

AMERICAN LEATHER ACQUIRES THE RIGHTS TO MANUFACTURE AND SELL JOHN CHARLES DESIGNS

Transaction Advances Company's Fabric Offering

MEDIA CONTACT

Jennifer Green/Lainie
Kritser
214/521-8596
jgreen@mbapr.com
lkritser@mbapr.com



DALLAS – Oct. 17, 2008 – AMERICAN LEATHER, the Dallas-based design leader and leather furniture manufacturer, has announced the asset acquisition of leading upholstery manufacturer, John Charles Designs. Under the terms of this agreement,

American Leather will purchase the rights to John Charles' home furnishing designs, textile collection and marketing materials.

According to Bob Duncan, CEO of American Leather, this acquisition will forward American Leather's launch into the fabric category, and will immediately expand its home furnishings offerings to customers. "John Charles Designs is an outstanding company with an impeccable reputation in the industry," said Duncan. "The company's 31 year heritage of beautiful design matched with world-class textiles will positively impact American

Leather's offerings to end consumers while helping us become an immediately recognizable player in fabric upholstery. We are honored that John & Nancy Genova are trusting American Leather to carry on this proud heritage."

At the upcoming October High Point Market, the John Charles collection will be shown in the American Leather showroom in Showplace and will be available to customers through American Leather. The premier collection will include a wide breadth of styles, all available in hundreds of fabric options, Ultrasuede, leather, as well as COM. The collection will continue to expand into 2009. American Leather will begin accepting orders during the October market. John Charles production will be moved into American Leather's Dallas facility, with shipments beginning in February 2009.

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"This represents the next step of our long-term strategy to expand into the fabric upholstery segment. Between our hospitality division, and our residential, and private label programs, fabric upholstery already represents approximately 30 percent of our volume," added Duncan.

"We have state-of-the-art fabric cutting systems that allow us to handle stripe match, bow and skew, and all the other complexities associated with fabric upholstery. This is a critical core competence that we have carefully developed over the last five years, and we are excited to now expand this capability and become a full fabric upholstery resource. And just like our leather offerings, all of our fabric upholstery will be shipped in three weeks or less, which we feel puts us in a completely unique place in the upholstery market."

According to Bruce Birnbach, President of American Leather, Nancy Genova, co-owner and lead designer of John Charles Designs will continue to lend her expertise as a designer for new collections in the coming year. "This acquisition is really a marriage of exceptional design with manufacturing excellence – allowing us to offer this one-of-a-kind collection to consumers with the speed, quality and reliability they have come to know with American Leather," said Birnbach.

John Genova, Sr., Co-owner and Founder of John Charles Designs marks this transaction as a turning point for both companies. "John Charles Designs has always enjoyed an excellent reputation in the market, due to our emphasis on clean, forward-thinking design, quality performance and solid relationships with our retailers," said Genova. "Now joining with American Leather's custom-design manufacturing capabilities, coupled with emphasis on innovation, the John Charles collection can reach even broader audiences with the speed-to-market and quality that has been a key component of the American Leather brand." Both John Genova Sr. and John Genova Jr. will continue to work with American Leather on a consulting basis throughout 2009 to insure a smooth transition of the John Charles product line.

The John Charles Collection at American Leather will showcase in SHOWPLACE, suite 5000 during the High Point Market. The launch collection will include John Charles' best-selling designs and fabric coverings. American Leather will welcome John Charles dealers during a cocktail reception and introduction to American Leather on Tuesday, October 21 from 5-6 p.m.

Founded in 1990, AMERICAN LEATHER is a manufacturer of custom upholstered, premium leather and fabric furniture, and is recognized as one of the leaders of innovative, high-quality, made-to-order furniture without the wait. Please visit www.americanleather.com for more information.