



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  
FIRST QUARTER RESULTS**

- **Revenue from continuing operations increased 6.5% for quarter**
- **Comparable store sales decreased by 2.6% for quarter**
- **Loss from continuing operations (\$512,000) versus (\$627,000) for the quarter**
- **Basic EPS And Diluted EPS (\$0.07) versus (\$0.09) for quarter**
- **Ashley segment produces \$146,000 profit for quarter**

Woodbury, New York \*\*\*January 8, 2008\*\*\* Jennifer Convertibles, Inc. (AMEX: JEN) announced today its financial results for the first fiscal quarter ended November 24, 2007.

For the first quarter, revenue from continuing operations increased by approximately 6.5% to \$34.7 million from the \$32.6 million reported for the same period last year. This revenue increase is attributable to \$2,623,000 in revenue generated at its Ashley Furniture HomeStore with a slight decrease in revenue from Jennifer stores.

For the first quarter, the Company had a net loss of \$505,000, or (\$0.07) per basic and diluted share, compared to net loss of \$637,000, or (\$0.09) per basic and diluted share for the same period last year. This decrease in net loss is primarily attributable to \$146,000 net income related to our Ashley segment.

Operating margins from continuing operations increased in the first quarter to 30.0% from 29.9% during the same period last year.

For the first quarter, selling, general and administrative expenses from continuing operations decreased to 31.1% as a percentage of revenue from continuing operations compared to 31.5% for the same period last year.

During each of the thirteen-week periods ended November 24, 2007 and November 25, 2006, the Company closed one store in Miami, Florida and one store in Woodland Hills, California, respectively. The operating results of such stores are recorded in continuing operations based on management's judgment that there will be significant continuing sales to customers of closed stores in other stores in the area. In the thirteen-week periods ended November 24, 2007 and November 25, 2006, revenue

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from the closed stores reported as discontinued operations amounted to \$8,000 and \$122,000, respectively. Income (loss) from operations of the closed stores amounted to \$7,000 and (\$10,000) for the thirteen-week period ended November 24, 2007 and November 25, 2006, respectively.

Harley J Greenfield, Chief Executive Officer of Jennifer said, "I am extremely pleased with the results achieved at our first Ashley store during the quarter, showing increased revenues and generating a profit. Although revenues in our Jennifer stores were impacted by the decline in overall demand within the furniture industry, we continue to monitor costs and adjust merchandising and advertising strategies and expect to regain overall profitability in the second half of our fiscal year."

Mr. Greenfield added, "We continue to have a strong balance sheet with cash and marketable securities in excess of \$16 million. We expect to announce shortly the location of our next Ashley store."

Jennifer Convertibles is the owner and licensor of the largest group of sofa-bed specialty retail stores in the United States, with 161 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 16 Jennifer Leather stores. As of January 8, 2008, the Company owned 155 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.*

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

	<u>11/24/07</u>	<u>08/25/07</u>
CASH AND CASH EQUIVALENTS	\$ 9,145	\$ 8,375
MARKETABLE SECURITIES	6,100	8,300
RESTRICTED CASH	1,089	1,076
ACCOUNTS RECEIVABLE	1,276	855
MERCHANDISE INVENTORIES, Net	12,499	14,391
DUE FROM RELATED COMPANY	4,395	4,834
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,018	1,235
	<u>35,522</u>	<u>39,066</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	3,316	3,377
GOODWILL	1,650	1,650
OTHER ASSETS	701	706
	<u>41,189</u>	<u>44,799</u>
ACCOUNTS PAYABLE	\$ 15,818	\$ 19,718
CUSTOMER DEPOSITS	7,086	6,543
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	4,370	4,183
DUE TO RELATED COMPANY	600	550
DEFERRED RENT AND ALLOWANCES – Current Portion	741	713
TOTAL CURRENT LIABILITIES	<u>28,615</u>	<u>31,707</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,937	2,948
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	112	119
TOTAL LIABILITIES	<u>31,664</u>	<u>34,774</u>
STOCKHOLDERS' EQUITY	<u>9,525</u>	<u>10,025</u>
	<u>\$ 41,189</u>	<u>\$ 44,799</u>

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

	<b><u>THIRTEEN WEEKS</u></b>	
	<b><u>ENDED</u></b>	
	<b><u>11/24/07</u></b>	<b><u>11/25/06</u></b>
REVENUE:		
NET SALES	\$ 32,663	\$ 30,485
REVENUE FROM SERVICE CONTRACTS	2,069	2,092
	<u>34,702</u>	<u>32,577</u>
COST OF SALES AND OTHER CHARGES	24,301	22,831
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	10,794	10,269
DEPRECIATION AND AMORTIZATION	262	225
	<u>35,357</u>	<u>33,325</u>
LOSS FROM OPERATIONS	(655)	(748)
INTEREST INCOME	199	155
INTEREST EXPENSE	<u>(3)</u>	<u>(4)</u>
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(459)	(597)
INCOME TAXES	<u>53</u>	<u>30</u>
LOSS FROM CONTINUING OPERATIONS	(512)	(627)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	<u>7</u>	<u>(10)</u>
NET LOSS	<u>\$ (505)</u>	<u>\$ (637)</u>

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BASIC LOSS PER COMMON SHARE:

LOSS FROM CONTINUING OPERATIONS	\$ (0.07)	\$ (0.09)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	-
NET LOSS	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>

DILUTED LOSS PER COMMON SHARE:

LOSS FROM CONTINUING OPERATIONS	\$ (0.07)	\$ (0.09)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	-
NET LOSS	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	7,073,466	6,803,973
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WEIGHTED AVERAGE COMMON SHARES ISSUABLE ON CONVERSION OF OUTSTANDING SERIES A PARTICIPATING PREFERRED STOCK	<u>-</u>	<u>-</u>
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TOTAL WEIGHTED AVERAGE COMMON SHARES BASIC	7,073,466	6,803,973
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EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:

STOCK OPTIONS	-	-
WARRANTS	-	-
SERIES B CONVERTIBLE PREFERRED STOCK	-	-
	<u>-</u>	<u>-</u>

WEIGHTED AVERAGE COMMON SHARES DILUTED	<u>7,073,466</u>	<u>6,803,973</u>
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