



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

FOR IMMEDIATE RELEASE

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

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

- Revenue increased 9.1% for the quarter, 6.0% increase year-to-date
- Operating loss narrows, (\$2.0 million) versus (\$2.1 Million) for quarter, (\$3.5 million) versus (\$4.1 million) year-to-date
- Diluted EPS (\$0.46) versus (\$0.31) for quarter, (\$0.73) versus (\$0.60) year-to-date
- Results impacted by soft economy particularly in furniture sector and introduction of new supply chain

Woodbury, New York ***November 24, 2004*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its results for the fourth quarter and fiscal year ended August 28, 2004. These results were impacted by an overall softness of the economy, particularly in the furniture sector, and delays in implementing the new supply chain that was moved from Italy to China.

For the fourth quarter, revenue increased by 9.1% to \$32.7 million from the \$30.0 million reported for the same period last year. For the fiscal year 2004, revenue increased 6.0% to \$134.2 million from the \$126.6 million reported for the same period last year.

For the fourth quarter, the Company incurred a net loss of \$2,607,000 or (\$0.46) per basic and diluted share compared to net loss of \$1,679,000 or (\$.31) per basic and diluted share for the same period last year. For the fiscal year 2004, the net loss was \$4,142,000 or (\$0.73) per basic and diluted share compared to net loss of \$3,377,000 or (\$.60) per basic and diluted share for the same period last year.

Operating margins decreased in the fourth quarter to 27.5% from 28.1% in the same period last year. For the fiscal year 2004, the percentage decreased to 28.9% from 31.2% for the same period last year.

For the fourth quarter, selling, general, and administrative expenses decreased to 32.5% as a percentage of revenue compared to 33.7% for the same period last year. For the fiscal year 2004, selling, general, and administrative expenses decreased to 30.4% as compared to 33.1% for the same period last year.

During the fourth quarter, the Company opened one new store and closed one store. The Company has opened a total of 5 stores and closed 2 stores for the fiscal year 2004.

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Commenting on the results of fiscal 2004, Harley J. Greenfield, Chief Executive of Jennifer, said, "During fiscal 2004, the Company continued to be impacted by the softness in the furniture sector. Additionally, the Company experienced various delays effectuating our new supply chain that had been moved from Italy to China. This impacted our margins and impeded additional sales growth. The supply chain is now in place and we will start seeing its benefits in our second fiscal quarter."

Mr. Greenfield added, "Additionally we will benefit from an Amendment to the Interim Operating Agreement with the Private Company. The Private Company has waived all shortfall payments due from us under the Agreement commencing January 2005 through the end of fiscal 2007. That payment amounted to \$1,245,000 in fiscal 2004. The Amendment also eliminates the royalty payment of \$400,000 commencing January 2005 running until court approval of the Settlement Agreement between the Private Company and us. The combined amount was equivalent to half of our operating loss in this fiscal year.

We have a clear marketing strategy that will capitalize on our supply chain shift. We feel we are on the correct path to return to profitability."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 199 Jennifer Convertibles® stores and 16 Jennifer Leather stores. As of November 22, 2004, the Company owned 137 stores and licensed 78 (including 27 owned and operating stores by a private company on a royalty free basis.)

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)

	8/28/04	8/30/03
CASH AND CASH EQUIVALENTS	\$3,294	\$12,761
RESTRICTED CASH	110	0
ACCOUNTS RECEIVABLE	935	408
MERCHANDISE INVENTORIES	14,044	12,721
DUE FROM AFFILIATED COMPANY	3,288	3,150
FEDERAL INCOME TAX REFUND RECEIVABLE	314	0
DEFERRED TAX ASSET	1,172	2,895
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,195	1,398
	<u>24,352</u>	<u>33,333</u>
FIXTURES, EQUIPMENT & LEASE IMPROVEMENTS, Net	3,032	3,854
ANNUITY CONTRACT	1,088	0
DEFERRED LEASE COST AND OTHER INTANGIBLES, Net	42	98
GOODWILL, Net	1,796	1,796
OTHER ASSETS	607	626
DEFERRED TAX ASSET	605	0
	<u>\$31,522</u>	<u>\$39,707</u>
ACCOUNTS PAYABLE	\$12,812	\$15,049
CUSTOMER DEPOSITS	7,878	9,203
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	3,709	4,135
DUE TO AFFILIATED COMPANY	500	500
DEFERRED RENT AND ALLOWANCES – current portion	489	821
TOTAL CURRENT LIABILITIES	<u>25,388</u>	<u>29,708</u>
DEFERRED RENT AND ALLOWANCES – net of current portion	3,320	3,155
STOCKHOLDERS' EQUITY	<u>2,814</u>	<u>6,844</u>
	<u>\$31,522</u>	<u>\$39,707</u>

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

	THREE MONTHS		FISCAL YEAR ENDED	
	8/28/04	8/30/03	8/28/04	8/30/03
REVENUE				
NET SALES	\$ 30,639	\$ 28,081	\$ 125,384	\$ 118,577
REVENUE FROM SERVICE CONTRACTS	2,076	1,904	8,786	8,000
	<u>32,715</u>	<u>29,985</u>	<u>134,170</u>	<u>126,577</u>
COST OF SALES AND OTHER CHARGES	23,727	21,551	95,365	87,061
SELLING, GENERAL & ADMINISTRATIVE CHARGES	10,637	10,100	40,727	41,846
DEPRECIATION AND AMORTIZATION	339	446	1,575	1,738
	<u>34,703</u>	<u>32,097</u>	<u>137,667</u>	<u>130,645</u>
OPERATING LOSS	(1,988)	(2,112)	(3,497)	(4,068)
GAIN ON SALE OF LEASEHOLD	220	-	220	-
INTEREST INCOME	43	25	111	136
INTEREST EXPENSE	<u>0</u>	<u>(7)</u>	<u>(3)</u>	<u>(11)</u>
LOSS BEFORE INCOME TAXES	(1,725)	(2,094)	(3,169)	(3,943)
INCOME TAX EXPENSE (BENEFIT)	882	(415)	973	(566)
NET LOSS	<u>\$ (2,607)</u>	<u>\$ (1,679)</u>	<u>\$ (4,142)</u>	<u>\$ (3,377)</u>
PER SHARE DATA:				
BASIC LOSS PER SHARE	<u>(\$0.46)</u>	<u>(\$0.31)</u>	<u>(\$0.73)</u>	<u>(\$0.60)</u>
DILUTED LOSS PER SHARE	<u>(\$0.46)</u>	<u>(\$0.31)</u>	<u>(\$0.73)</u>	<u>(\$0.60)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
BASIC LOSS PER SHARE	<u>5,713,058</u>	<u>5,713,036</u>	<u>5,713,058</u>	<u>5,709,900</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
DILUTED LOSS PER SHARE	<u>5,713,058</u>	<u>5,713,036</u>	<u>5,713,058</u>	<u>5,709,900</u>

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