



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

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**FOR IMMEDIATE RELEASE**

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

- Revenue from continuing operations increased 2.2% for quarter, 15.8% year-to-date
- Comparable store sales increased by 1.6% for quarter, 15.1% year-to-date
- Income (loss) from continuing operations \$1,573,000 versus \$2,670,000 for quarter, \$5,129,000 versus (\$2,831,000) year-to-date
- Basic EPS \$0.21 versus \$0.36 for quarter, \$0.71 versus (\$0.67) year-to-date
- Diluted EPS \$0.18 versus \$0.35 for quarter, \$0.62 versus (\$0.67) year-to-date
- Stockholder's equity increased to \$5.6 million
- Signs lease for first Ashley Furniture HomeStore

Woodbury, New York \*\*\*November 20, 2006\*\*\* Jennifer Convertibles, Inc. (AMEX: JEN) announced today its financial results for the fourth quarter and fiscal year ended August 26, 2006.

For the fourth quarter, revenue from continuing operations increased by 2.2% to \$36.2 million from the \$35.4 million reported for the same period last year. For the fiscal year 2006, revenue from continuing operations increased 15.8% to \$140.4 million from the \$121.2 reported in the same period last year.

For the fourth quarter, the Company generated net income of \$1,573,000, or \$0.21 and \$0.18 per basic and diluted share, respectively, compared to net income of \$2,585,000, which included a \$600,000 collection of receivables from the Private Company, or \$0.36 per basic and \$0.35 per diluted share for the same period last year. For the fiscal year 2006, net income was \$5,220,000 or \$0.71 and \$0.62 per basic and diluted share, respectively, compared to a net loss of \$3,870,000 or (\$0.67) per basic and diluted share for the same period last year.

Operating margins from continuing operations remained constant during the current three month period and increased during the twelve month period to 31.9% and 31.6%, respectively, compared to operating margins from continuing operations of 31.9% and 28.6%, respectively, during the three and twelve month periods last year.

For the fourth quarter, selling, general and administrative expenses from continuing operations increased to 26.7% as a percentage of revenue from continuing operations compared to 25.7% for the same period last year. For the twelve month period, selling, general and administrative expenses from continuing operations decreased to 27.4% compared to 30.8% for the same period last year.

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During the fourth quarter, the Company did not close any stores. During fiscal 2006, the Company closed three stores, of which the operating results were reported as discontinued operations. Loss from discontinued operations amounted to \$0 and (\$85,000) in the fourth quarter of 2006 and 2005, respectively. For the twelve month periods for fiscal 2006 and 2005, income (loss) from discontinued operations amounted to \$91,000 and (\$1,039,000), respectively.

Commenting on the results of the year, Harley J. Greenfield, Chief Executive Officer of Jennifer said, "We are extremely pleased with the results we achieved during Fiscal 2006. We reported significant increases in revenues and operating results for the year, demonstrating that our supply chain and merchandising strategy is producing strong top and bottom line growth".

Mr. Greenfield added, "We were able to generate positive revenue and comparable store sales growth for the quarter, despite being up against an extremely strong fourth quarter of last fiscal year. We have recently seen a softening of demand, which may have an impact on the first quarter results, but are confident that the results for fiscal 2007 will continue to show solid revenues and operating results".

Commenting on the agreement with Ashley Furniture HomeStores, Mr. Greenfield said, "We have signed a lease to open our first store in Carle Place, New York. Based on our due diligence of Ashley Furniture HomeStores that were opened in similar metropolitan areas, we believe that the stores that we plan to open should generate between \$15 and \$20 million in revenues. By capitalizing on our infrastructure, we believe that we should be able to bring to the bottom line margins similar to that of Jennifer. I am excited about this potential for increased growth and profitability".

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 175 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 16 Jennifer Leather stores. As of November 21, 2006, the Company owned 166 stores and licensed 25 stores. Of the 25 stores, 24 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.*

