

Confidential

Draft

11/03/08

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CDS

Basic statement about companies deploying CDS (the CBCDG counterfeit deterrence system)

The companies deploying the CDS agreed to this statement. No other comments should be made about any company.

A number of major manufacturers, including all major inkjet printer manufacturers in the world, have been working voluntarily with the Federal Reserve and the Treasury through the Central Bank Counterfeit Deterrence Group, a consortium of central banks, to deter the counterfeiting of currency by inkjet printers and personal computers. The manufacturers are phasing deterrence measures into their products over time. These measures do not violate any aspect of consumer privacy. This long-term program will be fully effective when the deterrence measures have become widely deployed.

Questions and Answers

Q: What is the counterfeit deterrence system (CDS)?

A: The counterfeit deterrence system is a machine-readable security feature that raises the cost, time, and visibility of using a PC to counterfeit a banknote. The security of Federal Reserve notes does not rely on any single security feature. Layers of machine-readable features secure Federal Reserve notes in combination with overt security features for public use.

Q: How will CDS technology work?

A: When a PC user attempts to copy a new \$20 Federal Reserve note the process will stop and the user will be referred to the "Know Your Money" website for information about reproducing Federal Reserve notes. The CDS is expected to prevent scanning, image editing, or printing of banknotes.

Q: Are all Federal Reserve notes protected by the CDS?

A: While we cannot comment on the specific features of future designs we would expect them to include features to deter PC counterfeits.

Q. If I cannot copy a new design note on my PC, how can I access a copy for allowable uses?

A: You can download authorized images of Federal Reserve notes from the website www.moneyfactory.com.

Q: What will be in my PC?

A: The counterfeit deterrence system employs technology that will interfere with the unauthorized reproduction of banknotes.

Q: Can this technology track my PC use?

A: The central banks developed the CDS to interfere with the capacity of personal computers to make unauthorized reproductions of currency images. The CDS will not track individual PC usage.

Q: Why did you select this particular solution?

A: An international group of experts evaluated the available technologies to deter PC counterfeiting and selected the CDS based on its easy incorporation into bank notes, application across the bank notes of many countries, and the potential for wide deployment in the PC industry.

Q: Is (Microsoft, Intel, Adobe, Compaq, HP, ...) supporting the system?

A: A number of companies are already supporting the system, and we expect more to do so. We do not disclose the identities of these companies.

Q: Are PC manufacturers the only companies supporting the system?

A: The central banks are looking to extend the system to all the devices commonly used for graphic imaging. The system targets both hardware and software devices.

Q: Are hardware and software companies readily supporting the system?

A: Many of the market leading companies recognize their responsibility to deter the use of their products in the counterfeiting of currency. Today millions of PC devices with CDS are deployed worldwide; by the end of 2003 the CBCDG expects there will be tens of millions of protected devices deployed. The central bank governors urge manufacturers and software developers to support deployment of this system.

Q: What is the Central Bank Counterfeit Deterrence Group?

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A: The Central Bank Counterfeit Deterrence Group was organized at the request of the Governors of the central banks of the G-10 countries to study counterfeiting threats to currency. The members include senior officials of the participating central banks, security specialists, and scientists.

Q: What countries are represented?

A: The G-10 central banks and those from a number of other countries are involved in this effort.

SC Marks

Q: What is it that prevents me from copying Federal Reserve notes on color copiers?

Q: Are the yellow numbers on the back of the note a security feature?

A: The Federal Reserve and the Treasury do not comment on the confidential features of Federal Reserve notes.