



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

FOR IMMEDIATE RELEASE

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

- Revenue from continuing operations increased 3.9% for quarter, decreased 2.2% year-to-date
- Comparable store sales decreased by 2.9% for quarter, 4.7% year-to-date
- Income from continuing operations \$1,767,000 versus \$1,570,000 for quarter, \$4,050,000 versus \$5,081,000 year-to-date
- Basic EPS \$0.22 versus \$0.21 for quarter, \$0.51 versus \$0.71 year-to-date
- Diluted EPS \$0.20 versus \$0.18 for quarter, \$0.45 versus \$0.62 year-to-date
- Stockholder's equity increased to \$10.0 million

Woodbury, New York ***November 20, 2007*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its financial results for the fourth quarter and fiscal year ended August 25, 2007.

For the fourth quarter, revenue from continuing operations increased by 3.9% to \$37.5 million from the \$36.1 million reported for the same period last year. For the fiscal year 2007, revenue from continuing operations decreased 2.2% to \$136.6 million from the \$139.7 reported in the same period last year.

For the fourth quarter, the Company generated net income of \$1,741,000, or \$0.22 and \$0.20 per basic and diluted share, respectively, compared to net income of \$1,573,000, or \$0.21 and \$0.18 per basic and diluted share for the same period last year. For the fiscal year 2007, net income was \$3,971,000 or \$0.51 and \$0.45 per basic and diluted share, respectively, compared to net income of \$5,220,000 or \$0.71 and \$0.62 per basic and diluted share for the same period last year.

For the fourth quarter, operating margins from continuing operations increase to 32.9% as a percentage of revenue from continuing operations compared to 32.0% for the same period last year. For the twelve month period, operating margins from continuing operations decreased to 31.2% compared to 31.6% for the same period last year.

For the fourth quarter, selling, general and administrative expenses from continuing operations increased to 27.9% as a percentage of revenue from continuing operations compared to 26.8% for the same period last year. For the twelve month period, selling, general and administrative expenses from continuing operations increased to 28.0% compared to 27.4% for the same period last year.

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During the fourth quarter, the Company closed three stores. During fiscal 2007, the Company closed eight stores, of which the operating results of two stores were reported as discontinued operations. (Loss) income from discontinued operations amounted to \$(26,000) and \$3,000 in the fourth quarter of 2007 and 2006, respectively. For the twelve month periods for fiscal 2007 and 2006, (loss) income from discontinued operations amounted to \$(79,000) and \$139,000, respectively.

Harley J Greenfield, Chief Executive Officer of Jennifer said, "I am extremely pleased to report the results for the fourth quarter and fiscal year ended August 25, 2007. Our industry has been under extreme pressure for some time, which has impacted our comparable store sales numbers. Despite this downturn in the industry we have been able to maintain our profitability due to cost cutting, supply chain management and adjusting our merchandising and advertising strategies. During the year, we increased cash and marketable securities to more than \$17.7 million and stockholder's equity to over \$10 million."

Mr. Greenfield added, "Late in our fiscal year we opened our first Ashley Furniture HomeStore. The grand opening of this 40,000 square foot store took place in mid-June. During the fiscal year, the expenses associated with opening, staffing, training, advertising, and initial operations generated a loss of \$677,000, which impacted our year-end results by about \$0.08- \$0.09 per share. However, the sales volume generated by this store will be the equivalent to that of 10 to 15 Jennifer stores. We expect that this store will add significant revenues and profitability in fiscal 2008. We plan to open at least one and possibly more of these stores in our next fiscal year. We believe that start-up expenses will be dramatically less as we open additional stores, and these stores will add substantial revenue and increase profitability to our existing strong Jennifer model."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 165 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 16 Jennifer Leather stores. As of November 20, 2007, the Company owned 159 stores and licensed 22 (including 21 owned and operated by a related company on a royalty free basis) and operates one 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)

