NexGen Press Release

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U.S. TREASURY AND FEDERAL RESERVE ANNOUNCE PLANS FOR REDESIGNED NOTES

NexGen notes are latest in series to add anti-counterfeiting features

In keeping with their strategy of maintaining the security of Federal Reserve notes by enhancing the design of U.S. currency every seven to ten years, the Department of the Treasury's Bureau of Engraving and Printing (Bureau) and the Federal Reserve Board today announced plans to release the next generation of redesigned notes, with improved security features to deter counterfeiting.

The new design, referred to as NexGen, affects the $100, $50, and $20 notes. Circulation of the NexGen series could begin as early as fall 2003 with the introduction of the redesigned $20 note. The $100 and $50 notes will follow in twelve to eighteen months. Consistent with past design changes, the NexGen notes will remain the same size and use similar portraits and historical images to maintain an American appearance. The NexGen designs will include the introduction of subtle background colors. While color is not in itself a security feature, the use of color provides the opportunity to add additional features that could assist in deterring counterfeiting. The introduction of additional colors will also help consumers to identify the different denominations.

The new series will retain current security features, including watermarks similar to the portrait and visible when held up to a light, enhanced security threads that glow under ultraviolet light, microprinting, and color-shifting ink that changes color when the note is tilted.

The purpose of the currency redesign is to stay ahead of advanced computer technologies used for some types of counterfeiting. According to the U.S. Secret Service, $47.5 million in counterfeit money entered into circulation in fiscal year 2001. Of this amount, 39 percent was computer generated, compared with only 0.5 percent in 1995.

The redesign of $10 and $5 notes is still under consideration, but a redesign of the $2 and $1 notes is not included in the plans for the NexGen series. Release of NexGen notes

will have no effect on money already in circulation. These notes will co-circulate with older series notes. The U.S. government has never recalled or devalued its currency.

As part of the introduction of NexGen currency, the Bureau and the Federal Reserve System are planning an extensive public education effort aimed at informing target industries – such as financial institutions, law enforcement, retail and vending industries – and the general public about the new designs. This effort will encourage people who use U.S. currency to familiarize themselves with the redesigned money so they can easily authenticate currency as genuine.

The first initiative of the public education effort is already underway. The Bureau is working with manufacturers of currency-accepting machinery to expedite the development of software and other devices, so vending machines and similar equipment accept NexGen notes. The cooperative effort allows a smooth transition for vending machine owners, mass transit agencies, the gaming industry, and other proprietors that rely on currency-accepting machinery to conduct business transactions.

The redesigned currency program is a partnership among the Federal Reserve System, the Department of the Treasury, the Bureau of Engraving and Printing and the United States Secret Service. The Secretary of the Treasury establishes the design and appearance of U.S. currency.

Information about the previous redesigned 1996 notes and the history of U.S. currency is available at the Bureau's website at www.moneyfactory.com.

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