ON JUNE 30, 1894, AMERICAN BANK NOTE Company's contract for printing United States postage stamps ended. As the expiration date approached the Post Office Department advertised for proposals for a new contract. Among the competitors, the two low bidders were the incumbent American Bank Note Company and its rival, Charles F. Steel, inventor of the grilling machine.

The American Bank Note Co. archives contained an internal memorandum of Steel's proposal to form a five-year, non-competition pact with American in consideration for $50,000. His bid for the 1893 contract suggests that Steel's agreement was either never concluded, shortened at the outset or curtailed before five years. Steel's bid was lower than American's, which caused a round of mud-slinging as American tried to defend its position. During the course of the protests between competitors, the Bureau of Engraving and Printing made an even lower bid for the contract. Given the lower bid price and the convenience of having the stamps printed in Washington D.C., the Post Office awarded the contract to the Bureau. The next time a private printing company would print U.S. postage stamps would be in 1943, when American produced the Overrun Nations series.

The original dies, transfer rolls and plates were turned over to the Bureau of Engraving and Printing. It was decided that the basic stamp design should remain the same, but triangles were added to the corners on the dies and new plates were made. The Bureau's work became easily distinguishable from American's 1890-93 Issue.

For the 1894 Issue the 30c and 90c values were dropped and four new denominations were added—50c, $1.00, $2.00 and $5.00. There are two types of the $1.00, which occur on the same plate. Type I occurs on fifteen rows and Type II occurs on only five rows.

The first Bureau issue is well-printed, but the characteristic unpunched perforations and poor centering are symptoms of initial problems in production. The unwatermarked 1894 Issue is also very scarce, because soon after, in 1895, the Bureau switched to watermarked paper as an anti-counterfeiting device.

The basic designs remained the same from 1894 through 1898, and during this time the Bureau solved the production problems. In 1898 the colors were changed on 1c, 2c and 5c denominations to conform to Universal Postal Union standards (Green, Red and Blue, respectively), and to avoid confusion, the colors of certain other values were also changed.

The 1894-98 Bureau Issue ushered in a new century and a new era in stamps.