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

**FOR IMMEDIATE RELEASE**

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## **JENNIFER CONVERTIBLES REPORTS SECOND QUARTER RESULTS**

- **Successfully emerged from bankruptcy**
- **Successful in restructuring leases**
- **Reorganization items, net \$34,128,000 for quarter, \$33,378,000 year-to-date**
- **Basic EPS \$4.06 versus (\$0.91) for quarter, \$3.63 versus (\$1.89) year-to-date**
- **Diluted EPS \$4.04 versus (\$0.91) for quarter, \$3.62 versus (\$1.89) year-to-date**
- **Revenue from continuing operations decreased 14.8% for quarter, 6.0% year-to-date**
- **Comparable store sales decreased by 11.9% for quarter, 12.2% year-to-date**
- **Income (loss) from continuing operations \$32,076,000 versus (\$6,096,000) for quarter, \$28,654,000 versus (\$11,999,000) year-to-date**

Woodbury, New York \*\*\*April 12, 2011\*\*\* Jennifer Convertibles, Inc. ([www.jenniferfurniture.com](http://www.jenniferfurniture.com)) announced today its financial results for the second quarter ended February 26, 2011.

For the second quarter, revenue from continuing operations decreased by 14.8% to \$16,746,000 from the \$19,655,000 reported for the same period last year. For the six-month period, revenue from continuing operations decreased 6.0% to \$35,266,000 from the \$37,532,000 reported in the same period last year.

For the second quarter, the net income was \$32,076,000 or \$4.06 and \$4.04 per basic and diluted share, respectively, compared to net loss of (\$6,413,000) or (\$0.91) per basic and diluted share, for the same period last year. For the six-month period, the net income was \$28,716,000 or \$3.63 and \$3.62 per basic and diluted share, respectively, compared to net loss of (\$13,283,000) or (\$1.89) per basic and diluted share, for the same period last year.

For the second quarter, operating margins from continuing operations increased to 26.1% compared to 25.7% the same period last year. For the six-month period operating margins from continuing operations decreased to 25.4% compared to 26.8% for the same period last year.

For the second quarter, selling, general, and administrative expenses from continuing operations decreased to 37.2% as a percentage of revenue from continuing operations compared to 38.2% for the

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same period last year. For the six-month period, selling, general and administrative expenses from continuing operations decreased to 37.7% compared to 40.2% for the same period last year.

Reorganization items, net were \$34,128,000 and \$0 in the second quarter of fiscal 2011 and 2010, respectively. For the six-month period, reorganization items, net were \$33,378,000 compared to \$0 for the same period last year. Reorganization items consist of a gain on discharge of debt, legal and other professional fees for bankruptcy services and fair value adjustments.

Income (loss) from operations of discontinued operations was \$0 and (\$317,000) in the second quarter of fiscal 2011 and 2010, respectively. For the six-month periods for fiscal 2011 and 2010, income (loss) from discontinued operations amounted to \$62,000 and (\$1,284,000), respectively.

Rami Abada, President of Jennifer, commenting on the results of the second fiscal quarter said, "During the quarter we successfully emerged from Chapter 11 and we were successful in restructuring our leases and in closing and consolidating unprofitable stores."

Mr. Abada added, "On February 28, 2011 we entered into a multi-year agreement with GE Capital Sales Finance, which allows us to offer our customers the option of using a private label, Jennifer Convertible credit card in all our stores nationwide which should improve sales. Additionally, we have secured credit terms with many of our suppliers. We have new product lines in development and we believe we are now poised to be a stronger organization that will better satisfy our customers, suppliers and employees. We are very excited about the future."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 64 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 8 Jennifer Leather stores. As of April 12, 2011, the Company owned 72 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 Jennifer Convertibles' 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 Jennifer Convertibles' judgment as of the date of the release. Jennifer Convertibles 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)**