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

	<u>08/26/06</u>	<u>08/27/05</u>
CASH AND CASH EQUIVALENTS	\$ 12,641	\$ 7,177
RESTRICTED CASH	864	111
ACCOUNTS RECEIVABLE	906	1,089
MERCHANDISE INVENTORIES, Net	13,597	13,366
DUE FROM AFFILIATED COMPANY	4,869	4,890
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,160	1,072
	<u>34,037</u>	<u>27,705</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,682	2,259
ANNUITY CONTRACT	935	1,013
GOODWILL	1,650	1,650
OTHER ASSETS	703	588
	<u>\$ 40,007</u>	<u>\$ 33,215</u>
ACCOUNTS PAYABLE	\$ 18,838	\$ 18,612
CUSTOMER DEPOSITS	7,036	7,840
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	4,383	3,559
DUE TO AFFILIATED COMPANY	500	450
DEFERRED RENT AND ALLOWANCES – Current Portion	587	551
TOTAL CURRENT LIABILITIES	<u>31,344</u>	<u>31,012</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,959	3,051
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	145	-
TOTAL LIABILITIES	<u>34,448</u>	<u>34,063</u>
STOCKHOLDERS' EQUITY (CAPITAL DEFICIT)	<u>5,559</u>	<u>(848)</u>
	<u>\$ 40,007</u>	<u>\$ 33,215</u>

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

	<u>THREE MONTHS ENDED</u>		<u>TWELVE MONTHS ENDED</u>	
	<u>08/26/06</u>	<u>08/27/05</u>	<u>08/26/06</u>	<u>08/27/05</u>
REVENUE:				
NET SALES	\$ 33,768	\$ 32,999	\$ 130,873	\$ 113,186
REVENUE FROM SERVICE CONTRACTS	2,443	2,427	9,508	8,051
	<u>36,211</u>	<u>35,426</u>	<u>140,381</u>	<u>121,237</u>
COST OF SALES AND OTHER CHARGES	24,657	24,120	96,069	86,550
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	9,675	9,111	38,397	37,343
IMPAIRMENT OF GOODWILL	-	-	-	146
DEPRECIATION AND AMORTIZATION	224	197	841	894
RECOVERY OF PRIOR YEAR RECEIVABLES FROM PRIVATE COMPANY	-	(600)	-	(2,600)
	<u>34,556</u>	<u>32,828</u>	<u>135,307</u>	<u>122,333</u>
INCOME (LOSS) FROM OPERATIONS	1,655	2,598	5,074	(1,096)
INTEREST INCOME	138	54	402	136
INTEREST EXPENSE	(4)	-	(26)	(2)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,789	2,652	5,450	(962)
INCOME TAXES	216	18	321	1869
INCOME (LOSS) FROM CONTINUING OPERATIONS	1,573	2,670	5,129	(2,831)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS (including income (loss) on store closings of \$0 and \$(120) for the thirteen weeks and \$180 and (\$420) for fiscal 2006 and 2005, respectively)	0	(85)	91	(1,039)
NET INCOME (LOSS)	<u>\$ 1,573</u>	<u>\$ 2,585</u>	<u>\$ 5,220</u>	<u>\$ (3,870)</u>

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BASIC INCOME (LOSS) PER COMMON SHARE:

INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 0.21	\$ 0.37	\$ 0.70	\$ (0.49)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	(0.01)	0.01	(0.18)
NET INCOME (LOSS)	<u>\$ 0.21</u>	<u>\$ 0.36</u>	<u>\$ 0.71</u>	<u>\$ (.67)</u>

DILUTED INCOME (LOSS) PER COMMON SHARE:

INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 0.18	\$ 0.36	\$ 0.61	\$ (0.49)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	(0.01)	0.01	(0.18)
NET INCOME (LOSS)	<u>\$ 0.18</u>	<u>\$ 0.35</u>	<u>\$ 0.62</u>	<u>\$ (.67)</u>

WEIGHTED AVERAGE COMMON SHARES  
OUTSTANDING

6,614,770	5,791,008	6,043,157	5,773,707
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WEIGHTED AVERAGE COMMON SHARES ISSUABLE  
ON CONVERSION OF OUTSTANDING SERIES A  
PARTICIPATING PREFERRED STOCK

<u>924,500</u>	<u>1,424,500</u>	<u>1,292,269</u>	<u>-</u>
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TOTAL WEIGHTED AVERAGE COMMON SHARES  
BASIC

7,539,270	7,215,508	7,335,426	5,773,707
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EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:

STOCK OPTIONS	1,197,472	106,581	886,152	-
WARRANTS	87,052	-	70,497	-
SERIES B CONVERTIBLE PREFERRED STOCK	62,216	40,167	57,915	-

WEIGHTED AVERAGE COMMON SHARES DILUTED

<u>8,886,009</u>	<u>7,362,256</u>	<u>8,349,990</u>	<u>5,773,707</u>
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