INTRODUCTION

Public Law 104-208, the Commemorative Coin Reform Act of 1996, instituted several provisions that reform the Nation’s commemorative coin program. In general effect, the law makes coin program beneficiaries partners in bearing the costs, risks, and marketplace realities of commemorative coin programs, and it assures that the U.S. Mint recovers its costs of operating coin programs. In addition, the
law requires beneficiaries to file audited financial statements, and it requires the Mint to report quarterly on the status of commemorative coin programs. In compliance, this—the Mint’s twelfth quarterly commemorative coin report—discusses programs reporting significant program activity October 1 through December 31, 1999.

**PROGRAM-WIDE ISSUES**

Commemorative coin sales during the first quarter of FY 2000 have continued to grow at impressive rates, even though two of the three active commemorative coin programs were winding down with sales ending December 31, 1999. Traditionally, the bulk of commemorative coin sales occur during the six-week pre-issue period when products may be purchased at a discount. It is less common for commemorative sales to remain strong through the end of the program lifecycle. In part, the continued growth in program sales can be attributed to the remarkable performance of online sales through the U.S. Mint Web site since April 1999. The inherent appeal of online ordering, combined with an excellent Mint Web site and public enthusiasm for the 50 State Quarters, drove total online sales to more than $26 million in the first quarter of FY 2000 and placed the U.S. Mint firmly among the Nation’s top online e-tailors.

Other factors have contributed to increased commemorative program sales as well. Our flourishing Internet business reflects in part the intense resurgence of public interest in coin collecting in response to the unprecedented success of the 50 State Quarters™ Program and to the much-anticipated Golden Dollar coin. The resulting emphasis upon numismatic collectibles in general has produced a spillover effect to other numismatic products such as the commemorative coins, as evidenced by the continued popularity of the Dolley Madison, George Washington and Yellowstone National Park Commemorative Coin programs long after the traditional peak pre-issue period.

The Mint has enjoyed a remarkable surge in revenues from Internet orders since online sales began in April 1999. Contributing to the strong first quarter performance was the mailing of the Mint Holiday catalog at the beginning of the quarter and a catalog remailing in November. In addition, the removal of product household limits for selected Mint products in early November generated a surge in online sales as customers rushed to place their orders.
Note: The online net revenue figures illustrated above differ slightly from those reported in the previous (4th Quarter FY 1999) Commemorative Coin Program Quarterly Report. The figures reported this quarter have been refined to reflect online Internet sales only, and do not include as before, sales initially generated from the Mint Web site but ordered via traditional methods (i.e., by mail, telephone or facsimile).

**FINANCIAL REPORTING**

Attached are consolidated financial statements providing quarterly and cumulative program data.

The *Commemorative Coin Reform Act of 1996* (P.L. 104-208), specifies that surcharges be withheld until all program costs are recovered and the beneficiary submits an audited financial statement indicating funds from private sources equal maximum possible coin surcharges. As of the quarter ending December 31, 1999, a total of $3,065,118 in surcharge payments had been made to the designated beneficiaries for the Dolley Madison and George Washington Commemorative Coin Programs. An initial surcharge payment of $742,515 was issued January 6, 2000, from revenues generated through sales of the Yellowstone National Park Commemorative Coin Program.

As reported previously, the U.S. Black Revolutionary War Patriots Commemorative Coin Program closed December 31, 1998, in a deficit position. To date, the Black Patriots Foundation has not submitted documentation as required under the *Commemorative Coin Reform Act of 1996*, and therefore has not qualified for payment of surcharges. To qualify for surcharge payments, the Foundation will need to raise
the balance (approximately $1,000,000) of matching funds, and submit an audited statement attesting this requirement has been fulfilled. The Foundation has not informed us of any plans for meeting these requirements.

The Library of Congress Trust Fund Board is designated to receive surcharges from the Library of Congress Bicentennial Commemorative Coin Program and has met the qualifications criteria established by the *Commemorative Coin Reform Act of 1996*. We have estimated sales and the time required for recovering all allocable program costs and believe we will deliver an interim surcharge payment to the Trust Fund Board six months after sales begin on April 24, 2000.

**Summary**

Details of specific commemorative coin program activity are presented in the following sections. In addition, financial statements providing quarterly and cumulative program data are attached.

**DOLLEY MADISON COMMEMORATIVE COIN PROGRAM**

**Program Highlights**

Authorized by Public Law 104-329, this program commemorates the 150th anniversary of the death of Dolley Madison, First Lady to President James Madison, with a maximum mintage of 500,000 silver dollars. Product options included individual proof and uncirculated coins plus two-coin sets in both versions. Although the Mint first accepted orders in 1998, shipments from the Philadelphia Mint began in January 1999. Pre-issue discount prices were offered through February 8, 1999. This is the only U.S. coin to honor a First Lady and also the first U.S. commemorative coin designed by a private company, the renowned Tiffany & Co.

