SUMMARY

- Third Quarter FY 2005 Financials:
  - Year-to-Date Comparison: Year-to-date revenues through the third quarter of FY 2005 were slightly higher than year-to-date revenues for the third quarter of FY 2004.
  - Third Quarter Comparison: Revenues for the third quarter of FY 2005 were slightly higher than revenues for the third quarter of FY 2004.
  - Comparison to Previous Quarter: Revenues for the third quarter of FY 2005 were 14% higher than revenues for the second quarter of FY 2005.

- The United States Mint began producing the 2005 “Ocean in View” nickel.
- President George W. Bush commended the United States Mint for ceremonially launching the “American Bison” 5-cent coin (nickel) in March 2005.
- The Minnesota and Oregon commemorative quarter-dollars were launched.
- The United States Mint at Philadelphia received the Voluntary Protection Program Star flag -- the Occupational Safety and Health Administration’s highest award.
- The United States Mint is developing a 24-karat uncirculated bullion investment coins program.
- The United States Mint released its first spring catalog since 2000.
- The United States Mint’s educational website was nominated for the Webby Award.
- The United States Mint at Denver was certified for International Standard 14001 -- a set of environmental standards for manufacturing organizations.
- Same-day tours resumed at the United States Mint at Philadelphia and Denver.

OTHER HIGHLIGHTS:
- Three new artists joined the Artistic Infusion Program./ The United States Mint sold $52,000 worth of products at the American Numismatic Association’s Money Show./ The Citizens Coinage Advisory Committee considered designs for several coins./ The United States Mint’s safety record continues to improve./ The United States Mint’s licensing activities have, to date, earned about $42 million in licensing-related coins sales and about $1 million in royalties./ The United States Mint is continuing to improve the efficiency of its manufacturing processes.
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 Bank.

- 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 numismatic and bullion coins and other products to customers worldwide.

**YEAR-TO-DATE COMPARISON:**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Year-to-Date through 3rd Qtr FY 2005</th>
<th>Year-to-Date through 3rd Qtr FY 2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circulating</td>
<td>$824</td>
<td>$815</td>
<td>+ &lt;1%</td>
</tr>
<tr>
<td>Numismatics</td>
<td>$289</td>
<td>$235</td>
<td>+23%</td>
</tr>
<tr>
<td>Bullion*</td>
<td>$216</td>
<td>$266</td>
<td>-19%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,329</strong></td>
<td><strong>$1,316</strong></td>
<td>++1%</td>
</tr>
</tbody>
</table>

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

Year-to-Date Circulating Collections: Year-to-date circulating collections through the third quarter of FY 2005 totaled $824 million -- slightly up from same quarter of FY 2004. (See Table #1.) Changes in the demand for
circulating coins by commercial establishments and the general public are caused by variability in the United States' economy. To accommodate this variability, the United States Mint and the Federal Reserve Bank continually assess their inventories and the demand for circulating coins, and then adjust their production, ordering and delivery schedules accordingly.

**Year-to-Date Numismatic Revenues:** Year-to-date numismatic revenues through the third quarter of FY 2005 totaled $289 million -- up 23% from the same quarter of FY 2004. (See Table #1.) This increase resulted from the fact that the United States Mint responded to customer requests by moving up the launches of most 2005 annual sets to the second quarter of FY 2005. Because of the particularly early launches of 2005 annual sets, year-to-date numismatic revenues through the third quarter of FY 2005 incorporated second quarter and third quarter sales of annual sets. (By contrast, most 2004 annual sets were released in the third quarter of 2004.)

**Year-to-Date Bullion Revenues:** Year-to-date bullion revenues through the third quarter of FY 2005 totaled $216 million -- down 19% from the same quarter of FY 2004. (See Table #1.)

