



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

FOR IMMEDIATE RELEASE

Contact: Donald Radcliffe
Radcliffe & Associates
212-605-0201

**JENNIFER CONVERTIBLES REPORTS
FOR FOURTH QUARTER AND FISCAL YEAR END**

- **Revenue from continuing operations decreased 25.6% for quarter, 21.6% year-to-date**
- **Comparable store sales decreased by 25.2% for quarter, 24.2% year-to-date**
- **Loss from continuing operations \$5,262,000 versus \$777,000 for quarter, \$10,765,000 versus \$2,994,000 year to date**
- **Basic and Diluted EPS (\$0.74) versus (\$0.12) for quarter, (\$1.55) versus (\$0.47) year to date**
- **Substantial growth in Ashley Furniture Homestores Division**

Woodbury, New York ***December 14, 2009*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its financial results for the fourth quarter and fiscal year ended August 29, 2009.

For the fourth quarter, revenue from continuing operations decreased by 25.6% to \$22,818,000 from the \$30,670,000 reported for the same period last year. For the fiscal year 2009, revenue from continuing operations decreased 21.6% to \$94,177,000 from the \$120,131,000 reported in the same period last year.

For the fourth quarter, the net loss was \$5,263,000 or (\$0.74) per basic and diluted share, compared to net loss of \$867,000 or (\$0.12) per basic and diluted share, for the same period last year. For the fiscal year 2009, the net loss was \$11,008,000 or (\$1.55) per basic and diluted share, compared to net loss of \$3,329,000 or (\$0.47) per basic and diluted share, for the same period last year. The net losses for fiscal 2009 include charges incurred during the fourth quarter totaling \$3,414,000 related to impairment of goodwill, provisions for a potential legal settlement and provisions for losses in connection with amounts due from the related company.

For the fourth quarter, operating margins from continuing operations decreased to 29.8% compared to 31.0% the same period last year. For the twelve-month period operating margins from continuing operations decreased to 28.9% compared to 29.4% for the same period last year.

For the fourth quarter, selling, general, and administrative expenses from continuing operations increased to 37.0% as a percentage of revenue from continuing operations compared to 32.9% for the same period last year. For the twelve-month period, selling, general and administrative expenses from continuing operations increased to 35.5% compared to 31.4% for the same period last year.

America's Largest Sofabed Specialist

During the fourth quarter, the Company did not close any stores. During fiscal 2009, the Company closed seven stores of which the operating results of three stores were reported in discontinued operations. Loss from discontinued operations was \$1,000 and \$90,000 in the fourth quarter of fiscal 2009 and 2008, respectively. For the twelve-month periods for fiscal 2009 and 2008, loss from discontinued operations amounted to \$243,000 and \$335,000, respectively.

Commenting on the results of the year, Harley J Greenfield, Chief Executive Officer of Jennifer said, "Fiscal 2009 was a challenging year for the Company as the difficulties in the economy impacted the home furniture industry particularly hard. As a result during the fourth fiscal quarter we incurred several events, which significantly impacted our results.

Due to the decline in the operating performance of stores in the Chicago and Florida markets we recognized an impairment of goodwill of \$1,167,000 during the period. Although this impacts our balance sheet and income statement it has no operational or cash flow implications. Of more significance long term is the termination of the Purchasing Agreement with the related company due to their failure to make payments to us. We have established a reserve of \$947,000 as of August 29, 2009 against potential losses on amounts due from the related company as of August 29, 2009. We also expect to establish substantial reserves for the first quarter of fiscal 2010 relating to amounts, which become due from the related company subsequent to August 29, 2009 and prior to the termination of the purchasing agreement in late November. We have taken steps as of November 27, 2009, which we believe will ensure that we will incur minimal further losses on any additional products shipped to customers of the related company. We are in negotiations with the related company to resolve these issues. I believe the results of these negotiations should have a positive long-term benefit to Jennifer and should create an opportunity to generate additional revenue.

Additionally during the fourth quarter we established a reserve of \$1,300,000 for a class action lawsuit for alleged violations of California Labor Law. We are vigorously defending this matter."