**Marketing Activities**

The best-performing U.S. Mint modern Silver Commemorative Coin Program since 1995, the Dolley Madison Commemorative Coin Program generated sales that exceeded 300,000 coins and revenues of nearly $10 million. A final promotional effort included prominent placement in the Mint’s *1999 Holiday Collection Catalog* and the appearance of “last-chance-to-purchase” print advertisements in various trade publications. As established by the authorizing legislation, coin sales were terminated effective December 31, 1999.
**Analysis of Financial Position**

Sales during the quarter generated slightly over $1 million, bringing revenue since program inception to nearly $10 million, including surcharges of slightly over $3,109,000. Estimated profits of over $1.5 million exceed estimated unrecovered expenses of $120,305. Cost of goods sold totaled $2,960,589; selling, general & administrative expenses amounted to slightly over $2.4 million. Surcharge payments to the designated beneficiary organization as of December 31, 1999, totaled $2,102,503.

**Manufacturing/Packaging Operations**

A total of 16,795 acceptable silver proof coins and 4,471 acceptable silver uncirculated coins were produced during the quarter ending December 31, 1999, representing reject rates of 4% and less than 1%, respectively.

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**GEORGE WASHINGTON COMMEMORATIVE COIN PROGRAM**

The Mint’s only gold commemorative coin of 1999, the George Washington Commemorative $5 Gold Coin featured the 1931 designs of Laura Gardin Fraser. The first woman whose designs appeared on a U.S. commemorative coin (the 1921 Alabama Centennial Half Dollar), Ms. Fraser submitted the strong, right profile of Washington in a 1931 competition for a coin honoring the 200th anniversary of his birth. The Mint presented Ms. Fraser’s design for the first time on U.S. coinage with this 1999 five-dollar gold coin.

The George Washington Commemorative $5 Gold Coin commemorated the 200th anniversary of the first President’s death in December 1799. Authorized by P.L. 104-329, a mintage limit of 100,000 gold coins was established. Options included individual proof and uncirculated coins and a two-coin set of both. Part of the proceeds from the sale of the George Washington Commemorative Coin are authorized for the Mount Vernon Ladies Association, which helps to preserve Mount Vernon and educates visitors about our first President and his contributions to the Nation.

**Marketing Activities**

The $5 Gold Commemorative Coin was unveiled May 7, 1999, at Mount Vernon. The coins were prominently featured in the Mint’s 1999 Holiday Collection Catalog. In recognition of George
Washington’s membership within the Masonic Order and in cooperation with the recipient organization, an affinity mailing was directed to 10,000 Masons, stimulating last minute program sales. In addition, “last-chance-to-purchase” print advertisements were placed by the Mint in various trade publications. As of December 31, 1999, coin sales of nearly 64,000 generated revenues approaching $12 million, making it the best-selling gold commemorative coin since the 1995 Civil War Commemorative Coin. As directed by P.L. 104-329, coin sales ended as of December 31, 1999.

**Analysis of Financial Position**

Sales during the quarter generated close to $2 million bringing revenue since program inception to approximately $12 million including surcharges in excess of $2.2 million. Estimated profits of close to $3 million exceed estimated unrecovered expenses of roughly $110,700. Cost of goods sold totaled $4,868,931 and selling, general & administrative expenses amounted to $2,153,275. Surcharge payments to the Mount Vernon Ladies Association as of December 31, 1999, totaled $963,115.

**Manufacturing/Packaging Operations**

A total of 42,441 acceptable gold proof coins and 23,352 acceptable gold uncirculated coins were produced during the quarter ending December 31, 1999, representing reject rates of approximately 18% and 13%, respectively. The unusually high percentage of rejected coins was attributed to an equipment malfunction, which has since been resolved.

**YELLOWSTONE NATIONAL PARK COMMEMORATIVE COIN PROGRAM**

Authorized by Public Law 104-329, this coin program commemorates the 125th anniversary of the establishment of Yellowstone National Park as the first U.S. National Park. Mintage limits of 500,000 silver $1 coins were established. Product options include individual proof and uncirculated silver dollars and a two-coin set containing both. Surcharges will be divided equally between the National Park Foundation and Yellowstone National Park.

