



# UNITED STATES MINT

## Report to Congress on Operations

From October 1 through December 31, 2009  
First Quarter Fiscal Year 2010



*Lincoln Bicentennial One Cent*



*U.S. Virgin Islands and  
Northern Mariana Islands quarters*



*Zachary Taylor Presidential \$1 Coin  
and Margaret Taylor First Spouse  
Gold Coin*

**First Quarter Fiscal Year (FY) 2010 Financials:** FY 2010 first quarter total revenue increased 57 percent from the same quarter last year. There was strong growth in bullion and numismatic revenue (up 137 percent and 45 percent, respectively) as circulating revenue continued to decline (49 percent).

**Lincoln Bicentennial One Cent Coin:** The fourth and final 2009 coin in this series depicts Abraham Lincoln's presidency in Washington. It was released November 12, 2009.

**Presidential \$1 Coin Act:** The twelfth coin in the Presidential \$1 Coin Program honoring President Zachary Taylor was released to the general public on November 19, 2009. Shipments of the Zachary Taylor \$1 Coin to the Federal Reserve Bank totaled 76 million coins at the close of the first quarter of FY 2010.

**First Spouse Gold Coin Act:** The eleventh coin in the First Spouse Gold Coin Program honoring Margaret Taylor was released to the general public on December 3, 2009. The medal featuring the same image was released December 17, 2009.

**Native American \$1 Coin Act:** The first coin in the annual Native American \$1 Coin series was released to the public on January 2, 2009. By the end of the 2009 calendar year, 87.5 million Native American \$1 Coins were issued through the United States Mint's Circulating \$1 Coin Direct Ship program.

**2009 District of Columbia and U.S Territories Quarters Program:** United States Mint Deputy Director Andy Brunhart joined local officials to launch the fifth and sixth commemorative quarter-dollar coins. The United States Virgin Islands quarter was launched in Charlotte Amalie, St. Thomas on October 9, 2009. The Commonwealth of the Northern Mariana Islands quarter-dollar coin was launched in Garapan, Saipan on December 10, 2009. This is the last coin in this series.

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# **State of the United States Mint**

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## **Vision and Goals of the United States Mint**

The vision of the United States Mint is “to embody the American spirit through the creation of our nation’s coins and medals.” The United States Mint is committed to minimizing costs, streamlining operations, and ensuring that every product illustrates our American values and history. The United States Mint established the following strategic goals to uphold its vision:

- 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**

The United States Mint’s primary responsibilities are the following:

- Enabling commerce by minting and issuing circulating coins in amounts necessary to meet the needs of the United States.
- Striking national medals, including Congressional Gold Medals.
- Manufacturing, marketing and selling proof and uncirculated coins, commemorative coins and medals to the general public. The value of these products, known as numismatic items, 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 American Buffalo Bullion Programs. The value of bullion coins generally depends on their weight in specific precious metals. These products are sold by the United States Mint to Authorized Purchasers. The coins are available to the general public through precious metal and coin dealers, brokerage companies and participating banks.
- Safeguarding United States Mint assets and non-United States Mint assets in the bureau’s custody, including bullion reserves at the United States Bullion Depository at Fort Knox.

## **Current Business Environment**

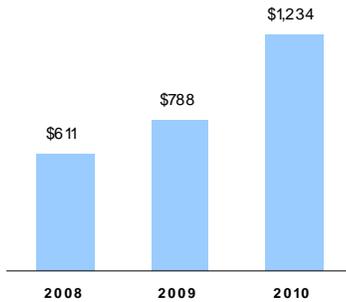
Slowing economic activity reduced retailers’ and the public’s demand for circulating coins for use in cash transactions. Commercial banks and other financial institutions curtailed orders for coins and returned excess coins to the Federal Reserve Banks (FRB). The FRB continues to experience heightened returns of accumulated coins by commercial banks, resulting in high inventory levels and less need for new coin production. The market prices for copper, nickel and zinc have trended upward in the last few months, which is expected to increase per unit cost in subsequent quarters. This operating environment will result in low revenue and seigniorage generated from circulating operations.

Declining economic conditions likely suppress consumer spending on collectibles, but also drive investors to precious metal markets as safe havens from declining equity markets. Demand for the United States Mint’s gold and silver bullion coins held at unprecedented levels in the first quarter of FY 2010. Accordingly, the vast majority of precious metal planchet supply will continue to be devoted to bullion coin production.

