



Jennifer Convertibles, Inc., 419 Crossways Park Drive, Woodbury, NY 11797 516-496-1900

FOR IMMEDIATE RELEASE

Contact: Donald Radcliffe
Radcliffe & Associates, Inc.
212-605-0534

**JENNIFER CONVERTIBLES REPORTS
FIRST QUARTER RESULTS**

- **Revenue from continuing operations decreased 6.1%**
- **Comparable store revenue decreased by 7.5%**
- **Discontinued operations (\$177,000) versus \$84,000**
- **Basic and Diluted EPS (\$0.43) versus (\$0.30)**
- **Results impacted by deflationary pressure causing a reduction in unit selling prices**
-

Woodbury, New York ***January 11, 2005*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its unaudited financial results for the first fiscal quarter ended November 27, 2004. These results were impacted by the deflationary pressure in the furniture industry caused by a change in the source of supply to China, which reduced unit prices to customers.

For the first quarter, revenue decreased by 6.1% to \$31.7 million from the \$33.7 million reported for the same period last year.

For the first quarter, the Company incurred a net loss of \$2,465,000 or (\$0.43) per basic and diluted share compared to net loss of \$1,691,000 or (\$0.30) per basic and diluted share for the same period last year.

Operating margins from continuing operations decreased in the first quarter to 28.0% from 29.6% in the same period last year. The decrease of 1.6% as a percentage of revenue from continuing operations is primarily attributable to an increase in store occupancy costs, including rent, combined with the decrease in revenues.

For the first quarter, selling, general, and administrative expenses from continuing operations increased to 33.9% as a percentage of revenue from continuing operations compared to 33.5% for the same period last year.

During the first quarter, the Company closed two stores in Missouri, one store in Kansas and one store in Hartford. Revenues from these store amounted to \$261,000 and \$274,000 in the first quarter of fiscal years 2005 and 2004, respectively. The losses from operations of these stores were \$177,000, including loss on store closings of \$134,000, for the first quarter, compared to income from operations of these stores in the amount of \$84,000, for the same period last year.

America's Largest Sofabed Specialist

During the quarter, the Company opened one new store and closed four stores as described above.

Commenting on the results for the quarter, Harley J. Greenfield Chief Executive of Jennifer said, "Although we are not pleased with the results achieved during this quarter we believe, as I had indicated when we reported our results for the fiscal year, that our new supply chain is now in place. We expect to begin to see its' benefits in written sales towards the end of our second fiscal quarter. The furniture industry has experienced a significant change in source of supply, from Europe and the United States to China, which has resulted in a reduction in unit prices for customers, which impacts revenues. We believe that we have several merchandising and marketing initiatives now in place which will provide incredible values for customers yet increase unit sales per customer at acceptable margins."

Mr. Greenfield added, "Also as of January 1, 2005 we modified the Interim Operating Agreement with the Private Company, which will save in excess of \$100,000 per month until the end of Fiscal 2007. We will begin to see this benefit during second fiscal quarter. We are also evaluating the profitability of each of our stores, particularly in secondary markets closing 4 during our first quarter. When this process is completed we expect to achieve increased profitability."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 199 Jennifer Convertibles® stores and 16 Jennifer Leather stores. As of November 27, 2004, the Company owned 138 stores and licensed 77 (including 24 owned and operating stores by a private company on a royalty free basis.)

Statements in this press release other than the statements of historical fact are "forward-looking statements." Such statements are subject to certain risks and uncertainties, including changes in retail demand, vendor performance and other risk factors identified from time to time in the Company's filings with the Securities and Exchange Commission that could cause actual results to differ materially from any forward-looking statements. These forward-looking statements represent the Company's judgement as of the date of the release. The Company disclaims, however, any interest or obligations to update these forward-looking statements.

America's Largest Sofabed Specialist

JENNIFER CONVERTIBLES, INC. & SUBSIDIARIES
SUMMARY CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	<u>11/27/04</u>	<u>8/28/04</u>
CASH AND CASH EQUIVALENTS	\$6,390	\$3,294
RESTRICTED CASH	110	110
ACCOUNTS RECEIVABLE	1,179	935
MERCHANDISE INVENTORIES, net	13,653	14,044
DUE FROM AFFILIATED COMPANY	3,818	3,288
FEDERAL INCOME TAX RECEIVABLE	314	314
DEFERRED TAX ASSET	1,172	1,172
PREPAID EXPENSES AND OTHER CURRENT ASSETS	858	1,195
TOTAL CURRENT ASSETS	<u>27,494</u>	<u>24,352</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,694	3,032
ANNUITY CONTRACT	1,096	1,088
DEFERRED LEASE COST AND OTHER INTANGIBLES, Net	37	42
GOODWILL, Net	1,796	1,796
OTHER ASSETS	608	607
DEFERRED TAX ASSET	605	605
	<u>\$34,330</u>	<u>\$31,522</u>
ACCOUNTS PAYABLE	\$16,177	\$12,812
CUSTOMER DEPOSITS	8,529	7,878
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	4,857	3,709
DUE TO AFFILIATED COMPANY	550	500
DEFERRED RENT AND ALLOWANCES – current portion	488	489
TOTAL CURRENT LIABILITIES	<u>30,601</u>	<u>25,388</u>
DEFERRED RENT AND ALLOWANCES – net of current portion	3,280	3,320
STOCKHOLDERS' EQUITY	449	2,814
	<u>\$34,330</u>	<u>\$31,522</u>

America's Largest Sofabed Specialist

JENNIFER CONVERTIBLES, INC. & SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THIRTEEN WEEKS	
	<u>11/28/04</u>	<u>11/29/03</u>
REVENUE:		
NET SALES	\$29,639	\$31,502
REVENUE FROM SERVICE CONTRACTS	2,021	2,222
	<u>31,660</u>	<u>33,724</u>
COST OF SALES AND OTHER CHARGES	22,787	23,740
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	10,729	11,306
DEPRECIATION AND AMORTIZATION	400	448
	<u>33,916</u>	<u>35,494</u>
LOSS FROM OPERATIONS	(2,256)	(1,770)
INTEREST INCOME	23	27
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND LOSS FROM DISCONTINUED OPERATIONS	(2,233)	(1,743)
INCOME TAXES	55	32
LOSS FROM CONTINUING OPERATIONS	(2,288)	(1,775)
(LOSS) INCOME FROM OPERATIONS OF DISCONTINUED OPERATIONS (including loss on store closings of \$134 in 2004)	(177)	84
NET LOSS	<u>(\$2,465)</u>	<u>(\$1,691)</u>
BASIC AND DILUTED LOSS PER SHARE DATA:		
LOSS FROM CONTINUING OPERATIONS	(\$0.40)	(\$0.31)
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(0.03)	0.01
NET LOSS PER COMMON SHARE	<u>(\$0.43)</u>	<u>(\$0.30)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC AND DILUTED LOSS	<u>5,744,725</u>	<u>5,713,058</u>

America's Largest Sofabed Specialist