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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 RESULTS  
FOR FOURTH QUARTER AND FISCAL YEAR END**

- **Revenue from continuing operations decreased 16.3% for quarter, 9.7% year-to-date**
- **Comparable store sales decreased by 19.5% for quarter, 16.8% year-to-date**
- **(Loss) income from continuing operations (\$828,000) versus \$1,790,000 for quarter, (\$3,060,000) versus \$4,151,000 year-to-date**
- **Basic EPS (\$0.12) versus \$0.22 for quarter, (\$0.47) versus \$0.51 year-to-date**
- **Diluted EPS (\$0.12) versus \$0.20 for quarter, (\$0.47) versus \$0.45 year-to-date**

Woodbury, New York \*\*\*November 26, 2008\*\*\* Jennifer Convertibles, Inc. (AMEX: JEN) announced today its financial results for the fourth quarter and fiscal year ended August 30, 2008.

For the fourth quarter, revenue from continuing operations decreased by 16.3% to \$30.8 million from the \$36.8 million reported for the same period last year. For the fiscal year 2008, revenue from continuing operations decreased 9.7% to \$120.9 million from the \$133.9 reported in the same period last year.

For the fourth quarter, the Company had a net loss of (\$867,000), or (\$0.12) per basic and diluted share, compared to net income of \$1,741,000, or \$0.22 and \$0.20 per basic and diluted share, respectively, for the same period last year. For the fiscal year 2008, the net loss was (\$3,329,000) or (\$0.47) per basic and diluted share, compared to net income of \$3,971,000 or \$0.51 and \$0.45 per basic and diluted share, respectively, for the same period last year.

For the fourth quarter, operating margins from continuing operations decreased to 30.8% as a percentage of revenue from continuing operations compared to 33.0% for the same period last year. For the twelve-month period, operating margins from continuing operations decreased to 29.3% compared to 31.3% for the same period last year.

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For the fourth quarter, selling, general and administrative expenses from continuing operations increased to 32.9% as a percentage of revenue from continuing operations compared to 27.8% for the same period last year. For the twelve-month period, selling, general and administrative expenses from continuing operations increased to 31.4% compared to 28.0% for the same period last year.

During the fourth quarter, the Company closed one store. During fiscal 2008, the Company closed ten stores, of which the operating results of six stores were reported as discontinued operations. Loss from discontinued operations amounted to \$39,000 and \$49,000 in the fourth quarter of 2008 and 2007, respectively. For the twelve-month periods for fiscal 2008 and 2007, loss from discontinued operations amounted to \$269,000 and \$180,000, respectively.

Commenting on the results of the year, Harley J. Greenfield Chief Executive of Jennifer said, "Although I am certainly not pleased with the results achieved during fiscal 2008, I believe we have the right strategy in place, even in this unprecedented economy to provide customers merchandise at incredible values while maintaining good margins. We continue to implement strategies to reduce costs. We have also modified our warehousing and management agreements with the Related Company, beginning January 2009. These changes, based on last year's level of activity, would have resulted in approximately \$1,400,000 in annual expense reductions. We believe we are excellently positioned to take advantage of any upturn in the economy."

Mr. Greenfield added, " We are pleased with the progress of our Ashley division which is now generating approximately 10% of our revenues. We are pursuing the opening of a third store in 2009. We are also pleased that in this time of credit concern we had approximately \$11.5 million in cash and investments at year-end and a vendor line of credit for \$10 million which is committed into 2010."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 156 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 14 Jennifer Leather stores. As of November 26, 2008, the Company owned 148 stores and licensed 22 (including 21 owned and operated by a related company on a royalty free basis) and operates two 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)