**THIRD QUARTER COMPARISON: FY 2005 TO FY 2004**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>3rd Qtr FY 2005</th>
<th>3rd Qtr FY 2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circulating</td>
<td>$384</td>
<td>$319</td>
<td>+20%</td>
</tr>
<tr>
<td>Numismatic</td>
<td>$115</td>
<td>$142</td>
<td>-19%</td>
</tr>
<tr>
<td>Bullion*</td>
<td>$46</td>
<td>$82</td>
<td>-44%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$545</td>
<td>$543</td>
<td>&lt;+1%</td>
</tr>
</tbody>
</table>

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

**Circulating Third Quarter Comparison:** Circulating collections for the third quarter of FY 2005 totaled $384 million -- up 20% from the same quarter of FY 2004. (See Table #2.) This collections increase reflected an increase in the Federal Reserve Bank’s coin order.

**Numismatic Fiscal Year Comparison:** Numismatic revenues for the third quarter of FY 2005 totaled $115 million -- down 19% from the same quarter of FY 2004. (See Table #2.) This revenue decrease resulted from this year’s relatively early launches of 2005-dated numismatic products, which shifted peak revenues from these products to the second quarter of FY 2005.

**Bullion Fiscal Year Comparison:** Bullion revenues for the third quarter of FY 2005 totaled $46 million -- down 44% from the same quarter of FY 2004. (See Table #2.)
**COMPARISON TO PREVIOUS QUARTER**

### Table #3

**COMPARISON OF 3\(^{RD}\) QUARTER FY 2005 REVENUES TO 2\(^{ND}\) QUARTER FY 2005 REVENUES (Millions of Dollars)**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>3(^{rd}) Qtr FY 2005</th>
<th>2(^{nd}) Qtr FY 2005</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circulating</td>
<td>$384</td>
<td>$253</td>
<td>+52%</td>
</tr>
<tr>
<td>Numismatics</td>
<td>$115</td>
<td>$100</td>
<td>+15%</td>
</tr>
<tr>
<td>Bullion*</td>
<td>$46</td>
<td>$127</td>
<td>-64%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$545</strong></td>
<td><strong>$480</strong></td>
<td><strong>+14%</strong></td>
</tr>
</tbody>
</table>

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

**Quarterly Circulating Comparison:** Circulating collections for the third quarter of FY 2005 totaled $384 million -- up 52% from the second quarter of FY 2005. (See Table #3.) This collections increase is consistent with the United States Mint’s shipment of 4.8 billion coins to the Federal Reserve Bank during the third quarter of FY 2005 -- up 42% from 2.8 billion coins shipped during the second quarter of FY 2005. This type of demand increase is typical of third quarter activity.

Projected Fourth Quarter Circulating Collections: Circulating collections for the fourth quarter are expected to decline in concert with the Federal Reserve’s forecasted decline in coin orders by 1.1 billion coins to 3.7 billion coins.

**Quarterly Numismatic Comparison:** Numismatic revenues for the third quarter of FY 2005 totaled $115 million -- up 15% from the second quarter of FY 2005. (See Table #3). This revenue increase resulted from the release of the Spring 2005 Collection catalog.

Projected Fourth Quarter Numismatic Revenues: Because the United States Mint will release a new catalog next quarter, just as it did this quarter, next quarter’s revenues are expected to be comparable to this quarter’s revenues.

**Quarterly Bullion Comparison:** Bullion revenues for the third quarter of FY 2005 totaled $46 million -- down 64% from the second quarter of FY 2004. (See Table #3.)

Projected Fourth Quarter Bullion Revenues: Bullion revenues are expected to decrease next quarter because of traditionally low summer sales.
UPDATE ON UNITED STATES MINT ACTIVITIES

2005 CHIEF JUSTICE JOHN MARSHALL SILVER DOLLAR

On May 4, 2005, Director Fore joined Associate Justice Stephen Breyer and Supreme Court Historical Society President Peter C. Jones at the Supreme Court of the United States to celebrate the launch of the Chief Justice John Marshall Silver Dollar. The new silver dollar commemorates the 250th anniversary of the Chief Justice’s birth on September 24, 1755. Images of the 2005 Chief Justice John Marshall Silver Dollar appear on the cover of this report.

