



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

FOR IMMEDIATE RELEASE

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**JENNIFER CONVERTIBLES REPORTS
SECOND QUARTER RESULTS**

- **Reports Fourth Consecutive Profitable Quarter**
- **Revenue from continuing operations increased 31.7% for quarter, 24.1% year-to-date**
- **Comparable store sales increased by 31.0% for quarter, 23.6% year-to-date**
- **Income (loss) from continuing operations \$586,000 versus (\$4,945,000) for quarter, \$1,286,000 versus (\$7,010,000) year to date**
- **Basic EPS \$0.08 versus (\$0.93) for quarter, \$0.19 versus (\$1.36) year to date**
- **Diluted EPS \$0.07 versus (\$0.93) for quarter, \$0.18 versus (\$1.36) year-to-date**
- **Credit Facility increased to \$11.5 million**

Woodbury, New York ***April 10, 2006*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its unaudited financial results for the second fiscal quarter ended February 25, 2006.

For the second quarter, revenue from continuing operations increased by 31.7% to \$33.0 million from the \$25.0 million reported for the same period last year. For the six-month period, revenue from continuing operations increased 24.1% to \$68.8 million from the \$55.4 reported in the same period last year.

For the second quarter, the Company generated net income of \$554,000 or \$0.08 and \$0.07 per basic and diluted share, respectively, compared to a net loss of \$5,363,000 or (\$0.93) per basic and diluted share for the same period last year. For the six-month period, the net income was \$1,401,000 or \$0.19 and \$0.18 per basic and diluted share, respectively, compared to a net loss of \$7,828,000 or (\$1.36) per basic and diluted share for the same period last year.

Operating margins from continuing operations increased during the current three and six month periods to 29.2% and 30.8%, respectively, compared to operating margins from continuing operations of 23.2% and 26.1%, respectively, during the three and six month periods last year.

For the second quarter, selling, general, and administrative expenses from continuing operations decreased to 27.0% as a percentage of revenue from continuing operations compared to 34.4% for the same period last year. For the six-month period, selling, general and administrative expenses from continuing operations decreased to 28.5% compared to 34.4% for the same period last year.

During the second quarter, we closed a store in Indianapolis, Indiana. The operating results of this closed store are recorded in discontinued operations. During fiscal 2005, the Company closed 20 stores, of which the operating results of 18 were reported as discontinued operations. Loss from

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discontinued operations amounted to (\$32,000) and (\$418,000) in the second quarter of 2006 and 2005, respectively. For the six month periods for fiscal 2006 and 2005, income (loss) from discontinued operations amounted to and \$115,000 and (\$818,000), respectively.

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

On April 7, 2006 the Credit Agreement entered into on July 11, 2005 with Caye Home Furnishings, LLC and its affiliates was amended to increase the line from \$10 million to \$11.5 million under the same terms and conditions.

Commenting on the results Harley J. Greenfield, Chief Executive Officer of Jennifer said, "We are extremely pleased with the results achieved during our second fiscal quarter, traditionally our weakest quarter of the year. This quarter marks our fourth consecutive profitable quarter and the first time since 2001 that we have been profitable in the second fiscal quarter."

Mr. Greenfield added, "We are continuing to see strong demand for our product offering, and expect to continue to report increased sales and operating margins. It is gratifying to see the results of our efforts generating such profitable results and the willingness of our major supplier to increase our line to accommodate this increased growth."

