



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

FOR IMMEDIATE RELEASE

Contact: Donald Radcliffe
Radcliffe & Associates
212-605-0201
<http://investors.jenniferfurniture.com/>

**JENNIFER CONVERTIBLES REPORTS
FIRST QUARTER RESULTS**

- **Revenue from continuing operations decreased 8.5% for quarter**
- **Comparable store sales decreased by 9.0% for the quarter**
- **(Loss) income from continuing operations (\$637,000) versus \$714,000 for the quarter**
- **Basic EPS (\$0.09) versus 0.12 for quarter**
- **Diluted EPS (\$0.09) versus 0.11 for quarter**
- **First Ashley Furniture HomeStore to open by end of April**

Woodbury, New York *** January 9, 2007*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its unaudited financial results for the first fiscal quarter ended November 25, 2006.

For the first quarter, revenue from continuing operations decreased by 8.5% to \$32.7 million from the \$35.7 million reported for the same period last year.

For the first quarter, the Company had a net loss of \$637,000 or (\$0.09) per basic and diluted share, compared to net income of \$848,000, which includes a \$195,000 gain from the early termination of a lease for a store which was closed in June 2005, or \$0.12 and \$0.11 per basic and diluted share, respectively, for the same period last year.

Operating margins from continuing operations decreased in the first quarter to 29.9% from 32.4% during the same period last year.

For the first quarter, selling, general and administrative expenses from continuing operations increased to 31.5% as a percentage of revenue from continuing operations compared to 29.9% for the same period last year.

During the thirteen-week period ended November 25, 2006, the Company closed a store in Woodland Hills, California and its operating results are recorded in continuing operations based on management's judgment that there will be significant continuing sales to costumers of the closed store from other stores in the area. For the first quarter of fiscal 2006, income from discontinued operations was \$134,000.

During the quarter, the Company did not open any stores and closed one store as described above.

America's Largest Sofabed Specialist

Commenting on the results Harley J. Greenfield, Chief Executive Officer of Jennifer said, “ The softness that has been experienced for some time in the retail furniture industry finally impacted our results. As I had indicated previously we noticed a softening in demand at the end of our fourth fiscal quarter. We have made a number of changes including adjustments to margins, merchandising strategies and advertising and believe that these changes will return the Company to profitability in the near future, even if the softness in the industry continues.”

Mr. Greenfield added, “On a brighter note our cash and investments increased to more than \$15.5 million and at the end of the quarter our customer deposits (which result in future sales) increased by almost \$3.5 million. Work is underway to complete our first Ashley Furniture HomeStore, which we expect to open by the end of April. This store will be more than 40,000 square and located on Glen Cove Road in Carle Place, New York. We are currently in the process of evaluating locations for our next two Ashley Furniture HomeStores. We believe based on our analysis of stores in similar metropolitan areas that these stores will add substantial growth to our solid Jennifer base as we expect each store to generate between \$15 and \$20 million in revenues with solid profits.”

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 171 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 16 Jennifer Leather stores. As of January 9, 2007, the Company owned 163 stores and licensed 24 stores. Of the 24 stores, 23 are owned and operated by a related private company and one is managed by the private company.

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 judgment 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>11/25/06</u>	<u>08/26/06</u>
CASH AND CASH EQUIVALENTS	\$ 14,800	\$ 12,641
CERTIFICATE OF DEPOSIT	750	-
RESTRICTED CASH	114	864
ACCOUNTS RECEIVABLE	1,209	906
MERCHANDISE INVENTORIES, Net	10,969	13,597
DUE FROM AFFILIATED COMPANY	4,768	4,869
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,197	1,160
	<u>33,807</u>	<u>34,037</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,711	2,682
ANNUITY CONTRACT	942	935
GOODWILL	1,650	1,650
OTHER ASSETS	699	703
	<u>699</u>	<u>703</u>
	<u>\$ 39,809</u>	<u>\$ 40,007</u>
ACCOUNTS PAYABLE	\$ 15,615	\$ 18,838
CUSTOMER DEPOSITS	10,473	7,036
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	4,551	4,383
DUE TO AFFILIATED COMPANY	550	500
DEFERRED RENT AND ALLOWANCES – Current Portion	610	587
TOTAL CURRENT LIABILITIES	<u>31,799</u>	<u>31,344</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,884	2,959
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	139	145
TOTAL LIABILITIES	<u>34,822</u>	<u>34,448</u>
STOCKHOLDERS' EQUITY	<u>4,987</u>	<u>5,559</u>
	<u>\$ 39,809</u>	<u>\$ 40,007</u>

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

	<u>THIRTEEN WEEKS ENDED</u>	
	<u>11/25/06</u>	<u>11/26/05</u>
REVENUE:		
NET SALES	\$ 30,599	\$ 33,304
REVENUE FROM SERVICE CONTRACTS	2,100	2,438
	<u>32,699</u>	<u>35,742</u>
 COST OF SALES AND OTHER CHARGES	 22,937	 24,170
 SELLING, GENERAL & ADMINISTRATIVE EXPENSES	 10,295	 10,693
 DEPRECIATION AND AMORTIZATION	 225	 198
	<u>33,457</u>	<u>35,061</u>
 (LOSS) INCOME FROM OPERATIONS	 (758)	 681
 INTEREST INCOME	 155	 78
 INTEREST EXPENSE	 (4)	 -
	<u>(607)</u>	<u>759</u>
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	 (607)	 759
 INCOME TAXES	 30	 45
	<u>(637)</u>	<u>714</u>
(LOSS) INCOME FROM CONTINUING OPERATIONS	 (637)	 714
 (LOSS) INCOME FROM DISCONTINUED OPERATIONS (including income on store closings of \$0 and \$195 for the thirteen weeks ended in 2006 and 2005, respectively)	 -	 134
	<u>-</u>	<u>134</u>
 NET (LOSS) INCOME	 <u>\$ (637)</u>	 <u>\$ 848</u>
 BASIC (LOSS) INCOME PER COMMON SHARE:		
(LOSS) INCOME FROM CONTINUING OPERATIONS	\$ (0.09)	\$ 0.10
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	0.02
NET (LOSS) INCOME	<u>\$ (0.09)</u>	<u>\$ 0.12</u>

DILUTED (LOSS) INCOME PER COMMON SHARE:

America's Largest Sofabed Specialist

(LOSS) INCOME FROM CONTINUING OPERATIONS	\$ (0.09)	\$ 0.09
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	0.02
NET (LOSS) INCOME	<u>\$ (0.09)</u>	<u>\$ 0.11</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,803,973	5,793,058
WEIGHTED AVERAGE COMMON SHARES ISSUABLE ON CONVERSION OF OUTSTANDING SERIES A PARTICIPATING PREFERRED STOCK	<u>-</u>	<u>1,424,500</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES BASIC	6,803,973	7,217,558
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:		
STOCK OPTIONS	-	216,546
WARRANTS	-	16,479
SERIES B CONVERTIBLE PREFERRED STOCK	-	45,013
WEIGHTED AVERAGE COMMON SHARES DILUTED	<u>6,803,973</u>	<u>7,495,596</u>

America's Largest Sofabed Specialist