



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

FOR IMMEDIATE RELEASE

Contact: Donald Radcliffe
Radcliffe & Associates, Inc.
212-605-0534

JENNIFER CONVERTIBLES REPORTS FIRST QUARTER RESULTS

- **Reports Third Consecutive Profitable Quarter**
- **Revenue from continuing operations increased 17.8%**
- **Comparable store revenue increased by 17.2%**
- **Income (loss) from continuing operations \$683,000 versus (\$2,067,000)**
- **Diluted EPS \$0.11 versus (\$0.43)**

Woodbury, New York ***January 10, 2006*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its unaudited financial results for the first fiscal quarter ended November 26, 2005.

For the first quarter, revenue from continuing operations increased by 17.8% to \$35.8 million from the \$30.4 million reported for the same period last year.

For the first quarter, the Company generated net income of \$848,000, which includes a \$195,000 gain from the early termination of a lease for a store which was closed in June 2005, or \$0.11 per basic and diluted share compared to net loss of \$2,465,000 or (\$0.43) per basic and diluted share for the same period last year.

Operating margins from continuing operations increased in the first quarter to 32.3% from 28.6% in the same period last year.

For the first quarter, selling, general, and administrative expenses from continuing operations decreased to 29.9% as a percentage of revenue from continuing operations compared to 34.4% for the same period last year.

During the first quarter, the Company closed one store in Indiana. During fiscal 2005, the Company closed 20 stores, of which the operating results of 18 were reported as discontinued operations. For the first quarter of fiscal 2006, income from discontinued operations was \$165,000. For the first quarter of fiscal 2005, loss from discontinued operations was \$398,000.

America's Largest Sofabed Specialist

During the quarter, the Company did not open any stores and closed one store as described above.

Commenting on the results for the quarter, Harley J. Greenfield, Chief Executive Officer of Jennifer said, "We are pleased to report our third consecutive profitable quarter. As I stated at the end of our fiscal year, we continue to see the benefit of the strategies we have implemented to provide customers incredible values while maintaining acceptable margins. These strategies, coupled with our reduced overhead and improved supply chain, should continue to produce increased sales and improved margins in the future."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 177 Jennifer Convertibles® stores and 16 Jennifer Leather stores. As of November 26, 2005, the Company owned 169 stores and licensed 24 (including 23 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 judgement 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>11/26/05</u>	<u>8/27/05</u>
CASH AND CASH EQUIVALENTS	\$11,174	\$7,177
RESTRICTED CASH	111	111
ACCOUNTS RECEIVABLE	1,261	1,089
MERCHANDISE INVENTORIES, Net	12,472	13,366
DUE FROM AFFILIATED COMPANY	4,561	4,890
PREPAID EXPENSES AND OTHER CURRENT ASSETS	896	1,072
TOTAL CURRENT ASSETS	<u>30,475</u>	<u>27,705</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,166	2,259
ANNUITY CONTRACT	1,020	1,013
DEFERRED LEASE COST AND OTHER INTANGIBLES, Net	30	31
GOODWILL, Net	1,650	1,650
OTHER ASSETS	624	557
	<u>\$35,965</u>	<u>\$33,215</u>
ACCOUNTS PAYABLE	\$17,802	\$18,612
CUSTOMER DEPOSITS	9,841	7,840
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	4,123	3,559
DUE TO AFFILIATED COMPANY	550	450
DEFERRED RENT AND ALLOWANCES – Current Portion	524	551
TOTAL CURRENT LIABILITIES	<u>32,840</u>	<u>31,012</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	3,044	3,051
STOCKHOLDERS' EQUITY	<u>81</u>	<u>(848)</u>
	<u>\$35,965</u>	<u>\$33,215</u>

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

	THIRTEEN WEEKS ENDED	
	<u>11/26/05</u>	<u>11/27/04</u>
REVENUE:		
NET SALES	\$33,399	\$28,484
REVENUE FROM SERVICE CONTRACTS	2,441	1,949
	<u>35,840</u>	<u>30,433</u>
COST OF SALES AND OTHER CHARGES	24,278	21,738
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	10,713	10,458
DEPRECIATION AND AMORTIZATION	200	272
	<u>35,191</u>	<u>32,468</u>
INCOME (LOSS) FROM OPERATIONS	649	(2,035)
INTEREST INCOME	79	23
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	728	(2,012)
INCOME TAXES	45	55
INCOME (LOSS) FROM CONTINUING OPERATIONS	683	(2,067)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS (including income (loss) on store closings of \$195 and (\$134) in fiscal 2006 and 2005, respectively)	165	(398)
NET INCOME (LOSS)	<u>\$848</u>	<u>\$(2,465)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:		
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$0.09	\$(0.36)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	0.02	(0.07)
NET INCOME (LOSS) PER COMMON SHARE	<u>\$0.11</u>	<u>\$(0.43)</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:		
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$0.09	\$(0.36)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	0.02	(0.07)
NET INCOME (LOSS) PER COMMON SHARE	<u>\$0.11</u>	<u>\$(0.43)</u>

America's Largest Sofabed Specialist

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,793,058	5,744,725
COMMON SHARES ISSUABLE ON CONVERSION OF SERIES A PARTICIPATING PREFERRED STOCK	<u>1,424,500</u>	<u>-</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC	7,217,558	5,744,725
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:		
STOCK OPTIONS	216,546	-
SERIES B CONVERTIBLE PREFERRED STOCK	44,770	-
WARRANTS	<u>221,979</u>	<u>-</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING DILUTED	<u>7,700,853</u>	<u>5,744,725</u>

America's Largest Sofabed Specialist