	<b>SUCCESSOR COMPANY 02/26/11 (Unaudited)</b>	<b>PREDECESSOR COMPANY 08/28/10 (Audited)</b>
CASH AND CASH EQUIVALENTS	\$ 5,209	\$ 5,591
RESTRICTED CASH	-	99
ACCOUNTS RECEIVABLE	1,658	4,160
MERCHANDISE INVENTORIES, Net	7,807	8,603
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,337	2,086
	<u>16,011</u>	<u>20,539</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,042	2,239
OTHER ASSETS	546	577
TRADEMARK	3,260	-
OTHER INTANGIBLES	245	-
GOODWILL	15,642	-
	<u>\$ 37,746</u>	<u>\$ 23,355</u>
ACCOUNTS PAYABLE	\$ 1,579	\$ 1,590
CUSTOMER DEPOSITS	5,758	5,353
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	8,107	5,565
NOTE PAYABLE	1,400	-
DEFERRED RENT AND ALLOWANCES – Current Portion	-	359
TOTAL CURRENT LIABILITIES	<u>16,844</u>	<u>12,867</u>
LONG TERM-DEBT	8,167	-
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	-	1,897
DEFERRED TAX LIABILITY	1,255	-
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	47	58
TOTAL LIABILITIES NOT SUBJECT TO COMPROMISE	<u>26,313</u>	<u>14,822</u>
LIABILITIES SUBJECT TO COMPROMISE	-	37,249
TOTAL LIABILITIES	<u>26,313</u>	<u>52,071</u>
STOCKHOLDERS' EQUITY (DEFICIENCY)	<u>11,433</u>	<u>(28,716)</u>
	<u>\$ 37,746</u>	<u>\$ 23,355</u>

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

	<b>PREDECESSOR COMPANY</b>			
	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b>02/26/11</b>	<b>02/27/10</b>	<b>02/26/11</b>	<b>02/27/10</b>
REVENUE:				
NET SALES	\$ 16,010	\$ 18,610	\$ 33,749	\$ 35,641
REVENUE FROM SERVICE CONTRACTS	736	1,045	1,517	1,891
	<u>16,746</u>	<u>19,655</u>	<u>35,266</u>	<u>37,532</u>
COST OF SALES AND OTHER CHARGES	12,372	14,612	26,321	27,477
LOSS RELATED TO SERVICE CONTRACTS	-	3,500	-	3,500
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	6,226	7,501	13,299	15,081
(RECOVERY OF) PROVISION FOR LOSS ON AMOUNTS DUE FROM RELATED COMPANY	-	(39)	-	3,128
DEPRECIATION AND AMORTIZATION	129	196	288	367
	<u>18,727</u>	<u>25,770</u>	<u>39,908</u>	<u>49,553</u>
LOSS FROM OPERATIONS	(1,981)	(6,115)	(4,642)	(12,021)
GAIN ON ACQUISITION OF RELATED COMPANY	-	23	-	23
INTEREST INCOME	2	2	2	11
INTEREST EXPENSE	(65)	(4)	(68)	(8)
LOSS FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	(2,044)	(6,094)	(4,708)	(11,995)
REORGANIZATION ITEMS, NET	34,128	-	33,378	-
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>32,084</u>	<u>(6,094)</u>	<u>28,670</u>	<u>(11,995)</u>
INCOME TAXES	8	2	16	4
INCOME (LOSS) FROM CONTINUING OPERATIONS	32,076	(6,096)	28,654	(11,999)
INCOME (LOSS) FROM OPERATIONS OF DISCONTINUED OPERATIONS	-	(317)	62	(1,284)
NET INCOME (LOSS )	<u>\$ 32,076</u>	<u>\$ (6,413)</u>	<u>\$ 28,716</u>	<u>\$ (13,283)</u>
<b>BASIC INCOME (LOSS) PER COMMON SHARE:</b>				
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 4.06	\$ (0.87)	\$ 3.62	\$ (1.71)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	(0.04)	0.01	(0.18)
NET INCOME (LOSS) PER COMMON SHARE	<u>\$ 4.06</u>	<u>\$ (0.91)</u>	<u>\$ 3.63</u>	<u>\$ (1.89)</u>

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DILUTED INCOME (LOSS) PER COMMON SHARE:

INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 4.04	\$ (0.87)	\$ 3.61	\$ (1.71)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	(0.04)	0.01	(0.18)
NET INCOME (LOSS) PER COMMON SHARE	<u>\$ 4.04</u>	<u>\$ (0.91)</u>	<u>\$ 3.62</u>	<u>\$ (1.89)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,979,887	7,014,199	6,979,887	7,043,996
COMMON SHARES ISSUABLE ON CONVERSION OF SERIES A PARTICIPATING PREFERRED STOCK	<u>924,500</u>	<u>-</u>	<u>924,500</u>	<u>-</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC	7,904,387	7,014,199	7,904,387	7,043,996
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:				
STOCK OPTIONS	-	-	-	-
WARRANTS	-	-	-	-
SERIES B CONVERTIBLE PREFERRED STOCK	<u>33,592</u>	<u>-</u>	<u>33,592</u>	<u>-</u>
WEIGHTED AVERAGE COMMON SHARES DILUTED	<u>7,937,979</u>	<u>7,014,199</u>	<u>7,937,979</u>	<u>7,043,996</u>

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