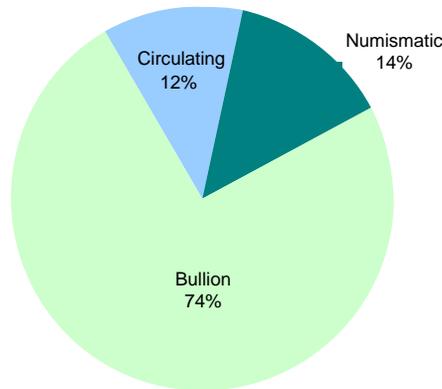
# Status of the Public Enterprise Fund

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

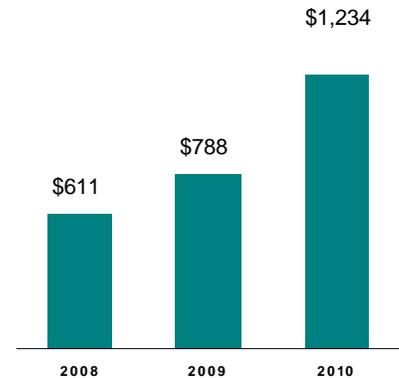
**Total First Quarter Revenue**  
(in millions)



**2010 First Quarter Revenue by Segment**



**Total Year to Date Revenue**  
(in millions)



	First Quarter Ended December 31, 2009				Year to Date			
	2010	2009	2008	% Change 2009 to 2010	2010	2009	2008	% Change 2009 to 2010
<i>(\$ in millions)</i>								
Circulating	\$145	\$284	\$327	-49%	\$145	\$284	\$327	-49%
Numismatic	\$170	\$117	\$182	45%	\$170	\$117	\$182	45%
Bullion	\$919	\$387	\$102	137%	\$919	\$387	\$102	137%
<b>Total Revenues</b>	<b>\$1,234</b>	<b>\$788</b>	<b>\$611</b>	<b>57%</b>	<b>\$1,234</b>	<b>\$788</b>	<b>\$611</b>	<b>57%</b>

\*Numismatic figures w/out bullion and include surcharges.

## Circulating

Circulating shipments to the FRB totaled 657 million coins in the first quarter of FY 2010, a 67 percent decline from the 2 billion coins shipped in the first quarter last year. Consequently, revenue from circulating operations fell 49 percent to \$145 million from \$284 million in the first quarter of FY 2009. Forecasted shipments for FY 2010 total 3.6 billion coins, a 31 percent decline from FY 2009 total shipments of 5.2 billion coins. The FRB continues to experience heightened returns of accumulated coins from commercial banks, resulting in high inventory levels and less need for new coin production. Until the FRB significantly reduces their quarter-dollar (3.8 billion) and dollar (877 million) inventory, we do not expect to see growth in orders for these main circulating revenue generators. Second quarter shipments are expected total about 582 million coins, which is about a 38 percent decline from FY 2009 second quarter shipments.

## Bullion

The United States Mint continued to experience high demand for gold and silver bullion coins during the first quarter of FY 2010. Bullion revenue totaled \$919 million in the first quarter of FY 2010, up 137 percent from the same quarter in FY 2009. During the first quarter fiscal 2010, demand exceeded supply of 2009 American Eagle Gold and Silver One Ounce Bullion Coins. Sales for these coins were suspended in late November and resumed in mid-December. The United States Mint expects bullion sales to remain strong through FY 2010.

## Numismatic

## **Status of the Public Enterprise Fund**

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FY 2010 first quarter numismatic revenue totaled \$170 million, up 45 percent from the same quarter in FY 2009. Strong first quarter revenue reflects sales of newly released products that were unavailable in the first quarter of FY 2009 or had been launched earlier in the 2009 calendar year, specifically the 2009 American Buffalo Gold Proof One Ounce Coin, the 2009 Platinum Proof One Ounce Coin and the 2009 United States Mint Uncirculated Coin Set<sup>®</sup>. The United States Mint expects numismatic revenue to trail prior FY levels in the second quarter until new products are launched in the summer of 2010.

### **Consolidated**

The United States Mint's revenue from first quarter operations totaled \$1,234 million, up 57 percent from the same period in FY 2009. Exceptionally high bullion revenue drove most of the revenue growth. Strong first quarter numismatic sales also augmented total revenue. Circulating revenue continued to trail previous levels.

NOTE: Net circulating revenue (seigniorage) is used as a means of financing the national debt, while numismatic and bullion revenue may be used as current operating revenue. Furthermore, circulating revenue may not be used to offset numismatic losses, nor may numismatic revenue be used to augment seigniorage. Accordingly, consolidated financial reporting should be used for year-to-year comparison purposes only.

