



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 SECOND QUARTER RESULTS**

- **Revenue from continuing operations decreased 15.3% for quarter, 4.5% year-to-date**
- **Comparable store sales decreased by 24.4% for quarter, 13.7% year-to-date**
- **(Loss) income from continuing operations (\$1,160,000) versus \$1,237,000 for quarter, (\$1,733,000) versus \$523,000 year to date**
- **Basic EPS (\$0.18) versus \$0.16 for quarter, (\$0.25) versus \$0.08 year to date**
- **Diluted EPS (\$0.18) versus \$0.14 for quarter, (\$0.25) versus \$0.07 year-to-date**
- **Ashley Segment produces \$318,000 profit during quarter**

Woodbury, New York \*\*\*April 09, 2008\*\*\* Jennifer Convertibles, Inc. (AMEX: JEN) announced today its unaudited financial results for the second fiscal quarter ended February 23, 2008.

For the second quarter, revenue from continuing operations decreased by 15.3% to \$27.9 million from the \$33.0 million reported for the same period last year. For the six-month period, revenue from continuing operations decreased 4.5% to \$62.2 million from the \$65.1 reported in the same period last year.

For the second quarter, the Company had a net loss of (\$1,246,000) or (\$0.18) per basic and diluted share, compared to net income of \$1,258,000 or \$0.16 and \$0.14 per basic and diluted share, respectively, for the same period last year. For the six-month period, the net loss was (\$1,751,000) or (\$0.25) per basic and diluted share, compared to net income of \$621,000 or \$0.08 and \$0.07 per basic and diluted share, respectively, for the same period last year.

Operating margins from continuing operations decreased during the current three-month period to 27.4% compared to 29.8% the same period last year. For the current six-month period operating margins from continuing operations decreased to 28.8% compared to 29.8% for the six-month period last year.

For the second quarter, selling, general, and administrative expenses from continuing operations increased to 31.3% as a percentage of revenue from continuing operations compared to 26.0% for the

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same period last year. For the six-month period, selling, general and administrative expenses from continuing operations increased to 31.3% compared to 28.9% for the same period last year.

During the second quarter, we closed three stores in Ohio and one store in Georgia compared to four store closings in Illinois the same period last year. The operating results of the closed store in Georgia and the four stores in Illinois were recorded in continuing operations based on management's judgment that there will be significant continuing sales to customers of the closed stores from other stores in the respective areas. The operating results of the three closed stores in Ohio were reported as discontinued operations. (Loss) income from operations of discontinued operations was (\$86,000) and \$21,000 in the second quarter of fiscal 2008 and 2007, respectively. For the six month periods for fiscal 2008 and 2007, (loss) income from discontinued operations amounted to (\$18,000) and \$98,000, respectively.

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

Commenting on the results, Harley J. Greenfield, Chief Executive Officer of Jennifer said, "During the quarter, our first Ashley Furniture HomeStore continued its growth in revenue and increased profitability to \$318,000 from the \$146,000 achieved in the previous quarter. We are extremely excited about the prospects of the Ashley segment and expect to continue to grow substantially with the addition of our second store early next month."

Mr. Greenfield added, "Our second fiscal quarter is seasonally our weakest quarter. In addition, the revenues in our Jennifer stores continue to be impacted by the overall weakness in the furniture industry. We are continuing to monitor costs and adjust our merchandising and advertising strategies."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 161 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 15 Jennifer Leather stores. As of April 8, 2008, the Company owned 154 stores and licensed 22 stores (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)**