During the third quarter of FY 2005, proof and uncirculated versions of the Chief Justice John Marshall Silver Dollar were sold online and were featured in the Spring 2005 catalog. These products will be featured in a direct mailing in July 2005.

The Chief Justice John Marshall Silver Dollar is offered in two special sets: 1) The Chief Justice John Marshall Coin & Chronicles Set, which will feature a striking intaglio print of the Chief Justice executed by the Bureau of Engraving and Printing and an informative booklet about Chief Justice Marshall’s importance to the Supreme Court written by the Supreme Court Historical Society. This special set is limited to 25,000 units and will go on sale in July 2005. 2) The United States Mint American Legacy Collection™. This Collection will also feature the Marine Corps 230th Anniversary Silver Dollar, which will be released in July 2005.

A surcharge from the sale of each Chief Justice John Marshall Silver Dollar is authorized to be paid to the Supreme Court Historical Society.

THE 5-CENT COIN (NICKEL)

2005-DATED NICKEL

On June 20, 2005, the United States Mint began producing the 2005-dated “Ocean in View” nickel -- the fourth nickel design in the United States Mint’s Westward Journey Nickel Series™. (Previous nickels in the Westward Journey Nickel series, which began in 2004, are “the Peace Medal” nickel, the “Keelboat” nickel and the “American Bison” nickel.)

The Federal Reserve Bank will release the “Ocean in View” nickel in August 2005. The United States Mint is currently finalizing plans for launch ceremonies for the “Ocean in View” nickel that will be held in early August in Washington and Oregon.

The “Ocean in View” Nickel

2006-DATED NICKEL

In January 2006, the United States Mint will launch a 2006-dated nickel.

On May 10, 2005, the Secretary of the Treasury approved designs for the 2006-dated nickel. The obverse design of the 2006-dated nickel, which will feature a likeness of Thomas Jefferson, will be unveiled in late July 2005 at the American Numismatic Association (ANA) conference in San Francisco, California. The reverse design of this nickel, which will depict Jefferson’s home, Monticello, will be shown in early Fall 2005.
KUDOS FROM THE PRESIDENT OF THE UNITED STATES

In a letter to Director Fore dated March 31, 2005, President George W. Bush commended Director Fore and United States Mint employees for their success in bringing the design of the new 2005 “American Bison” nickel to fruition. (The “American Bison” nickel was ceremonially launched in March 2005.)

50 STATE QUARTERS® PROGRAM

MINNESOTA LAUNCH
The Minnesota commemorative quarter-dollar was launched in a ceremony held on April 12, 2005, at the Minnesota State Capitol. At this launch ceremony, United States Mint Director Henrietta Holsman Fore shared the stage with Governor Tim Pawlenty, Minnesota Lieutenant Governor Carol Molnau, Minnesota Secretary of State Mary E. Kiffmeyer, Minnesota Education Commissioner Alice Seagren, television actor Ron Schara, Minnesota Twins great Kent Hrbek and Minnesota Vikings great Ed McDaniel.

The Minnesota Commemorative Quarter-Dollar.

The Lakeville High School Band, the Nativez Inc. drummers and the Minnesota Boys Choir provided entertainment at the launch event. In addition, school children participated in history, science, math and reading-oriented learning activities and watched a play about the importance of saving money. On the eve of the launch, Director Fore hosted a coin collectors forum to discuss what the American people would like to see in their coins.

The Minnesota quarter celebrates the “Land of 10,000 Lakes.” This coin’s reverse design features a tree-lined lake with two people fishing, a loon on the water, and a textured outline of the State. The Minnesota quarter was the second quarter released during calendar year 2005, and the 32nd quarter released in the United States Mint’s 50 State Quarters® Program.