## Update on Activities

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### Presidential \$1 Coin Act

#### Zachary Taylor \$1 Coin

The Zachary Taylor \$1 Coin was released into general circulation on November 19, 2009. A public ceremony celebrating its release was held on November 24, 2009, the 225<sup>th</sup> anniversary of Taylor's birth, at Taylor Park in Orange, Virginia.

Shipments of Zachary Taylor \$1 Coins to the FRB totaled 76 million coins at the close of the first quarter of FY 2010. The following chart shows shipments of previously issued Presidential \$1 Coins:

	<b>Presidential \$1 Coin Design</b>	<b>Coins Shipped to FRB (millions)</b>
1	George Washington	304
2	John Adams	201
3	Thomas Jefferson	170
4	James Madison	142
5	James Monroe	114
6	John Quincy Adams	106
7	Andrew Jackson	96
8	Martin Van Buren	99
9	William Henry Harrison	97
10	John Tyler	85
11	James Polk	83
12	Zachary Taylor	76

#### Demand and use of circulating \$1 coins

Net pay (the difference between coins distributed by the FRB to commercial banks and coins returned from commercial banks) totaled -\$12.7 million for all \$1 coins in the first quarter of FY 2010, a significant decline from the 52.1 million posted in the same quarter in FY 2009. Additionally, first quarter net pay declined from the FY 2009 fourth quarter total of \$3.3 million. Corresponding with the shipment data above, net pay for \$1 coins has been trending downward steadily since the release of the first Presidential \$1 Coin in January 2007. A downward demand trend is expected as the initial excitement related to the program subsides over time; however, the significant declines in net pay are also the result of higher than normal returns generated by softening demand for coin and currency in the economy as a whole.

For the first quarter of 2010, 16.6 million Presidential \$1 Coins were ordered through the United States Mint's Circulating \$1 Coin Direct Ship Program, and 300,000 coins were ordered through the Circulating \$1 Coin Bulk Ship Program.

#### Outreach

In FY 2008 and FY 2009, the Mint developed a pilot program to promote circulation of the \$1 coins. The pilot program focused on recruiting retailers to accept and dispense \$1 coins in small cash transactions and facilitating their ordering of \$1 coins through banks. This pilot program showed that getting large, national retail chains involved was essential to establishing robust \$1 coin circulation. At the request of Treasury Departmental Offices, the retail activation follow-on plan based on lessons learned and insights gained from the four-city pilot was reconfigured as a Decision Memo during the final month of the first quarter and resubmitted. The United States Mint now awaits the final decision from the Secretary regarding whether to proceed with a robust retail activation plan for \$1 coins.

## **Update on Activities**

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The United States Mint continued efforts to ensure that Federal entities comply with the requirements of the Presidential \$1 Coin Act and the Native American \$1 Coin Act. The bureau is currently working with the Washington Metro Area Transit Authority (WMATA) on a continuing compliance and promotional campaign for Presidential \$1 coins throughout the system and discussions are underway with the Bay Area Rapid Transit (BART) in San Francisco to develop a similar program.

The United States Mint is also working with the Army and Air Force Exchange Service (AAFES) to implement a pilot test on three of its bases: Peterson Air Force Base, Colorado Springs, Colorado; Fort Sam Houston, San Antonio, Texas; and Fort Huachuca, Tucson, Arizona. From October through December 2009, the United States Mint conducted multiple meetings with AAFES representatives to provide information on the benefits of using \$1 coins in their retail establishments as well as guidance in developing the pilot program. The United States Mint continues to work with AAFES to provide the necessary resources (point of sale materials, employee training and reduction of barriers to ordering coins) to help conduct a successful pilot test to lead to the acceptance and use of \$1 coins in all AAFES locations.

### **Native American \$1 Coins**

The first quarter of FY 2010 concluded the first calendar year of minting and issuance of Native American \$1 Coins. During the calendar year, 88.1 million coins were issued by the Mint, almost exclusively through the Circulating \$1 Coin Direct Ship Program (87.5 million). In 2009, the United States Mint was able to meet the legislative requirement that Native American \$1 Coins comprise at least 20 percent of all \$1 coins minted and issued in a given year.

In October, Walt Disney World Resorts began a pilot program using Native American \$1 Coins in 17 locations within EPCOT Center and the Magic Kingdom. On December 23, 2009, both Disney and the United States Mint deemed the pilot a success based on high acceptance by both staff and guests, smooth operations, and 78 percent of coins being taken home by the guests. Based on the success of the pilot, Disney will develop creative concepts for the United States Mint's consideration of a possible interactive exhibit in EPCOT Center and continuation of the pilot until May 22. Disney ordered 420,000 Native American \$1 Coins during the first quarter to conduct the pilot. Distribution of Native American \$1 Coins will continue at the 17 pilot locations until at least the end of May 2010.

