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

**FOR IMMEDIATE RELEASE**

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

**JENNIFER CONVERTIBLES REPORTS  
FIRST QUARTER RESULTS**

- **Revenue from continuing operations decreased 12.4% for quarter**
- **Comparable store sales decreased by 12.8% for quarter**
- **Loss from continuing operations (\$6,852,000) versus (\$1,815,000) for quarter**
- **Basic EPS and Diluted EPS (\$0.97) versus (\$0.26) for quarter**
- **Two additional Ashley Furniture HomeStores open**
- **Related company ceases operations**

Woodbury, New York \*\*\*January 12, 2010\*\*\* Jennifer Convertibles, Inc. (NYSE Amex: JEN) announced today its financial results for the first fiscal quarter ended November 28, 2009.

For the first quarter, revenue from continuing operations decreased by 12.4% to \$23.2 million from the \$26.5 million reported for the same period last year.

For the first quarter, the Company had a net loss of \$6,870,000, or (\$0.97) per basic and diluted share, compared to net loss of \$1,869,000, or (\$0.26) per basic and diluted share for the same period last year. The net loss for the period includes a provision for loss on amounts due from the related company of \$3,167,000 or (\$0.45) per basic and diluted share.

For the first quarter, operating margins from continuing operations decreased to 26.7% as a percentage of revenue from continuing operations compared to 29.1% for the same period last year.

For the first quarter, selling, general and administrative expenses from continuing operations increased by 3.7% to \$9,649,000 from \$9,308,000 reported for the same period last year.

During each of the thirteen-week periods ended November 28, 2009 and November 29, 2008, the Company closed one store in Peoria, Arizona and one store in Lansing, Illinois, respectively. The operating results of the closed store in Arizona were reported as discontinued operations. The operating results of the closed store in Illinois is recorded in continuing operations based on

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management's judgment that there will be significant continuing sales to customers of the closed store in other stores in the area. During the thirteen-week periods ended November 28, 2009 and November 29, 2008, revenue from the closed stores reported as discontinued operations amounted to \$20,000 and \$223,000, respectively. Loss from operations of the closed stores amounted to \$18,000 and \$54,000 for the thirteen-week periods ended November 28, 2009 and November 29, 2008, respectively.

Harley J. Greenfield Chief Executive Officer of Jennifer commenting on the results of the quarter said, "Obviously we are not pleased with the write-offs of amounts due from the related company, which impacted our results for the fourth and first fiscal quarters and will impact our results to a lesser extent in our second fiscal quarter. However, as I indicated following year-end I believe this will result in a substantial opportunity and be positive in the long-term for Jennifer. The impact of the agreement with the related company is as follows:

- As of January 1, 2010 the related company ceased operations and we began operating their stores for our benefit.
- We are in the process of evaluating the potential for each of their 20 stores and will begin negotiations with the landlords of those we wish to keep.
- We have assumed all administrative functions within our existing operation.
- Maybe most important, we will now be operating as one company free of any appearance of potential conflict.

We continue to be pleased with the progress of our Ashley Furniture HomeStores division. During the quarter, sales increased by 31.5% to \$3,815,000 from \$2,901,000 in the same period last year. Operating income increased by 51.4% to \$168,000 from \$111,000 last year. Same stores sales increased by 19.7 % during the period. We opened two new stores during the quarter and are opening a new store in Brooklyn before the end of January."

Mr. Greenfield added, "I am very positive about the future of Jennifer based on the following:

- Our new extreme value merchandise in the Jennifer division gives us a competitive advantage in this economy and seems to be stabilizing sales.
- New stores from the related company will add to revenue.
- Ashley Furniture HomeStores division is growing rapidly."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 145 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 14 Jennifer Leather stores. Following the transaction with the related company, as of January 12, 2010 the Company owned 159 stores and operated four licensed Ashley Furniture HomeStores.

Statements in this press release other than the statements of historical fact are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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>11/28/09</b>	<b>08/29/09</b>
	<b>(UNAUDITED)</b>	
CASH AND CASH EQUIVALENTS	\$ 7,001	\$ 5,609
RESTRICTED CASH	99	99
ACCOUNTS RECEIVABLE	2,634	1,816
MERCHANDISE INVENTORIES, Net	8,232	9,076
DUE FROM RELATED COMPANY, Net of Allowance for Losses	563	3,147
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,098	1,214
	<u>19,627</u>	<u>20,961</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,264	2,355
GOODWILL	483	483
OTHER ASSETS	568	670
	<u>\$ 22,942</u>	<u>\$ 24,469</u>
ACCOUNTS PAYABLE	\$ 16,942	\$ 14,317
CUSTOMER DEPOSITS	8,247	4,976
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	5,437	6,001
DUE TO RELATED COMPANY	500	400
DEFERRED RENT AND ALLOWANCES – Current Portion	629	589
TOTAL CURRENT LIABILITIES	<u>31,755</u>	<u>26,283</u>
DEFERRED RENT AND ALLOWANCES, Net of Current Portion	2,238	2,360
OBLIGATIONS UNDER CAPITAL LEASES, Net of Current Portion	84	96
TOTAL LIABILITIES	<u>34,077</u>	<u>28,739</u>
STOCKHOLDERS' DEFICIENCY	<u>(11,135)</u>	<u>(4,270)</u>
	<u>\$ 22,942</u>	<u>\$ 24,469</u>

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

	<b>THIRTEEN WEEKS ENDED</b>	
	<u>11/28/09</u>	<u>11/29/08</u>
REVENUE:		
NET SALES	\$ 22,041	\$ 24,980
REVENUE FROM SERVICE CONTRACTS	1,138	1,473
	<u>23,179</u>	<u>26,453</u>
COST OF SALES AND OTHER CHARGES	16,996	18,764
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	9,649	9,308
PROVISION FOR LOSS ON AMOUNTS DUE FROM RELATED COMPANY	3,167	-
DEPRECIATION AND AMORTIZATION	222	244
	<u>30,034</u>	<u>28,316</u>
LOSS FROM OPERATIONS	(6,855)	(1,863)
INTEREST INCOME	9	54
INTEREST EXPENSE	<u>(4)</u>	<u>(5)</u>
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(6,850)	(1,814)
INCOME TAXES	<u>2</u>	<u>1</u>
LOSS FROM CONTINUING OPERATIONS	(6,852)	(1,815)
LOSS FROM DISCONTINUED OPERATIONS	<u>(18)</u>	<u>(54)</u>
NET LOSS	<u>\$ (6,870)</u>	<u>\$ (1,869)</u>
<u>BASIC AND DILUTED LOSS PER COMMON SHARE:</u>		
LOSS FROM CONTINUING OPERATIONS	\$ (0.97)	\$ (0.26)
LOSS FROM DISCONTINUED OPERATIONS	-	-
NET LOSS	<u>\$ (0.97)</u>	<u>\$ (0.26)</u>
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>7,073,466</u>	<u>7,073,466</u>

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