| | 08/25/07 | 08/26/06 (Restated) |
|---|------------------|------------------------|
| CASH AND CASH EQUIVALENTS | \$ 8,375 | \$ 7,641 |
| MARKETABLE SECURITIES | 8,300 | 5,000 |
| RESTRICTED CASH | 1,076 | 864 |
| ACCOUNTS RECEIVABLE | 855 | 906 |
| MERCHANDISE INVENTORIES, Net | 14,391 | 13,597 |
| DUE FROM RELATED COMPANY | 4,834 | 4,869 |
| PREPAID EXPENSES AND OTHER CURRENT ASSETS | 1,235 | 1,160 |
| | <u>39,066</u> | <u>34,037</u> |
| FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net | 3,377 | 2,682 |
| ANNUITY CONTRACT | - | 935 |
| GOODWILL | 1,650 | 1,650 |
| OTHER ASSETS | 706 | 703 |
| | <u>\$ 44,799</u> | <u>\$ 40,007</u> |
| ACCOUNTS PAYABLE | \$ 19,718 | \$ 18,838 |
| CUSTOMER DEPOSITS | 6,543 | 7,036 |
| ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES | 4,183 | 4,383 |
| DUE TO RELATED COMPANY | 550 | 500 |
| DEFERRED RENT AND ALLOWANCES – Current Portion | 713 | 587 |
| TOTAL CURRENT LIABILITIES | <u>31,707</u> | <u>31,344</u> |
| DEFERRED RENT AND ALLOWANCES – Net of Current Portion | 2,948 | 2,959 |
| OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion | 119 | 145 |
| TOTAL LIABILITIES | <u>34,774</u> | <u>34,448</u> |
| STOCKHOLDERS' EQUITY | <u>10,025</u> | <u>5,559</u> |
| | <u>\$ 44,799</u> | <u>\$ 40,007</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>08/25/07</u> | <u>08/26/06</u> | <u>08/25/07</u> | <u>08/26/06</u> |
| REVENUE: | | | | |
| NET SALES | \$ 35,117 | \$ 33,630 | \$ 127,736 | \$ 130,289 |
| REVENUE FROM SERVICE CONTRACTS | 2,360 | 2,433 | 8,885 | 9,465 |
| | <u>37,477</u> | <u>36,063</u> | <u>136,621</u> | <u>139,754</u> |
| COST OF SALES AND OTHER CHARGES | 25,135 | 24,538 | 93,948 | 95,585 |
| SELLING, GENERAL & ADMINISTRATIVE EXPENSES | 10,444 | 9,650 | 38,288 | 38,304 |
| DEPRECIATION AND AMORTIZATION | 243 | 223 | 933 | 839 |
| | <u>35,822</u> | <u>34,411</u> | <u>133,169</u> | <u>134,728</u> |
| INCOME FROM OPERATIONS | 1,655 | 1,652 | 3,452 | 5,026 |
| INTEREST INCOME | 195 | 138 | 736 | 402 |
| INTEREST EXPENSE | <u>(3)</u> | <u>(4)</u> | <u>(14)</u> | <u>(26)</u> |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 1,847 | 1,786 | 4,174 | 5,402 |
| INCOME TAXES | <u>80</u> | <u>216</u> | <u>124</u> | <u>321</u> |
| INCOME FROM CONTINUING OPERATIONS | 1,767 | 1,570 | 4,050 | 5,081 |
| (LOSS) INCOME FROM DISCONTINUED OPERATIONS (including income on store closings of \$180 for fiscal 2006) | <u>(26)</u> | <u>3</u> | <u>(79)</u> | <u>139</u> |
| NET INCOME | <u>\$ 1,741</u> | <u>\$ 1,573</u> | <u>\$ 3,971</u> | <u>\$ 5,220</u> |

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BASIC INCOME (LOSS) PER COMMON SHARE:

| | | | | |
|--|----------------|----------------|----------------|----------------|
| INCOME FROM CONTINUING OPERATIONS | \$ 0.22 | \$ 0.21 | \$ 0.52 | \$ 0.69 |
| (LOSS) INCOME FROM DISCONTINUED OPERATIONS | - | | (0.01) | .02 |
| NET INCOME | <u>\$ 0.22</u> | <u>\$ 0.21</u> | <u>\$ 0.51</u> | <u>\$ 0.71</u> |

DILUTED INCOME (LOSS) PER COMMON SHARE:

| | | | | |
|--|----------------|----------------|----------------|----------------|
| INCOME FROM CONTINUING OPERATIONS | \$ 0.20 | \$ 0.18 | \$ 0.46 | \$ 0.61 |
| (LOSS) INCOME FROM DISCONTINUED OPERATIONS | - | - | (0.01) | 0.01 |
| NET INCOME | <u>\$ 0.20</u> | <u>\$ 0.18</u> | <u>\$ 0.45</u> | <u>\$ 0.62</u> |

WEIGHTED AVERAGE COMMON SHARES
OUTSTANDING

| | | | |
|-----------|-----------|-----------|-----------|
| 7,136,641 | 6,614,770 | 6,910,523 | 6,043,157 |
|-----------|-----------|-----------|-----------|

WEIGHTED AVERAGE COMMON SHARES ISSUABLE
ON CONVERSION OF OUTSTANDING SERIES A
PARTICIPATING PREFERRED STOCK

| | | | |
|----------------|----------------|----------------|------------------|
| <u>924,500</u> | <u>924,500</u> | <u>924,500</u> | <u>1,292,269</u> |
|----------------|----------------|----------------|------------------|

TOTAL WEIGHTED AVERAGE COMMON SHARES
BASIC

| | | | |
|-----------|-----------|-----------|-----------|
| 8,061,141 | 7,539,270 | 7,835,023 | 7,335,426 |
|-----------|-----------|-----------|-----------|

EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:

STOCK OPTIONS

| | | | |
|---------|-----------|---------|---------|
| 633,896 | 1,197,445 | 847,359 | 886,152 |
|---------|-----------|---------|---------|

WARRANTS

| | | | |
|--------|--------|--------|--------|
| 74,802 | 87,052 | 81,635 | 70,497 |
|--------|--------|--------|--------|

SERIES B CONVERTIBLE PREFERRED STOCK

| | | | |
|---------------|---------------|---------------|---------------|
| <u>33,592</u> | <u>62,216</u> | <u>54,265</u> | <u>57,915</u> |
|---------------|---------------|---------------|---------------|

WEIGHTED AVERAGE COMMON SHARES DILUTED

| | | | |
|------------------|------------------|------------------|------------------|
| <u>8,803,431</u> | <u>8,885,983</u> | <u>8,818,282</u> | <u>8,349,990</u> |
|------------------|------------------|------------------|------------------|