### **2009 District of Columbia and U.S Territories Quarters Program**

On October 9, 2009, the United States Mint celebrated the launching of the Virgin Islands commemorative quarter-dollar in Charlotte Amalie, St. Thomas. United States Mint Deputy Director Andy Brunhart and Virgin Islands Governor John P. deJongh, Jr., hosted the ceremonial launch of the fifth coin in the 2009 District of Columbia and U.S. Territories Quarters Program.

On December 9, 2009, the Northern Mariana Islands commemorative quarter-dollar was unveiled at a launch ceremony held in Saipan at American Memorial Park. Deputy Director Brunhart and Northern Mariana Islands Governor Benigno R. Fitial hosted the ceremonial launch of the sixth (and final) coin in the series. It was released into general circulation on November 30, 2009.

### **2009 Lincoln Bicentennial One Cent Program**

On November 12, 2009, the United States Mint launched the fourth (and final) 2009 Lincoln Bicentennial One Cent Coin in a ceremony held near the U.S. Capitol Building in Washington, D.C. The new coin, released into circulation the same day, bears a reverse (tails side) design symbolic of Abraham Lincoln's presidency in Washington, D.C. United States Mint Director Edmund C. Moy was joined by Chief Historian of the U.S. Capitol Historical Society Donald R. Kennon and Executive Director of the Abraham Lincoln Bicentennial Commission Eileen R. Mackevich for the ceremony. The new coins, packaged in two-roll sets, were offered for sale the same day.

From November 12 through December 31, 2009, the United States Mint took orders for 210,228 of these "Presidency" two-roll sets. In addition, 35,878 "Professional Life" two-roll sets were sold during the fiscal 2010 first quarter.

## **Update on Activities**

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A total of 70,681 units of the four-coin 2009 Lincoln Bicentennial One Cent Proof Set were sold from October 1 to December 22, 2009, with a total of 204,043 proof sets sold overall in 2009. These sets contain 95 percent copper proof versions of the four redesigned one-cent coins struck in honor of the bicentennial of Abraham Lincoln's birth and the 100th anniversary of the first issuance of the Lincoln cent. This is the same metallic content of the original Lincoln cent issued in 1909.

The special United States Mint Lincoln Coin and Chronicles Set was offered for sale on October 15, 2009. It was limited to 50,000 units and sold out on October 22. The sets include a 2009 Abraham Lincoln Commemorative Proof Silver Dollar and 95 percent copper proof versions of the four 2009 Abraham Lincoln Bicentennial One Cent Coins. The set also includes a reproduction of a portrait of Lincoln, as well as a reproduction of the Gettysburg Address in his handwriting.

### **2009 Ultra High Relief Double Eagle Gold Coin Program**

Through the advent of modern technology, the United States Mint digitally produced a contemporary, but faithful rendition of sculptor Augustus Saint-Gaudens' original ultra high relief 1907 Double Eagle gold piece. This one-ounce \$20, \$24-karat gold coin was sold from January 22 to December 31, 2009. A total of 115,414 coins were sold.

### **Coin and Medal Design Information**

#### **2010 America the Beautiful Quarters™ Program Design Process**

The final designs for 2010 were approved by the Secretary of the Treasury on November 6, 2009. These designs honor Hot Springs National Park in Arkansas, Yellowstone National Park in Wyoming, Yosemite National Park in California, Grand Canyon National Park in Arizona and Mount Hood National Forest in Oregon.

#### **2011 America the Beautiful Quarters Program Design Process**

The designs for 2011 were developed in October and November 2009. They honor Gettysburg National Military Park in Pennsylvania, Glacier National Park in Montana, Olympic National Park in Washington, Vicksburg National Military Park in Mississippi and Chickasaw National Recreation Area in Oklahoma. In December, the candidate designs were sent to the respective superintendents of the sites to ensure that they are accurate and appropriate. In January 2010, the candidate designs will be presented to the U.S. Commission of Fine Arts (CFA) and the Citizens Coinage Advisory Committee (CCAC). They will also be sent to the governors of the respective states and the Secretary of the Interior for comment.

#### **2010 First Spouse Gold Coin and Medal Program**

The final designs for the gold and medal obverse and reverse designs honoring Abigail Fillmore, Jane Pierce, President James Buchanan's Liberty and Mary Todd Lincoln were approved by the Secretary of the Treasury on December 10, 2009.