OREGON LAUNCH
On June 15, Gloria Eskridge, the United States Mint’s Associate Director for Sales and Marketing, and Oregon Governor Ted Kulongoski launched the Oregon commemorative quarter-dollar in front of the Oregon Historical Society in Portland, Oregon.

The Oregon Commemorative Quarter-Dollar
The launch ceremony featured representatives of three of Oregon’s Native American tribes. After the ceremony, a quarter exchange was held in Portland. On the eve of the launch ceremony, the United States Mint hosted a coin collectors forum at the Oregon Historical Society to discuss what the American people would like to see in their coinage.

The reverse of the Oregon quarter features an image of Oregon’s Crater Lake — the deepest lake in the United States. The Oregon quarter was the third quarter released during calendar year 2005, and the 33rd quarter released in the United States Mint’s 50 State Quarters® Program.

**2006 STATE QUARTER DESIGNS**
In calendar year 2006, commemorative quarter-dollars will be released for Nevada, Nebraska, Colorado, North Dakota, and South Dakota. All of these states completed their public outreach during the third quarter of FY 2005. The status of the candidate design for the reverse of each 2006 quarter is as follows:

- **Nevada:** The Secretary of the Treasury is currently considering a recommendation for a design signifying the Silver State that was submitted by Nevada State Treasurer Brian Krolicki on behalf of the Governor.

- **Nebraska:** The Secretary of the Treasury is currently considering Governor Dave Heineman’s recommendation for a design signifying Chimney Rock.

- **Colorado:** The Secretary of the Treasury is currently considering Governor Bill Owens’s recommendation for a design signifying Colorful Colorado.

- **North Dakota:** The Secretary of the Treasury is currently considering Governor John Hoeven’s recommendation for a design signifying a Badlands Buffalo.

- **South Dakota:** The Secretary of the Treasury approved Governor Bill Owens’s recommendation for a design signifying a Ringed-Necked Pheasant/Mt. Rushmore.

**UNITED STATES MINT RECEIVES OSHA’S TOP AWARD**
On June 6, 2005, the United States Mint at Philadelphia was awarded the Voluntary Protection Program (VPP) Star flag — the Occupational Safety and Health Administration’s (OSHA) highest award. The VPP ceremony, which was held in front of the United States Mint at Philadelphia, paid tribute to a team of 500 employees, managers and union leaders who had joined forces to combat workplace hazards and make their facility a model for safety. At the end of the ceremony, the OSHA VPP Star flag was raised, symbolizing a triumphant moment for the facility.

The VPP award honored the great strides made by the United States Mint at Philadelphia, which was cited for 81 safety violations (139 specific items) in 2002. At that time, Director Fore suspended coin production at the facility for six weeks and ordered a top-to-bottom safety review of the facility. As part of this effort, employees, managers and two unions worked closely with OSHA to improve standards; strengthen procedures; conduct inspections, self-audits and retraining; and improve maintenance.

The Lost Time Accident (LTA) rate for the United States Mint at Philadelphia fell from 86%, from 8.38 in 2000 to 1.17 in 2004. (An LTA rate represents the number of lost time injuries and illnesses that occur per 100 full time employees during a specified time frame.)

**NEW 24-KARAT GOLD BULLION INVESTMENT COIN PROGRAM**
In April 2005, the United States Mint announced that it is developing a program to start manufacturing 24-karat (99.99%) uncirculated gold bullion investment coins. This program will mark the first time that the United States Mint will produce 24-karat gold coins. The potential global market for 24-karat gold bullion coins is currently estimated at $2.4 billion per year.

The 24-karat gold bullion program is expected to have two phases: During the program’s first phase, an investor-grade uncirculated 24-karat gold bullion coin will be produced. Then, during the program’s second phase, a 24-
karat numismatic collector proof coin will be produced.