The obverse design is a geyser erupting against a tree-lined Yellowstone landscape. The reverse, a derivation of the Department of Interior’s official seal, depicts an American Buffalo on the plains with a brilliant sun rising over the distant Rocky Mountains. This coin, symbolic of American westward expansion and the search for a new frontier, is a fitting theme for the last U.S. Mint commemorative coin of the 20th
Marketing Activities

The Yellowstone National Park Commemorative Coin was unveiled July 15, 1999, at the Department of Interior Museum by Senator Craig Thomas, Chairman of the Senate Subcommittee on National Parks. The coins were prominently featured alongside the other modern Mint commemoratives in the annual Holiday Catalog. The last silver commemorative dollar issued by the U.S. Mint in 1999, the initial mailing of Yellowstone National Park commemorative coins took place June 25, 1999. As authorized by P.L. 104-329, sales will continue into July 2000.

Analysis of Financial Position

Sales exceeding 230,000 coins during the quarter generated over $2.4 million, bringing revenue since program inception to $7,148,821 and include surcharges of $2,222,070. Estimated profits of $938,590 exceed estimated unrecovered expenses of $139,489. Cost of goods sold totaled $2,076,401, and selling, general & administrative expenses came to slightly over $1.9 million. An initial surcharge payment of $742,515 was made on January 6, 2000, from surcharges generated through sales from the Yellowstone National Park Commemorative Coin Program. Payment was divided equally between the National Park Foundation and Yellowstone National Park.

Manufacturing/Packaging Operations

A total of 34,016 acceptable silver proof coins and 5,872 acceptable silver uncirculated coins were produced during the quarter ending December 31, 1999, representing reject rates of 6% and less than 1% for the proof and uncirculated coins respectively.

LIBRARY OF CONGRESS BICENTENNIAL COMMEMORATIVE COIN - YEAR 2000

The Library of Congress—America’s national library and oldest Federal cultural institution—celebrates its bicentennial in 2000. To honor this event, The Library of Congress Bicentennial Commemorative Coin Act of 1998 (P.L. 105-268) authorizes mintage of 100,000 gold $5 coins and 500,000 silver $1 coins. In addition, the legislation allows minting 200,000 bimetallic $10 coins of gold and platinum in lieu of $5 gold coins. The Mint has worked closely with the recipient organization in reviewing coin designs and developing marketing plans. Coin designs were finalized and reviewed by the Citizens Commemorative Coin Advisory Committee (CCCAC) and the Commission of Fine Arts. The designs are currently awaiting final approval by the Secretary of the Treasury. Surcharges generated through the sale of the coins will be paid to the Library of Congress Trust Fund Board to support the Library’s bicentennial programs, educational outreach, and other activities. A launch ceremony is scheduled for April 24, 2000, the Library of Congress bicentennial. The Mint plans to exercise the option of a bimetallic coin as provided within the
authorizing legislation, P.L. 105-268, making this the first bimetallic commemorative coin to be issued by the U.S. Mint as well as the first commemorative coin to be dated ‘2000’.

**LEIF ERICSON MILLENNIUM COMMEMORATIVE COIN PROGRAM - YEAR 2000**

The Year 2000 marks the 1000–year anniversary of Leif Ericson’s voyage of discovery to North America. In a joint program with the Republic of Iceland, the Mint will strike 500,000 commemorative silver dollars honoring the event. The U.S. Mint will produce and market both the U.S. and the Republic of Iceland coins. Surcharges generated through the sale of the coins will be paid to the Leifur Eiríksson Foundation for the purpose of funding student exchanges between students of the United States and students of Iceland. The initial program mailing is scheduled for June 14, 2000. A planning meeting between the Mint and the Icelandic delegation took place early in the second quarter of FY 2000, at which time the Icelandic delegation presented the Mint with designs for the Icelandic coins. Mint officials announced and promoted the new program at the annual international coin show in Basel, Switzerland, in late January. Preliminary designs are under development for the U.S. coins. If successful, this joint endeavor could pave the way towards future global partnerships leading to additional joint commemorative coin programs with other national Mints.

**CONCLUSION**

The Mint has experienced impressive increases in revenues from commemorative coin sales through Internet distribution during 1999. One of 16 winners in the *Government Executive Magazine’s on the Web*” competition, the U.S. Mint Web site saw Internet orders during the 1st quarter of FY 2000 more than double from the previous quarter. Orders received through our Web site accounted for close to 33% of total numismatic sales (excluding bullion coins sold through wholesale channels). In addition, a new daily sales record of more than $2 million in Internet sales was set early in the first quarter.

The 1999 commemorative coin programs continued to prove popular with our customers; we anticipate the first commemorative programs of the 21st century— the Library of Congress Bicentennial and Leif Ericson Millennium Commemorative Coin Programs - to at least equal if not surpass this level of success. Combined, the Mint’s three FY 1999 commemorative coin programs have generated over $29 million in revenues as of December 31, 1999.