#### **2010 American Eagle Platinum Proof Coin Program Design Process**

Design development for the 2010 American Eagle Platinum Proof Coin, the second coin to be issued in a series that explores the core concepts of our democracy by highlighting the Preamble to the U.S. Constitution, began in December 2009. The theme for the reverse design for 2010 is "To Establish Justice."

#### **2011 Presidential \$1 Coin Design Process**

The candidate obverse designs honoring Andrew Johnson, Ulysses S. Grant, Rutherford B. Hayes and James Garfield were presented to the CFA and CCAC in November 2009. The recommended designs were sent to the Deputy Secretary of the Treasury in late December for approval.

#### **2011 Native American \$1 Coin Dollar Program Design Process**

The reverse design theme for 2011, "Sachem Ousamequin, Massasoit of the Pokanoket Wampanoag Creates Alliance with Settlers at Plymouth Bay," was developed in consultation with the National Museum of the American Indian (NMAI) and presented to the CCAC in November 2009. Design development took

## **Update on Activities**

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place in December and the candidate designs will be sent to the NMAI for historical review in January 2010.

### **2011 United States Army Commemorative Coin Program Design Process**

Meetings were conducted between the United States Mint and the Army Historical foundation to develop design themes for the three-coin program (gold, silver and clad). Design development is scheduled to begin in January 2010.

### **2011 Medal of Honor Commemorative Coin Program Design Process**

Meetings were held with representatives of the recipient organization to develop the design themes for the two-coin program (gold and silver). Design development is scheduled to begin in January 2010.

### **Constantino Brumidi Congressional Gold Medal Design Process**

The final designs for the Congressional Gold Medal honoring Constantino Brumidi were approved by the Deputy Secretary of the Treasury on December 15, 2009.

### **Women Airforce Service Pilots Congressional Gold Medal Design Process**

The final designs for the Congressional Gold Medal honoring Women Airforce Service Pilots were approved by the Deputy Secretary of the Treasury on December 10, 2009.

### **Artistic Infusion Program (AIP) Call for Artists**

On September 1, 2009, the United States Mint issued a call for artists to recruit new talent for its AIP. A marketing campaign targeted a diverse group of artists throughout the country through art publications; national, state and local arts groups; and minority group organizations. The campaign focused on state-of-the-art Web-based advertising strategies and tools, including a new online application. Out of 67 applications, four new artists were selected for the AIP.

## **Legislative Update**

The United States Congress enacted three pieces of legislation in this quarter affecting the programs and operations of the United States Mint.

The "Girl Scouts USA Centennial Commemorative Act," P.L. 111-86 became law on October 29, 2009. This law authorizes this commemorative coin for the year 2013. The measure was later amended to include two additional provisions requested by the United States Mint, both of which relate to different commemorative coins. The first provision provides legislative authority to sell 2009 Lincoln Cents included in numismatic sets between December 31, 2009 and June 30, 2010. This six-month extension will give citizens more time to obtain these historic numismatic products and increase sales revenue. The second provision corrected a problem for the National Park Service related to the surcharges payable from the Jamestown Commemorative Coin Program of 2007.

The "Medal of Honor Commemorative Coin Act," P.L. 111-91 became law on November 6, 2009. This law authorizes a commemorative coin for the year 2011. The United States Mint staff met with the sponsors of the legislation after enactment to begin the design process.

### **Presentation of the Senator Edward Brooke Congressional Gold Medal**

United States Mint Director Ed Moy delivered the Congressional Gold Medal to Senate Majority Leader Harry Reid before the October 28, 2009 ceremony. President Barack Obama and congressional leaders presented Sen. Brooke with the medal, which honored his pioneering accomplishments in public service. Sen. Brooke served as a captain in the U.S. Army during World War II and received a Bronze Star. In 1962, he was elected Attorney General of Massachusetts. From 1967 to 1979, he served as the first African-American elected to the U.S. Senate by popular vote. He was appointed to the President's Commission on Civil Disorders, where his work on discrimination in housing served as the basis for the 1968 Civil Rights Act.

## **Update on Activities**

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### **2009 Lincoln Bicentennial One Cent Coin Exchange**

The United States Mint conducted a 2009 Lincoln Bicentennial One Cent Coin exchange in front of the United States Capitol on November 12, 2009. This is the fourth and final coin exchange scheduled.

### **Annual Holiday Sale on Capitol Hill**

The United States Mint and Bureau of Engraving and Printing conducted the Annual Holiday Sale on Capitol Hill on December 15, 2009. The main products offered were related to the 2009 D.C. and Territorial Quarters Program. Director Moy was joined by Rep. José E. Serrano, who included language authorizing the DC and Territories program, and together they signed products for those attending.