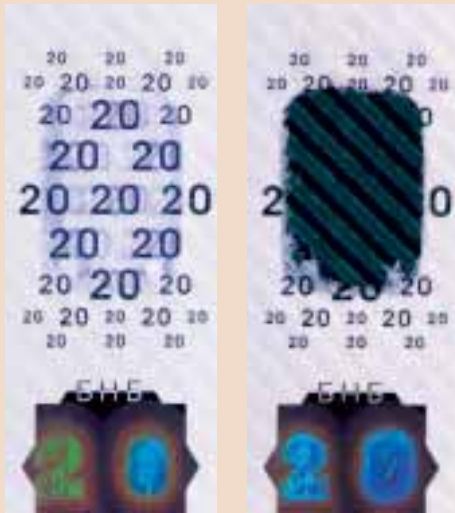


Authentication Trendsetters

Bulgaria's date of entry into the European Union has already been set, but not when it will adopt the euro. However, where the security of money is concerned, Bulgaria can certainly hold its own. With their newest bank notes, the Bulgarians are even taking on a truly pioneering role: It is the first country to equip a bill with the varifeye® security feature developed by Louisenthal.



The heart of varifeye: The design in the foil of the bank note window changes depending on the background.



Forgery-proof and high quality: To commemorate the 120th anniversary of the first issuance of lev bank notes, Bulgaria's 20-lev bank note was fitted with the new security feature varifeye®—thus creating a fusion of the historical with the modern.

Bulgaria has earned much praise from the international community over the last two or three years. Its economy exhibits constant growth, its foreign debt is diminishing, and inflation last year was only 4 percent. On top of this, its exchange rate is as stable as it would be were Bulgaria already in the euro zone. With the introduction of the new lev in 1999, the Bulgarian central bank fixed its exchange rate at 1:1 with the deutschmark—and nothing has changed since then. Accordingly, the current value of the lev reflects what used to be the value of exchange rate between the deutschmark and the euro, or 1.95583 Bulgarian lev per euro.

The Bulgarian central bank has adopted three criteria for its bank notes. First, they should not be able to be counterfeited. Second, the bank notes must be high-quality products. Third, the bills have to be suitable for bank note processing. In order to meet all of the requirements, the central bank makes use of the latest technologies when designing the currency. The most recent

example is the 20-lev bank note that was issued to mark the 120th anniversary of the first issuance of lev notes. It combines the historical with the modern, on the one hand referencing the historical issue of Bulgarian money, and on the other featuring varifeye®, the latest bank note-security feature developed by banknote paper producer Louisenthal. This makes Bulgaria the first country in the world to use this feature to allow bills to be easily authenticated, without needing to rely on special technology.

The bank note's most obvious feature is the see-through window created during the process of cylinder mold web formation. Checking this detail is very simple, since the picture appearing on the foil in the window changes according to the contrast offered by the background. Just moving the bill from a light to a dark background gives a simple and quick confirmation as to whether it is indeed authentic. Moreover, the varifeye® see-through window has an irregular deckle edge. This deckle edge can only be created

when the window is integrated into the paper during the manufacturing process. Any attempt to punch out or cut out such a window in a piece of paper that is already a finished bank note results in sharp edges that can be easily recognized as counterfeit. The new Bulgarian commemorative bill is not just a collector's item, but was also designed for everyday use. In addition to varifeye®, the new bank notes have other features that are easily recognizable by humans. These include a cylinder mold made watermark and a security thread with a new optically variable effect, as well as hologram areas that have attractive demetalization effects.

Bulgaria has often been a forerunner in tapping into new security technologies for its currency. In 1994, the country was the first to implement the LEAD® security feature from Louisenthal and G&D, a metallic stripe with holographic structures that has since become widely accepted and used. It is likely that the varifeye® technology will also become a standard bank note feature.