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 176 Jennifer Convertibles® stores and 16 Jennifer Leather stores. As of February 25, 2006, the Company owned 168 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 judgment 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>02/25/06</u>	<u>08/27/05</u>
CASH AND CASH EQUIVALENTS	\$ 10,432	\$ 7,177
RESTRICTED CASH	864	111
ACCOUNTS RECEIVABLE	463	1,089
MERCHANDISE INVENTORIES, Net	14,397	13,366
DUE FROM AFFILIATED COMPANY, Net	4,312	4,890
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,444	1,072
	<u>31,912</u>	<u>27,705</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,503	2,259
ANNUITY CONTRACT	1,027	1,013
GOODWILL, Net	1,650	1,650
OTHER ASSETS	647	588
	<u>\$ 37,739</u>	<u>\$ 33,215</u>
ACCOUNTS PAYABLE	\$ 17,150	\$ 18,612
CUSTOMER DEPOSITS	11,111	7,840
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	4,655	3,559
DUE TO AFFILIATED COMPANY	550	450
DEFERRED RENT AND ALLOWANCES – Current Portion	544	551
TOTAL CURRENT LIABILITIES	<u>34,010</u>	<u>31,012</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,990	3,051
STOCKHOLDERS' EQUITY (CAPITAL DEFICIT)	<u>739</u>	<u>(848)</u>
	<u>\$ 37,739</u>	<u>\$ 33,215</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>SIX MONTHS ENDED</u>	
	<u>02/25/06</u>	<u>02/26/05</u>	<u>02/25/06</u>	<u>02/26/05</u>
REVENUE:				
NET SALES	\$ 30,805	\$ 23,464	\$ 64,156	\$ 51,891
REVENUE FROM SERVICE CONTRACTS	2,205	1,598	4,645	3,543
	<u>33,010</u>	<u>25,062</u>	<u>68,801</u>	<u>55,434</u>
COST OF SALES AND OTHER CHARGES	23,361	19,251	47,582	40,943
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	8,897	8,625	19,603	19,068
IMPAIRMENT OF GOODWILL	-	146	-	146
DEPRECIATION AND AMORTIZATION	197	228	394	498
	<u>32,455</u>	<u>28,250</u>	<u>67,579</u>	<u>60,655</u>
INCOME (LOSS) FROM OPERATIONS	555	(3,188)	1,222	(5,221)
INTEREST INCOME	77	27	155	50
INTEREST EXPENSE	-	1	-	1
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	632	(3,162)	1,377	(5,172)
INCOME TAXES	46	1,783	91	1,838
INCOME (LOSS) FROM CONTINUING OPERATIONS	586	(4,945)	1,286	(7,010)
INCOME (LOSS) FROM OPERATIONS OF DISCONTINUED OPERATIONS (including income (loss) on store closings of \$(32) and \$(197) for the thirteen weeks and \$182 and \$(331) for the twenty-six weeks ended in 2006 and 2005 respectively)	(32)	(418)	115	(818)
NET INCOME (LOSS)	<u>\$ 554</u>	<u>\$ (5,363)</u>	<u>\$ 1,401</u>	<u>\$ (7,828)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 0.08	\$ (0.86)	\$ 0.17	\$ (1.22)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	(0.07)	0.02	(0.14)
NET INCOME (LOSS) PER COMMON SHARE	<u>\$ 0.08</u>	<u>\$ (0.93)</u>	<u>\$ 0.19</u>	<u>\$ (1.36)</u>

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DILUTED INCOME (LOSS) PER COMMON SHARE:

INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 0.07	\$ (0.86)	\$ 0.16	\$ (1.22)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	(0.07)	0.02	(0.14)
NET INCOME (LOSS) PER COMMON SHARE	<u>\$ 0.07</u>	<u>\$ (0.93)</u>	<u>\$ 0.18</u>	<u>\$ (1.36)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,829,714	5,775,947	5,811,285	5,760,351
COMMON SHARES ISSUABLE ON CONVERSION OF SERIES A PARTICIPATING PREFERRED STOCK	<u>1,424,500</u>	<u>-</u>	<u>1,424,500</u>	<u>-</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC	7,254,214	5,775,947	7,235,785	5,760,351
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:				
STOCK OPTIONS	921,973	-	451,007	-
WARRANTS	276,719	-	256,198	-
SERIES B CONVERTIBLE PREFERRED STOCK	<u>62,216</u>	<u>-</u>	<u>56,882</u>	<u>-</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING DILUTED	<u>8,515,122</u>	<u>5,775,947</u>	<u>7,999,872</u>	<u>5,760,351</u>