After a successful test strike has been completed, coin designs, specifications, quantities and denominations will be considered. The Citizens Coinage Advisory Committee (CCAC) considered potential themes for the images on the 24-karat gold bullion coins at its May 24 meeting. The Secretary of the Treasury will approve the designs, denominations, specifications and quantities of the coins.

The United States Mint intends to produce the new 24-karat gold bullion coins for domestic and foreign investors, coin and precious metal dealers, banks, brokerage firms, and other companies that would obtain the coins from authorized purchasers that have met certain standards established by the United States Mint.

The United States Mint will continue to produce 22-karat American Eagle gold bullion coins, which is the world’s best-selling gold bullion coin.

**UNITED STATES MINT RELEASES SPRING CATALOG**

In 2005, the United States Mint released many of its annual products particularly early in the year. Because of these relatively early releases, the United States Mint issued a Spring Collection catalog in May 2005 — its first spring catalog since 2000. The Spring Collection catalog is available in online and hard-copy versions.

The United States Mint’s Fall 2005 catalog will be issued in September.

**THE UNITED STATES MINT EDUCATION INITIATIVE**

- In April 2005, the United States Mint H.I.P. Pocket Change™ website won a nomination from a pool of over 4,000 world-wide applicants for a Webby Award.

- In April 2005, the Internal Revenue Service sent out more than 20 million tax refund checks in envelopes that promoted the United States Mint H.I.P. Pocket Change™ website.

- Metrics for the United States Mint H.I.P. Pocket Change™ website continue to improve. For example:
  1. During the third quarter of FY 2005, the United States Mint H.I.P. Pocket Change™ website received more than 500,000 visits.
  2. During the third quarter of FY 2005, 50 State Quarters® Program lesson plans were downloaded 152,268 times -- up by 56% from the same quarter of FY 2004.
  3. To date, the Westward Journey Nickel Series™ lesson plans have been downloaded 88,000 times. Downloads of these lesson plans increased by 55% since the third quarter of FY 2004.

- During the third quarter of FY 2005, the following materials were added to the United States Mint H.I.P. Pocket Change™ website:
  2. Educational materials complementing the Minnesota and Oregon commemorative quarters.
  3. Educational materials complementing new “Coins of the Month” and a new “Coins of the Month World Page” that features the coins of New Zealand.
  4. Cross-curricular lesson plans for grades K-6 and “Know Your Nickel” lesson plans.
THE UNITED STATES MINT AT DENVER RECEIVES ISO 14001:1996 CERTIFICATION

On April 21, 2005, the United States Mint at Denver was certified by the International Organization for Standardization (ISO) for International Standard 14001. ISO 14001 is composed of a set of standards that address the environmental performance of manufacturing organizations. The United States Mint at West Point was certified for ISO 14001 during the second quarter of FY 2005.

SAME-DAY TOURS RESUME

Because of security concerns, walk-up tours of the United States Mint at Philadelphia and Denver were suspended shortly after the terrorist attacks of September 11, 2001. In 2002, the United States Mint began to offer tours to Congressionally sponsored visitors, school groups and other groups through a reservation process.

In April 2005, the United States Mint’s Denver and Philadelphia facilities once again began accepting same-day, walk-up tours on a space-available basis. While the United States Mint at Denver is using a timed reservation system, the United States Mint at Philadelphia is using a first come/first serve system. Since resuming their tours, each facility has been hosting about 700 visitors per day.

OTHER HIGHLIGHTS

ARTISTIC INFUSION PROGRAM

- The United States Mint selected two additional professional artists and one student artist to participate in the second year of the United States Mint’s Artistic Infusion Program (AIP). These three new artists joined the Program’s 24 other Master Designers and Associate Designers.

The three new AIP artists are:

1. Joel Iskowitz is an illustrator, a designer of stamps for more than 40 nations, and a contributor of illustrations to the NASA Art Collection at the Kennedy Space Center Museum. Mr. Iskowitz is an AIP Master Designer.