Mr. Greenfield added, "We are very pleased with the progress of our Ashley Furniture Homestores division. During the year it generated \$12.8 million or more than 13% of our revenue and generated income before income taxes of about \$1.3 million, a 42.6% increase from the prior fiscal year. Since year-end we have opened two additional Ashley Furniture Homestores, have announced the opening of a fifth location in January and our currently negotiating for additional stores to be opened before the end of the fiscal year. Recently we have seen an increase in revenues in our existing Ashley Furniture Homestores locations and our new stores have opened and are performing as projected. We are also beginning to see some stabilization in our Jennifer stores. Capitalizing on our new line of extreme value merchandise, we expect to see improvement in our Jennifer division as well in 2010."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 148 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 14 Jennifer Leather stores. As of December 14, 2009, the Company owned 141 stores and licensed 21 stores (including 19 owned and operated by a related company on a royalty free basis) and operates four licensed Ashley Furniture HomeStores.

America's Largest Sofabed Specialist

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>08/29/09</u>	<u>08/30/08</u>
CASH AND CASH EQUIVALENTS	\$ 5,609	\$ 9,057
RESTRICTED CASH	99	1,116
ACCOUNTS RECEIVABLE	1,816	779
MERCHANDISE INVENTORIES, Net	9,076	10,646
DUE FROM RELATED COMPANY, Net of Allowance for Loss	3,147	4,063
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,214	1,508
	<u>20,961</u>	<u>27,169</u>
MARKETABLE AUCTION RATE SECURITIES	-	1,400
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,355	3,202
GOODWILL	483	1,650
OTHER ASSETS	670	691
	<u>\$ 24,469</u>	<u>\$ 34,112</u>
ACCOUNTS PAYABLE	\$ 14,317	\$ 12,932
CUSTOMER DEPOSITS	4,976	6,493
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	6,001	3,892
DUE TO RELATED COMPANY	400	400
DEFERRED RENT AND ALLOWANCES – Current Portion	589	634
TOTAL CURRENT LIABILITIES	<u>26,283</u>	<u>24,351</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,360	2,905
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	96	139
TOTAL LIABILITIES	<u>28,739</u>	<u>27,395</u>
STOCKHOLDERS' EQUITY	<u>(4,270)</u>	<u>6,717</u>
	<u>\$ 24,469</u>	<u>\$ 34,112</u>

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

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	08/29/09	08/30/08	08/29/09	08/30/08
REVENUE:				
NET SALES	\$ 21,570	\$ 28,905	\$ 88,845	\$ 113,073
REVENUE FROM SERVICE CONTRACTS	1,248	1,765	5,332	7,058
	<u>22,818</u>	<u>30,670</u>	<u>94,177</u>	<u>120,131</u>
COST OF SALES AND OTHER CHARGES	16,014	21,175	67,006	84,838
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	8,438	10,086	33,432	37,777
IMPAIRMENT OF GOODWILL	1,167	-	1,167	-
PROVISION FOR LOSS RELATED TO LITIGATION	1,300	-	1,300	-
PROVISION FOR LOSS ON AMOUNTS DUE FROM RELATED COMPANY	947	-	947	-
DEPRECIATION AND AMORTIZATION	215	247	1,151	1,005
	<u>28,081</u>	<u>31,508</u>	<u>105,003</u>	<u>123,620</u>
LOSS FROM OPERATIONS	(5,263)	(838)	(10,826)	(3,489)
INTEREST INCOME	9	70	89	521
INTEREST EXPENSE	(5)	(5)	(19)	(16)
	<u>(5,259)</u>	<u>(773)</u>	<u>(10,756)</u>	<u>(2,984)</u>
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES				
INCOME TAXES	3	4	9	10
	<u>(5,262)</u>	<u>(777)</u>	<u>(10,765)</u>	<u>(2,994)</u>
LOSS FROM CONTINUING OPERATIONS				
LOSS FROM OPERATIONS OF DISCONTINUED OPERATIONS	(1)	(90)	(243)	(335)
	<u>(5,263)</u>	<u>(867)</u>	<u>(11,008)</u>	<u>(3,329)</u>
NET LOSS				
<u>BASIC AND DILUTED LOSS PER COMMON SHARE:</u>				
LOSS FROM CONTINUING OPERATIONS	\$ (0.74)	\$ (0.11)	\$ (1.52)	\$ (0.43)
LOSS FROM DISCONTINUED OPERATIONS	-	(0.01)	(0.03)	(0.04)
NET LOSS PER COMMON SHARE	<u>\$ (0.74)</u>	<u>\$ (0.12)</u>	<u>\$ (1.55)</u>	<u>\$ (0.47)</u>
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>7,073,466</u>	<u>7,073,466</u>	<u>7,073,466</u>	<u>7,073,466</u>

America's Largest Sofabed Specialist