



JEWELERS OF AMERICA

January 19, 2012

Dear Jewelers of America Member,

Now that the successful holiday selling season has drawn to a close and 2012 is in full swing, I'd like to provide you with an overview of how Jewelers of America (JA) deployed its resources in serving your interests in 2011 and update you on the 2012 initiatives that add valuable substance to your membership.

First, I want to offer a sincere *thank you* for publicly aligning yourself with high ethical standards through your JA membership. Like you, JA has been challenged to navigate a quickly evolving world. Political and legislative activities as well as social and environmental concerns are impacting all stakeholders, including your customers. JA is ensuring that the interests of its members are safeguarded and promoted at every opportunity.

2011 POLITICAL & LEGISLATIVE ACHIEVEMENTS

With members like you, JA is able to accomplish great things as it works to influence business- and jewelry-related legislation. Some of our advocacy successes in 2011 included:

- Sales Tax Fairness: Legislation is now being considered to improve collection of Internet sales tax and level the playing field between brick-and-mortar and online retailers.
- IRS Form 1099: Repealed; JA successfully prevented burdensome reporting regulations from being required of small businesses.
- LIFO: This inventory accounting method helps small businesses maximize after-tax cash flow. JA worked to successfully prevent its repeal.
- Estate Tax Reform: JA continues to urge Congress to not return estate taxes to 2002 levels, an action that would be unfair to many retail jewelers, whose businesses are often family-owned.

JA also worked on the Extension of 15-Year Store Improvements Depreciation and legislation regarding the regulation of cadmium in children's jewelry. For more details on any of these issues, visit www.jewelers.org/legislative-guide/.

Our legislative advocacy is supported by our Political Action Committee, JAPAC. Thanks to the generosity of JA members, in 2011 JAPAC continued to raise funds to support candidates for election in 2012 who understand and support the needs of jewelry businesses. We would welcome your support as we gear up for one of the most important elections for our industry in a long time. We also encourage you to use our Legislative Action Center to send personalized messages to members of Congress, your Governors – even the President. To see how easy it is, visit www.jewelers.org/legislative-action/.

2011 MONEY-SAVING BENEFITS & SERVICES

Since 2010, JA has added more than 24 new discount programs and services to our Member Perks Marketplace, giving you access to the largest collection of money-saving benefits found anywhere. In fact, just this week we announced two new, exciting benefits that I'd like to bring to your attention: You can now get up to **57% off website and e-commerce solutions from WR Cobb Online** as well as **FREE access to IDEX Online's weekly Diamond Report and discounts on IDEX Online subscriptions**. Find more information about these programs on the included insert or at www.jewelers.org.

Some of our other popular programs include:

- Shipping discounts from **FedEx** offering members up to 43% savings
- Payroll Services from **ADP** discounted a minimum of 25%



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- Office supplies from **Office Max** and **Office Depot** with savings up to 88%
- Private-label credit cards from **GE Capital** giving members special rate reductions
- Credit card processing from **TRU®** with guaranteed lowest rates
- JA's **Free Tiara Program** to enhance your local marketing efforts
- Discounts on education from the industry's top providers like **GIA** and **DCA**, plus the **JA Scholarship Program** that will pay up to 80% of your employees' tuition costs

For a complete list, visit www.jewelers.org/memberperks/.

2011 SOCIAL & ENVIRONMENTAL ISSUES

JA focused time and effort in 2011 on issues that relate to human rights, environmental concerns and economic social equality – particularly as they relate to mining, sourcing and supply chain accountability. Our COO, Robert Headley, serves on the Responsible Jewellery Council's (RJC) Standards Committee, which is completing work on a chain-of-custody standard for diamonds, gold and platinum. This work is related to our primary mission of improving consumer confidence in the jewelry industry.

JA participated in meetings related to the Kimberley Process and conflict in Zimbabwe – aimed at preventing conflict diamonds from entering the market. Please familiarize yourself with our updates and guidance materials on this issue (and others) in the "Responsible Business Practices" section on www.jewelers.org.

Last year, the Dodd-Frank Wall Street Reform Act defined gold as a conflict mineral, and it requires that public companies advise the SEC and the public about their purchase/use of gold from the Congo. The full punishing effects of this law are still developing. For both this issue and the Kimberley Process requirements, we are working with the Department of State to find solutions that follow the law but take your commercial needs into account.

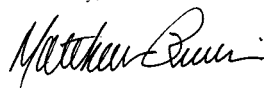
LOOKING FORWARD TO A PRODUCTIVE 2012

After 17 incredible years with Jewelers of America, I will be retiring at the end of 2012. A search committee has been formed and a search has commenced for a new CEO. It has been a wonderful time in my life, and I thank you most sincerely for the opportunity to serve you. I look forward to leading JA for the balance of this year, as I know it will be full of challenges and opportunities.

JA remains committed to the long-term financial health and strength of the American jewelry industry and our organization. Our goal is to consistently explore creative ways to improve the association's performance while delivering more value for every membership dollar. To maximize your benefit, please visit our website, www.jewelers.org, regularly for updates on member guidance and benefits. Our e-newsletter, "The JA Report," is the single-most-important tool we use to communicate with our members. Every issue is filled with informational articles, jewelry trends, sales tips and industry news and discounts. If you are not receiving "The JA Report" in your inbox monthly, please contact us immediately.

Over the next year, Jewelers of America has a number of goals: to recruit more members, increase our presence and influence on the political front, improve our benefit offerings, build industry relationships, act as a leader on supply chain integrity issues and increase member participation. JA is optimistic that through the strength of our members, we will be able to provide outstanding services and benefits and fulfill our mission of improving consumer confidence in the jewelry industry.

Sincerely,



Matthew A. Runci
President & CEO