	<u>08/30/08</u>	<u>08/25/07</u>
CASH AND CASH EQUIVALENTS	\$ 9,057	\$ 8,375
MARKETABLE AUCTION RATE SECURITIES	-	8,300
RESTRICTED CASH	1,116	1,076
ACCOUNTS RECEIVABLE	779	855
MERCHANDISE INVENTORIES, Net	10,646	14,391
DUE FROM RELATED COMPANY	4,063	4,834
PREPAID EXPENSES AND OTHER CURRENT ASSETS	<u>1,508</u>	<u>1,235</u>
	27,169	39,066
MARKETABLE AUCTION RATE SECURITIES	1,400	-
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	3,202	3,377
GOODWILL	1,650	1,650
OTHER ASSETS	<u>691</u>	<u>706</u>
	<u>\$ 34,112</u>	<u>\$ 44,799</u>
ACCOUNTS PAYABLE	\$ 12,932	\$ 19,718
CUSTOMER DEPOSITS	6,493	6,543
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	3,892	4,183
DUE TO RELATED COMPANY	400	550
DEFERRED RENT AND ALLOWANCES – Current Portion	634	713
TOTAL CURRENT LIABILITIES	<u>24,351</u>	<u>31,707</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,905	2,948
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	<u>139</u>	<u>119</u>
TOTAL LIABILITIES	<u>27,395</u>	<u>34,774</u>
STOCKHOLDERS' EQUITY	<u>6,717</u>	<u>10,025</u>
	<u>\$ 34,112</u>	<u>\$ 44,799</u>

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

	<u>THREE MONTHS ENDED</u>		<u>TWELVE MONTHS ENDED</u>	
	<u>08/30/08</u>	<u>08/25/07</u>	<u>08/30/08</u>	<u>08/25/07</u>
REVENUE:				
NET SALES	\$ 29,067	\$ 34,510	\$ 113,851	\$ 125,300
REVENUE FROM SERVICE CONTRACTS	1,777	2,301	7,114	8,652
	<u>30,844</u>	<u>36,811</u>	<u>120,965</u>	<u>133,952</u>
COST OF SALES AND OTHER CHARGES	21,331	24,660	85,503	92,045
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	10,152	10,236	38,009	37,452
DEPRECIATION AND AMORTIZATION	250	237	1,008	902
	<u>31,733</u>	<u>35,133</u>	<u>124,520</u>	<u>130,399</u>
(LOSS) INCOME FROM OPERATIONS	(889)	1,678	(3,555)	3,553
INTEREST INCOME	70	195	521	736
INTEREST EXPENSE	<u>(5)</u>	<u>(3)</u>	<u>(16)</u>	<u>(14)</u>
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(824)	1,870	(3,050)	4,275
INCOME TAXES	<u>4</u>	<u>80</u>	<u>10</u>	<u>124</u>
(LOSS) INCOME FROM CONTINUING OPERATIONS	(828)	1,790	(3,060)	4,151
(LOSS) FROM DISCONTINUED OPERATIONS (including loss on store closings of \$84 for fiscal 2008)	<u>(39)</u>	<u>(49)</u>	<u>(269)</u>	<u>(180)</u>
NET INCOME (LOSS)	<u>\$ (867)</u>	<u>\$ 1,741</u>	<u>\$ (3,329)</u>	<u>\$ 3,971</u>

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	<u>THREE MONTHS ENDED</u>		<u>TWELVE MONTHS ENDED</u>	
	<u>08/30/08</u>	<u>08/25/07</u>	<u>08/30/08</u>	<u>08/25/07</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
INCOME FROM CONTINUING OPERATIONS	\$ (0.11)	\$ 0.22	\$ (0.43)	\$ 0.53
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(0.01)	-	(0.04)	(0.02)
NET INCOME	<u>\$ (0.12)</u>	<u>\$ 0.22</u>	<u>\$ (0.47)</u>	<u>\$ 0.51</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:				
INCOME FROM CONTINUING OPERATIONS	\$ (0.11)	\$ 0.20	\$ (0.43)	\$ 0.47
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(0.01)	-	(0.04)	(0.02)
NET INCOME	<u>\$ (0.12)</u>	<u>\$ 0.20</u>	<u>\$ (0.47)</u>	<u>\$ 0.45</u>
WEIGHTED AVERAGE COMMON SHARES				
OUTSTANDING	7,073,466	7,136,641	7,073,466	6,910,523
WEIGHTED AVERAGE COMMON SHARES ISSUABLE				
ON CONVERSION OF OUTSTANDING SERIES A				
PARTICIPATING PREFERRED STOCK	<u>-</u>	<u>924,500</u>	<u>-</u>	<u>924,500</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES				
BASIC	7,073,466	8,061,141	7,073,466	7,835,023
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:				
STOCK OPTIONS	-	633,896	-	847,359
WARRANTS	-	74,802	-	81,635
SERIES B CONVERTIBLE PREFERRED STOCK	-	33,592	-	54,265
WEIGHTED AVERAGE COMMON SHARES DILUTED	<u>7,073,466</u>	<u>8,803,431</u>	<u>7,073,466</u>	<u>8,818,282</u>

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