INTRODUCTION

Public Law 104-208, the Commemorative Coin Reform Act of 1996, requires the Mint to report the quarterly status of commemorative coin programs. In general effect, the law makes coin program beneficiaries partners in bearing the 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 thirteenth quarterly commemorative coin report—discusses programs reporting significant program activity January 1 through March 31, 2000.
PROGRAM-WIDE ISSUES

Coin sales for two commemorative coin programs ended effective December 31, 1999, as directed by the authorizing legislation. Final sales for the Dolley Madison and George Washington commemorative coin programs exceeded 316,000 and 64,000 respectively. Sales for the Yellowstone National Park Commemorative Coin Program continue to rise. Program sales through the second quarter were in excess of 251,600 coins.

Three commemorative coin program surcharge payments were made during the second quarter. Two payments totaling close to $1.7 million were made to the Mount Vernon Ladies Association from proceeds generated through sales of the George Washington commemorative gold coin. In addition, a surcharge payment of $924,052 was made March 9, 2000, split into equal payments of $462,026 to the Yellowstone Park Foundation and the National Park Foundation.

Public enthusiasm for our 50 State Quarters™ Program continues to fuel additional interest in the numismatic hobby. Coin collecting is growing primarily among customers ages 25-44, far younger than our typical customer. We are appealing to them by designing products for a broader audience and by selling them through our expanded online catalogue. As a result, we’re selling more commemorative coins and selling more after the traditional peak pre-issue period. Sales through our web catalog reached nearly $60 million for the quarter ending March 31.

The above statistics are for Internet Online Orders only. Internet Fax, Internet Mail, and Internet Phone Orders are NOT included. Revisions to monthly revenues from previous quarters reflect adjustments for cancelled orders, returned goods, etc.
FINANCIAL REPORTING

The attached financial statements provide quarterly and cumulative program data.

The *Commemorative Coin Reform Act of 1996* requires us to withhold surcharges until all program costs are recovered and beneficiaries submit audited financial statements indicating funds raised privately equal maximum possible surcharges. We, again, report that the U.S. Black Revolutionary War Patriots Commemorative Coin Program closed December 31, 1998, with a deficit. The beneficiary has not submitted the required documentation and therefore does not qualify to receive surcharges. The Foundation has not told us of its plans for meeting these requirements. As of the quarter ending March 31, 2000, over $1.7 million in surcharge payments had been made to the designated beneficiaries for both the George Washington and Yellowstone Commemorative Coin Programs.

The Library of Congress Trust Fund Board is the designated beneficiary for the Library of Congress Bicentennial Commemorative Coin and has met criteria to receive surcharges. We expect to present interim surcharge payments six months from April 24, 2000, the date sales began.

DOLLEY MADISON

*Program Highlights*

Public Law 104-329 authorized this silver dollar for the 150th anniversary of the death of Dolley Madison, First Lady to James Madison, with a maximum mintage of 500,000. Products included individual proof and uncirculated coins plus two-coin sets containing both versions.

*Program Summary*

Program sales ended December 31, 1999, with over 316,000 coins sold generating revenues of slightly over $10 million, including surcharges of $3,135,070. Estimated profits of $1.24 million exceed estimated unrecovered expenses of $77,517. Cost of goods sold totaled $2,985,783. Selling, general & administrative expenses were $2.7 million. Surcharge payments as of December 31, 1999, equaled $2,102,503. The Dolley Madison Commemorative Silver Dollar was the first U.S. Mint commemorative coin offered on the Mint Web site in April 1999 and was our best-selling silver dollar since 1995. Noted for several numismatic “firsts”, the Dolley Madison Commemorative Coin was the first commemorative coin designed by Tiffany & Co., as well as the first U.S. coin to feature a First Lady.

Concluding promotional efforts during the previous quarter included prominent placement within the *Mint’s 1999 Holiday Collection Catalog* and the offer of “last chance to purchase” print advertisements in various trade publications. In addition, Dolley Madison was one of the first commemorative coin programs to benefit from Recency-Frequency-Monetary modeling (RFM) used to identify high potential market segments and tailor promotional efforts accordingly. By
taking advantage of enhanced marketing tools such as RFM and through numerous partnership efforts with the National Trust, the Mint was able to produce one of the highest selling commemorative coin programs in recent commemorative history.

**GEORGE WASHINGTON**

The only gold commemorative coin of 1999 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). Although she submitted her design in a 1931 competition on the bicentennial of Washington’s birth, it appears for the first time on this $5 coin commemorating the 200th anniversary of his death in December 1799. Public Law 104-329 authorized the coin and limited its mintage to 100,000. Options included individual proof and uncirculated coins and a two-coin set containing both.