	<b>02/23/08</b>	<b>08/25/07</b>
	<b>(Unaudited)</b>	
CASH AND CASH EQUIVALENTS	\$ 8,467	\$ 8,375
MARKETABLE AUCTION RATE SECURITIES	525	8,300
RESTRICTED CASH	1,100	1,076
ACCOUNTS RECEIVABLE	766	855
MERCHANDISE INVENTORIES, Net	11,435	14,391
DUE FROM RELATED COMPANY	3,535	4,834
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,532	1,235
	<u>27,360</u>	<u>39,066</u>
MARKETABLE AUCTION RATE SECURITIES	2,950	-
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	3,323	3,377
GOODWILL	1,650	1,650
OTHER ASSETS	696	706
	<u>\$ 35,979</u>	<u>\$ 44,799</u>
ACCOUNTS PAYABLE	\$ 12,033	\$ 19,718
CUSTOMER DEPOSITS	7,752	6,543
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	3,632	4,183
DUE TO RELATED COMPANY	550	550
DEFERRED RENT AND ALLOWANCES – Current Portion	734	713
TOTAL CURRENT LIABILITIES	<u>24,701</u>	<u>31,707</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,832	2,948
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	161	119
TOTAL LIABILITIES	<u>27,694</u>	<u>34,774</u>
STOCKHOLDERS' EQUITY	<u>8,285</u>	<u>10,025</u>
	<u>\$ 35,979</u>	<u>\$ 44,799</u>

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

	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
	<u>02/23/08</u>	<u>02/24/07</u>	<u>02/23/08</u>	<u>02/24/07</u>
REVENUE:				
NET SALES	\$ 26,281	\$ 30,825	\$ 58,520	\$ 60,927
REVENUE FROM SERVICE CONTRACTS	1,663	2,149	3,709	4,211
	<u>27,944</u>	<u>32,974</u>	<u>62,229</u>	<u>65,138</u>
COST OF SALES AND OTHER CHARGES	20,297	23,155	44,285	45,710
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	8,740	8,584	19,492	18,804
DEPRECIATION AND AMORTIZATION	261	225	522	448
	<u>29,298</u>	<u>31,964</u>	<u>64,299</u>	<u>64,692</u>
(LOSS) INCOME FROM OPERATIONS	(1,354)	1,010	(2,070)	176
INTEREST INCOME	150	199	349	353
INTEREST EXPENSE	<u>(3)</u>	<u>(3)</u>	<u>(6)</u>	<u>(7)</u>
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(1,207)	1,206	(1,727)	522
INCOME TAXES	<u>(47)</u>	<u>(31)</u>	<u>6</u>	<u>(1)</u>
(LOSS) INCOME FROM CONTINUING OPERATIONS	(1,160)	1,237	(1,733)	523
(LOSS) INCOME FROM OPERATIONS OF DISCONTINUED OPERATIONS (including loss on store closings of \$70 for the periods ended in fiscal 2008)	<u>(86)</u>	<u>21</u>	<u>(18)</u>	<u>98</u>
NET (LOSS) INCOME	<u>\$ (1,246)</u>	<u>\$ 1,258</u>	<u>\$ (1,751)</u>	<u>\$ 621</u>
BASIC (LOSS) INCOME PER COMMON SHARE:				
(LOSS) INCOME FROM CONTINUING OPERATIONS	\$ (0.17)	\$ 0.16	\$ (0.25)	\$ 0.07
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(0.01)	-	-	0.01
NET (LOSS) INCOME PER COMMON SHARE	<u>\$ (0.18)</u>	<u>\$ 0.16</u>	<u>\$ (0.25)</u>	<u>\$ 0.08</u>

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DILUTED (LOSS) INCOME PER COMMON SHARE:

(LOSS) INCOME FROM CONTINUING OPERATIONS	\$ (0.17)	\$ 0.14	\$ (0.25)	\$ 0.06
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(0.01)	-	-	0.01
NET (LOSS) INCOME PER COMMON SHARE	<u>\$ (0.18)</u>	<u>\$ 0.14</u>	<u>\$ (0.25)</u>	<u>\$ 0.07</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	7,073,466	6,838,162	7,073,466	6,821,013
COMMON SHARES ISSUABLE ON CONVERSION OF SERIES A PARTICIPATING PREFERRED STOCK	<u>-</u>	<u>924,500</u>	<u>-</u>	<u>924,500</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC	7,073,466	7,762,662	7,073,466	7,745,513
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:				
STOCK OPTIONS	-	829,330	-	1,040,234
WARRANTS	-	78,182	-	86,808
SERIES B CONVERTIBLE PREFERRED STOCK	<u>-</u>	<u>62,216</u>	<u>-</u>	<u>-</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING DILUTED	<u>7,073,466</u>	<u>8,732,390</u>	<u>7,073,466</u>	<u>8,872,555</u>

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