2. Bobby Lanier is a graphic designer and an illustrator for an aerospace corporation. Mr. Lanier is an AIP Master Designer.

3. Matthew Shlian is a Master of Fine Arts Candidate in the class of 2006 at the Cranbrook Academy of Art in Bloomfield, Michigan. Mr. Shlian is an AIP Associate Designer.

These artists will be invited to create and submit at least one new design annually for a coin or medal program.

- From April 27 to 29, 2005, the AIP’s 27 artists, Director Fore, and representatives from the National Endowment for the Arts (NEA) and the Commission of Fine Arts (CFA), attended the second annual AIP orientation symposium at the United States Mint at Philadelphia. Attendees at the event discussed various issues, such as coiibility standards, legal/contractual requirements, and upcoming design opportunities.

- In 2006, the American Eagle Platinum Proof coin program will begin a three-year series – with each year’s coins representing one of the three branches of government: Legislative (2006), Executive (2007), and Judicial (2008). During the third quarter of FY 2005, each AIP artist and each United States Mint sculptor-engraver was asked to submit a coin design for one year in the series. Submitted designs have already been reviewed by a United States Mint/National Endowment for the Arts panel; these designs will soon be reviewed by the Commission of Fine Arts and the Citizens Coinage Advisory Committee.

- AIP artists and United States Mint engravers are currently preparing to submit designs for the 2007 Jamestown 400th Anniversary Commemorative Coin Program.
The United States Mint is currently preparing to assign design themes to AIP artists for the 24-karat gold bullion investment program. (The 24-karat gold bullion investment program is discussed on page seven of this report.)

**AMERICAN NUMISMATIC ASSOCIATION CONVENTION**

The American Numismatic Association’s National Money Show (spring) was held on April 8-10, 2005 in Kansas City, Missouri. The United States Mint’s activities at the event included selling more than $52,000 in products, and staffing a booth displaying the Westward Journey Nickel Series™ and featuring the new “American Bison” nickel.

**2005 MARINE CORPS 230TH ANNIVERSARY SILVER DOLLAR**

The United States Mint is working with the Marine Corps Heritage Foundation on plans for the launch of the Marine Corps 230th Anniversary Silver Dollar, which will be held in Quantico, Virginia, on July 20, 2005. The Marine Corps 230th Anniversary Silver Dollar will go on sale on July 20, 2005, in four product options:

1. A proof silver dollar.
2. An uncirculated silver dollar.
3. The Marine Corps Coin & Stamp Set, which will include a Marine Corps 230th Anniversary Uncirculated Silver Dollar and an uncancelled 1945 Iwo Jima stamp. This set is limited to 50,000 units.
4. The 2005 United States Mint American Legacy Collection™, which will include proof versions of both the Marine Corps 230th Anniversary Silver Dollar and the Chief Justice John Marshall Silver Dollar as well as proof versions of all eleven 2005-dated circulating coins. This set is limited to up to 100,000 units.

A surcharge from the sale of each coin is authorized to go to the National Museum of the Marine Corps in Quantico, Virginia, which is currently being developed though a partnership between the Marine Corps Heritage Foundation and the United States Marine Corps.

**CITIZENS COINAGE ADVISORY COMMITTEE**

- On May 24, 2005, the Citizens Coinage Advisory Committee (CCAC) held its third public meeting for 2005. At the meeting, the CCAC reviewed designs for the 2006 Benjamin Franklin Silver Dollars and designs for the Secretary’s Medal for former Secretary of the Treasury O’Neill. The CCAC also considered themes for the new 24-karat gold investment program. (The 24-karat gold investment program is discussed on page seven of this report.)

