



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

FOR IMMEDIATE RELEASE

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**JENNIFER CONVERTIBLES REPORTS
FIRST QUARTER RESULTS**

- **Revenue from continuing operations increased 3.6% for quarter**
- **Comparable store sales decreased by 18.9% for quarter**
- **Loss from continuing operations (\$3,422,000) versus (\$5,903,000) for quarter**
- **Basic and Diluted Loss Per Share (\$0.48) versus (\$0.97) for quarter**

Woodbury, New York ***January 11, 2011*** Jennifer Convertibles, Inc. (JENNQ.PK) announced today its financial results for the first fiscal quarter ended November 27, 2010.

For the first quarter, revenue from continuing operations increased by 3.6% to \$18,520,000 from the \$17,877,000 reported for the same period last year.

For the first quarter, the Company had a net loss of \$3,360,000, or (\$0.48) per basic and diluted share, compared to net loss of \$6,870,000, or (\$0.97) per basic and diluted share for the same period last year.

For the first quarter, operating margins from continuing operations decreased to 24.7% as a percentage of revenue from continuing operations compared to 28.0% for the same period last year.

For the first quarter, selling, general and administrative expenses from continuing operations decreased by 6.7% to \$7,073,000 from \$7,580,000 reported for the same period last year.

During the first quarter, the Company closed ten stores of which four were located in New York, three in New Jersey, two in California and one in Virginia compared to one store closing in Arizona in the same period last year. The operating results of the closed stores in New York, New Jersey,

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California and Virginia are recorded in continuing operations based on management's judgment that there will be significant continuing sales to customers of the closed stores in other stores in the area. The operating results of the closed store in Arizona were reported as discontinued operations. Income (loss) from discontinued operations was \$62,000 and (\$967,000) during the thirteen-week periods ended November 27, 2010 and November 28, 2009.

Harley J. Greenfield Chief Executive Officer of Jennifer commenting on the results of the quarter said, "During the quarter we continued to restructure our leases, close and consolidate unprofitable stores, and continue to focus our attention on our stronger markets. Most importantly we focused on our customers, providing them with products that have incredible value and not allowing the bankruptcy to impact them in any way. We intend to exit bankruptcy as a stronger company continuing to satisfy our customer's needs."

Mr. Greenfield added, "We are pleased with the growth of our Ashley Furniture HomeStores Division, increasing revenue in the quarter by almost 80% to \$6.85 million from the \$3.815 million recorded in the same period last year. In addition, operating income for the Division, before corporate overhead increased by 149% to \$419,000 from the \$168,000 recorded in the same period last year.

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 65 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 8 Jennifer Leather stores. As of January 11, 2011, the Company owned 73 stores and operates six licensed Ashley Furniture HomeStores.

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
DEBTOR-IN-POSSESSION AS OF JULY 18, 2010
SUMMARY CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	11/27/10	08/28/10
	(UNAUDITED)	(AUDITED)
CASH AND CASH EQUIVALENTS	\$ 3,361	\$ 5,591
RESTRICTED CASH	99	99
ACCOUNTS RECEIVABLE	4,531	4,160
MERCHANDISE INVENTORIES, Net	8,041	8,603
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,916	2,086
	<u>17,948</u>	<u>20,539</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,120	2,239
OTHER ASSETS	538	577
	<u>\$ 20,606</u>	<u>\$ 23,355</u>
ACCOUNTS PAYABLE, TRADE	\$ 1,506	\$ 1,590
CUSTOMER DEPOSITS	6,250	5,353
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	5,379	5,565
DEFERRED RENT AND ALLOWANCES – Current Portion	443	359
TOTAL CURRENT LIABILITIES	<u>13,578</u>	<u>12,867</u>
DEFERRED RENT AND ALLOWANCES, Net of Current Portion	1,909	1,897
OBLIGATIONS UNDER CAPITAL LEASES, Net of Current Portion	53	58
TOTAL LIABILITIES NOT SUBJECT TO COMPROMISE	<u>15,540</u>	<u>14,822</u>
LIABILITIES SUBJECT TO COMPROMISE	37,142	37,249
TOTAL LIABILITIES	<u>52,682</u>	<u>52,071</u>
STOCKHOLDERS' DEFICIENCY	<u>(32,076)</u>	<u>(28,716)</u>
	<u>\$ 20,606</u>	<u>\$ 23,355</u>

JENNIFER CONVERTIBLES, INC. & SUBSIDIARIES
DEBTOR-IN-POSSESSION AS OF JULY 18, 2010
SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

	THIRTEEN WEEKS ENDED	
	<u>11/27/10</u>	<u>11/28/09</u>
REVENUE:		
NET SALES	\$ 17,739	\$ 17,031
REVENUE FROM SERVICE CONTRACTS	781	846
	<u>18,520</u>	<u>17,877</u>
COST OF SALES AND OTHER CHARGES	13,949	12,865
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	7,073	7,580
PROVISION FOR LOSS ON AMOUNTS DUE FROM RELATED COMPANY	-	3,167
DEPRECIATION AND AMORTIZATION	159	171
	<u>21,181</u>	<u>23,783</u>
LOSS FROM OPERATIONS	(2,661)	(5,906)
INTEREST INCOME	-	9
INTEREST EXPENSE	(3)	(4)
LOSS FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	(2,664)	(5,901)
REORGANIZATION ITEMS	750	-
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(3,414)	(5,901)
INCOME TAXES	8	2
LOSS FROM CONTINUING OPERATIONS	(3,422)	(5,903)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	62	(967)
NET LOSS	<u>\$ (3,360)</u>	<u>\$ (6,870)</u>
<u>BASIC AND DILUTED LOSS PER COMMON SHARE:</u>		
LOSS FROM CONTINUING OPERATIONS	\$ (0.49)	\$ (0.83)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	0.01	(0.14)
NET LOSS	<u>\$ (0.48)</u>	<u>\$ (0.97)</u>
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>6,979,887</u>	<u>7,073,466</u>

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