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Jennifer Convertibles, Inc., 417 Crossways Park Drive, Woodbury, NY 11797 516/496-1900

**FOR IMMEDIATE RELEASE**

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**JENNIFER CONVERTIBLES REPORTS  
FIRST QUARTER RESULTS**

- **Revenue from continuing operations decreased 21.5% for quarter**
- **Comparable store sales decreased by 24.2% for quarter**
- **Loss from continuing operations (\$1,850,000) versus (\$476,000) for quarter**
- **Basic EPS and Diluted EPS (\$0.26) versus (\$0.07) for quarter**

Woodbury, New York \*\*\*January 13, 2009\*\*\* Jennifer Convertibles, Inc. (AMEX: JEN) announced today its financial results for the first fiscal quarter ended November 29, 2008.

For the first quarter, revenue from continuing operations decreased by 21.5% to \$26.7 million from the \$34.0 million reported for the same period last year.

For the first quarter, the Company had a net loss of \$1,869,000, or (\$0.26) per basic and diluted share, compared to net loss of \$505,000, or (\$0.07) per basic and diluted share for the same period last year.

For the first quarter, operating margins from continuing operations decreased to 29.0% as a percentage of revenue from continuing operations compared to 30.0% for the same period last year.

For the first quarter, selling, general and administrative expenses from continuing operations increased to 35.2% as a percentage of revenue from continuing operations compared to 31.1% for the same period last year.

During each of the thirteen-week periods ended November 29, 2008 and November 24, 2007, the Company closed one store in Lansing, Illinois and one store in Miami, Florida, respectively. The operating results of such stores are recorded in continuing operations based on management's judgment that there will be significant continuing sales to customers of closed stores in other stores in the area. In the thirteen-week periods ended November 29, 2008 and November 24, 2007, revenue from closed stores reported as discontinued operations amounted to \$0 and \$740,000, respectively. Loss from

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operations of the closed stores amounted to \$19,000 and \$29,000 for the thirteen-week periods ended November 29, 2008 and November 24, 2007, respectively.

Harley J. Greenfield Chief Executive Officer of Jennifer commenting on the results of the quarter said, "Although our first fiscal quarter continued to produce disappointing results, we still believe that we have the right model in place that will allow us to quickly show substantial improvement in our results when the economy begins to improve. The modifications that we made to the warehousing and management agreements with the Related Company should result in more than \$100,000 per month in savings beginning in January 2009. We continue to provide incredible values for customers producing good margins even under this extremely difficult retail environment."

Mr. Greenfield added, "Our Ashley division continues to produce over 10% of our revenues and generated operating profits during our first fiscal quarter. At the end of the quarter we had \$9.4 million in cash and investments and a vendor line of credit of no less than \$10 million which is committed into 2010."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 156 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 14 Jennifer Leather stores. As of January 13, 2009 the Company owned 148 stores and licensed 22 (including 21 owned and operated by a related company on a royalty free basis) and operates two licensed Ashley Furniture HomeStore.

*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.*

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

	<b>11/29/08</b>	<b>08/30/08</b>
	<b>(UNAUDITED)</b>	
CASH AND CASH EQUIVALENTS	\$ 8,314	\$ 9,057
RESTRICTED CASH	1,121	1,116
ACCOUNTS RECEIVABLE	1,831	779
MERCHANDISE INVENTORIES, Net	10,169	10,646
DUE FROM RELATED COMPANY	3,644	4,063
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,176	1,508
	<u>26,255</u>	<u>27,169</u>
MARKETABLE AUCTION RATE SECURITIES	50	1,400
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	3,030	3,202
GOODWILL	1,650	1,650
OTHER ASSETS	681	691
	<u>\$ 31,666</u>	<u>\$ 34,112</u>
ACCOUNTS PAYABLE	\$ 13,987	\$ 12,932
CUSTOMER DEPOSITS	5,298	6,493
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	3,860	3,892
DUE TO RELATED COMPANY	350	400
DEFERRED RENT AND ALLOWANCES – Current Portion	561	634
TOTAL CURRENT LIABILITIES	<u>24,056</u>	<u>24,351</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,627	2,905
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	129	139
TOTAL LIABILITIES	<u>26,812</u>	<u>27,395</u>
STOCKHOLDERS' EQUITY	<u>4,854</u>	<u>6,717</u>
	<u>\$ 31,666</u>	<u>\$ 34,112</u>

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

	<b>THIRTEEN WEEKS ENDED</b>	
	<u>11/29/08</u>	<u>11/24/07</u>
REVENUE:		
NET SALES	\$ 25,188	\$ 31,955
REVENUE FROM SERVICE CONTRACTS	1,488	2,016
	<u>26,676</u>	<u>33,971</u>
 COST OF SALES AND OTHER CHARGES	 18,951	 23,770
 SELLING, GENERAL & ADMINISTRATIVE EXPENSES	 9,378	 10,566
 DEPRECIATION AND AMORTIZATION	 245	 254
	<u>28,574</u>	<u>34,590</u>
 LOSS FROM OPERATIONS	 (1,898)	 (619)
 INTEREST INCOME	 54	 199
 INTEREST EXPENSE	 (5)	 (3)
 LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	 (1,849)	 (423)
 INCOME TAXES	 1	 53
 LOSS FROM CONTINUING OPERATIONS	 (1,850)	 (476)
 LOSS FROM DISCONTINUED OPERATIONS (including income on store closings of \$5 for 2008)	 (19)	 (29)
 NET LOSS	 <u>\$ (1,869)</u>	 <u>\$ (505)</u>

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	<b>THIRTEEN WEEKS ENDED</b>	
	<u>11/29/08</u>	<u>11/24/07</u>
BASIC LOSS PER COMMON SHARE:		
LOSS FROM CONTINUING OPERATIONS	\$ (0.26)	\$ (0.07)
LOSS FROM DISCONTINUED OPERATIONS	-	-
NET LOSS	<u>\$ (0.26)</u>	<u>\$ (0.07)</u>
DILUTED LOSS PER COMMON SHARE:		
LOSS FROM CONTINUING OPERATIONS	\$ (0.26)	\$ (0.07)
LOSS FROM DISCONTINUED OPERATIONS	-	-
NET LOSS	<u>\$ (0.26)</u>	<u>\$ (0.07)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	7,073,466	7,073,466
WEIGHTED AVERAGE COMMON SHARES ISSUABLE ON CONVERSION OF OUTSTANDING SERIES A PARTICIPATING PREFERRED STOCK	<u>-</u>	<u>-</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES BASIC	7,073,466	7,073,466
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:		
STOCK OPTIONS	-	-
WARRANTS	-	-
SERIES B CONVERTIBLE PREFERRED STOCK	<u>-</u>	<u>-</u>
WEIGHTED AVERAGE COMMON SHARES DILUTED	<u>7,073,466</u>	<u>7,073,466</u>

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