- On May 25, 2005, Mr. Donald Scarinci of Union City, New Jersey, was appointed to a four-year term on the CCAC. This appointment fills the CCAC position for an individual who is recommended by the Minority Leader of the House of Representatives because of his/her special education, training or experience.
During the third quarter of FY 2005, the Federal Register published a notice inviting the general public to apply for a CCAC position that must be filled by an individual who has special qualifications in American history and another notice inviting the general public to apply for a CCAC position that must be filled by an individual who has special qualifications in medallic arts or sculpture.

During the third quarter of FY 2005, the CCAC position that must be filled by an individual who has been recommended by the Speaker of the House of Representatives became vacant. The Speaker of the House of Representatives was notified of this vacancy.

THIRD QUARTER AUDITS AND REVIEWS

On April 29, 2005, the General Accountability Office (GAO) issued an audit report entitled, Currency Paper Procurement: Additional Analysis Would Help Determine Whether a Second Supplier is Needed. Although this audit primarily covered the activities of the Bureau of Engraving & Printing (BEP), it also covered methods used by the United States Mint to obtain competition in its procurement of metals used in coin production. The only recommendations included in the audit report addressed the BEP’s activities without addressing the United States Mint’s activities.

During the third quarter of FY 2005, the United States Mint received the final draft of a report from a Treasury Office of Inspector General (OIG) audit of Treasury’s computer incident response capability, which was conducted in support of the Federal Information Security Management Act. The United States Mint submitted a response to the report, and then OIG requested additional information. The United States Mint is currently preparing to respond to the OIG’s information request.

The Treasury Office of Inspector General (OIG) is currently conducting an audit of the United States Mint’s Competitive Sourcing Study of its Blanking, Annealing & Upsetting (BAU) activities. During the second quarter of FY 2005, the OIG released an interim report on this study. A second interim report is expected to be released in the near future.

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 injuries and illnesses that occur per 100 full time employees during a specified time frame.)

During the second half FY 2005, the United States Mint began evaluating its safety observation program for process improvements. Evidence of the United States Mint’s progress in improving safety includes the following:

- The United States Mint’s year-to-date LTA rate 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% lower than its LTA rate for FY 2004.
- The United States Mint completed one full year without experiencing a single LTA.
- As discussed on page seven of this report, on June 6, 2005, the United States Mint at Philadelphia was recognized by OSHA as a VPP Star Site for its exemplary safety and health programs.
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 monitors compliance with the United States Mint’s licensing agreements, and the Office of Chief Counsel address infringement of the United States Mint’s intellectual property. By the end of the third quarter of FY 2005, the United States Mint’s licensing activities had earned a total of about $42 million in licensing-related coins sales and about $1 million in royalties.

The Office of Licensing currently maintains licensing agreements with six licensees:

1. H.E. Harris & Company (now 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 distributes licensed products that incorporate 50 State Quarters coins, the 50 State Quarters logo, and Greetings from America stamp images.

3. Peak Capital Group, which distributes albums, folders and cards that hold United States Mint coins.

4. Fuller Fine Jewelry, which distributes licensed coin jewelry.

5. KARS/Wideband Jewelry, which is continuing to develop licensed coin jewelry that will primarily incorporate American Eagle Bullion Coins and the United States Mint banner logo.

6. Hallmark Group, Ltd, which tested a direct mail piece and launched a website offering a licensed medal and stamp ingot set.

QUALITY

Supplier Quality Audit Program: The United States Mint is working to improve 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: 1) incoming product quality; 2) the performance of delivered materials during coin production; 3) the timeliness and completeness of deliveries; 4) the effectiveness of suppliers’ quality management systems; and 5) suppliers’ responses to deficiencies in delivered supplies that are identified by the United States Mint.
The United States Senate Productivity and Quality Award (SPQA): The SPQA is awarded to companies in Virginia and Washington, DC that show continuous performance improvements and innovation in various management and production areas. The United States Mint has volunteered to help evaluate the performance of companies being considered for the SPQA. During the third quarter of FY 2005, the United States Mint conducted an onsite evaluation of an applicant for an SPQA, and thereby concluded its SPQA activities for 2005.