mint Office of Licensing continues to maintain licensing agreements with three licensees. These licensees manufacture and market a variety of "Official United States Mint Licensed Products" through various channels. The licensees are Whitman Publishing; Peak Capital Group, LLC; Hallmark Group, Ltd. During the first quarter of FY 2008, the United States Mint's Licensing activities have earned royalties of approximately \$16,480.

OTHER HIGHLIGHTS

MEDALS

Dr. Michael E. DeBakey Congressional Gold Medal

The design candidates for the Congressional Gold Medal honoring Michael Ellis DeBakey, M.D., were developed and presented to Dr. DeBakey for review. Edits were made to his two preferred designs which are scheduled to be presented to the Citizens Coinage Advisory Committee and the Commission of Fine Arts in January.

Dalai Lama Congressional Gold Medal

On October 17, 2007, President George W. Bush presented the Congressional Gold Medal to the 14th Dalai Lama of Tibet, in a ceremony in the United States Capitol Rotunda. Bronze duplicate medals went on sale to the public on that date.

PUBLIC INFORMATION SITE

The United States Mint website had 9,467,100 visits during the fourth quarter, an increase of 59% over the same quarter last year. The average duration of a visit to the United States Mint website has gone up 201% in this quarter compared to the same quarter last year, from 4:49 minutes to 14:32 minutes. In addition, there was a 177% increase in the number of repeat visitors from 342,560 to 950,160. These major increases can be attributed to the ongoing updates to current content and the creation of new content and features to the website.

The three sections with the largest increase in visits in the first quarter FY 2008 compared to the first quarter FY 2007 were the:

- "Consumer Alerts" page (recently renamed from "Consumer Awareness") with a 63% increase;
- "Coins and Medals" page (renamed from "Special Programs") with a 43% increase in visits; and
- "Pressroom" page, with a 42% increase in visits.

Earlier this year, the United States Mint inserted hyperlinks that could take the site visitor directly to the catalog for specific products. During this quarter, these hyperlinks were used more than 180,000 times to gain access to the United States Mint Online Catalog.

The Really Simple Syndication (RSS) feeds were the third most accessed section of the site. The United States Mint added Presidential \$1 Coin News and Website Updates to the RSS feed list this quarter, as RSS feeds prove to be a major vehicle for dispensing information to our visitors and customers.