**Program Summary**

Unveiled at a May 7, 1999, launch ceremony at Mount Vernon, this was the second “gold-only” U.S. Mint commemorative coin program, and was our best selling commemorative gold coin since 1996. The program closed December 31, 1999, with sales of over 64,000 coins, revenues exceeding $12 million, including surcharges of $2,247,140. Estimated profits of nearly $3 million exceed estimated unrecovered expenses of $99,367. Cost of goods sold totaled $4,911,510. Selling, general & administrative expenses were $2,168,805.

Final promotional efforts included an affinity mailing and the placement of “last chance to purchase” print advertisements. Increased program efficiencies were realized through “front-loaded” direct mailing in which the bulk of mailing costs are concentrated within the potentially high return pre-issue period; the use of local graphic design firms; affinity advertising and Recency-Frequency-Monetary modeling. Surcharge payments to the designated beneficiary organization as of March 31, 2000, approached $1.7M.

**YELLOWSTONE NATIONAL PARK**

Public Law 104-329 authorized this silver dollar for the 125th anniversary of Yellowstone as the first U.S. National Park. Mintage limits were 500,000 coins. Product options include individual proof and uncirculated coins and a two-coin set containing both. Surcharges will be divided equally between the National Park Foundation and Yellowstone National Park.

The obverse depicts a geyser erupting against a tree-lined landscape. The reverse, derived from the Department of Interior’s official seal, depicts an American Buffalo offset against a sunrise over the 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 century.
**Marketing Activities**

The Yellowstone National Park Commemorative Coin was unveiled July 15, 1999, at the Department of Interior Museum by Mint officials who were joined by Senator Craig Thomas, Chairman of the Senate Subcommittee on National Parks and Congressman Ralph Regula, Chairman of the Appropriations Subcommittee on Interior and Related Agencies. The initial mailing of coins was June 25, 1999. Sales will continue into July 2000. A promotion with Unilever which started April 2000 features Yellowstone two-coin sets as prizes for purchases of Snuggle® Fabric Softener.

**Analysis of Financial Position**

On March 31, 2000, sales exceeded 251,000 coins, revenues exceeded $8 million, and surcharges were $2,490,830. Estimated profits of $1.2 million exceed potential unrecovered expenses of $101,323. Cost of goods sold totaled $2,325,333. Selling, general & administrative expenses were $2 million. Two surcharge payments amounting to nearly $1.7 million during the second quarter were divided equally between the National Park Foundation and Yellowstone National Park.

**Manufacturing/Packaging Operations**

A total of 4,702 acceptable silver proof coins and 5,539 acceptable silver uncirculated coins were produced during the quarter ending March 31, 2000, representing reject rates of 3% and less than 1% for the proof and uncirculated coins respectively.

**LIBRARY OF CONGRESS BICENTENNIAL**

To commemorate the bicentennial of the Library of Congress on April 24, Congress authorized the production of 500,000 silver dollars and 100,000 gold $5 coins. Legislation permits substituting 200,000 $10 gold-and-platinum coins for the gold $5, and we will exercise this option to strike the nation’s first bimetallic coin and the first commemorative coin dated 2000. Designs finalized and reviewed by the Citizens Commemorative Coin Advisory Committee (CCCAC) and the Commission of Fine Arts depict the Library’s Thomas Jefferson Building.

Sales began April 24, 2000, at the Library’s bicentennial event and on the Mint’s Web site. Surcharges will be paid to the Library of Congress Trust Fund Board to support the bicentennial, educational, and other activities.

**LEIF ERICSON MILLENNIUM**

In partnership with the Republic of Iceland, we are authorized to mint 500,000 silver dollars honoring the millenium of Leif Ericson’s voyage to North America. Products will include
individual U.S. proof and uncirculated coins and an Icelandic proof coin. This partnership could lead to additional joint programs with other national mints. Surcharges are earmarked for the Leifur Eiriksson Foundation to fund U.S.-Iceland student exchanges. Initial mailing is set for June 14, 2000. The Commission of Fine Arts is reviewing designs for the U.S. coins.

**CONCLUSION**

Online sales continue to soar. The impact has been felt within the commemorative programs as well, as commemorative coin program sales remain well above their customary post pre-issue levels. The single remaining 1999 commemorative coin program – commemorating the 125th anniversary of Yellowstone National Park – continues to perform impressively. When sales ended last December, the Dolley Madison Silver Dollar was our best-selling commemorative silver dollar since 1995, and the George Washington $5 coin was our best selling gold commemorative coin since 1996. We will do our best to assure this year’s programs maintain this level of success. If we are to meet this goal it is important to sound a note of caution. While the commemorative coin programs are currently enjoying a period of recovery, program well being remains fragile. To ensure the commemorative programs continue to reap the benefits of the 1996 reforms continued vigilance will be necessary.