



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

**FOR IMMEDIATE RELEASE**

**Contact:** Donald Radcliffe  
Radcliffe & Associates  
212-605-0201

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

- Revenue from continuing operations increased 11.0% for quarter, decreased 1.6% year-to-date
- Comparable store sales decreased by 2.7% for quarter, 8.3% year-to-date
- Loss from continuing operations \$6,386,000 versus \$2,120,000 for quarter, \$13,213,000 versus \$3,891,000 year to date
- Basic and Diluted EPS (\$0.91) versus (\$0.33) for quarter, (\$1.89) versus (\$0.60) year-to-date
- One additional Ashley Furniture HomeStores opened during quarter, two additional to open in fourth fiscal quarter

Woodbury, New York \*\*\*April 13, 2010\*\*\* Jennifer Convertibles, Inc. (OTCBB: JENN) announced today its unaudited financial results for the second fiscal quarter ended February 27, 2010.

For the second quarter, revenue from continuing operations increased by 11.0% to \$25.2 million from the \$22.7 million reported for the same period last year. For the six-month period, revenue from continuing operations decreased 1.6% to \$48.3 million from the \$49.1 reported in the same period last year.

For the second quarter, the Company had a net loss of \$6,413,000 or (\$0.91) per basic and diluted share, compared to net loss of \$2,344,000 or (\$0.33) per basic and diluted share, for the same period last year. For the six-month period, the net loss was \$13,283,000 or (\$1.89) per basic and diluted share, compared to net loss of \$4,213,000 or (\$0.60) per basic and diluted share, for the same period last year.

Operating margins from continuing operations decreased during the current three-month period to 25.1% compared to 28.2% the same period last year. For the current six-month period operating margins from continuing operations decreased to 25.9% compared to 28.7% for the six-month period last year.

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For the second quarter, selling, general, and administrative expenses from continuing operations increased to 35.8% as a percentage of revenue from continuing operations compared to 35.6% for the same period last year. For the six-month period, selling, general and administrative expenses from continuing operations increased to 38.6% compared to 35.3% for the same period last year.

During the second quarter, the Company closed four stores two of which were in New York, one in California and one in Arizona compared to two store closings in Missouri and one in Virginia the same period last year. The operating results of the closed stores in New York and California 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 result of the closed store in Arizona was reported as discontinued operations. Loss from operations of discontinued operations was \$27,000 and \$224,000 in the second quarter of fiscal 2010 and 2009, respectively. For the six-month periods for fiscal 2010 and 2009, loss from discontinued operations amounted to \$70,000 and \$322,000, respectively.

Commenting on the results of the second fiscal quarter, Harley J Greenfield, Chief Executive Officer of Jennifer said, "During the quarter we completed the operational takeover of the 20 Jennifer stores owned or affiliated and operated by the former Related Company. Five of these stores were adjacent to our existing stores and are now operating as combined stores, which will create operational efficiencies. The results for the quarter were significantly impacted by the \$3.5 million charge associated with the Related Company plus expenses associated with taking over the operation of these 20 stores.

We are, however, quite pleased with the 11% increase in revenue for the quarter which was primarily a result of the \$1.835 million or 62.6% increase in revenue from our Ashley Furniture HomeStores division. In addition, this division generated almost a 15% increase in operating profits. We opened our fifth Ashley Furniture HomeStores location in Brooklyn late in the quarter and will open two new locations, one in Manhattan and the other in Bay Ridge, Brooklyn. We expect these two locations to open in the fourth fiscal quarter."

Mr. Greenfield added, "As I indicated at the end of last quarter, although this has been a very difficult period for Jennifer, we believe it will make us a much stronger company. The majority of the issues with the Related Company are now behind us. We should begin to see the operational efficiencies take hold late next quarter and would expect to see the positive results of these efforts in our fourth fiscal quarter. Our Ashley Furniture HomeStores division is growing rapidly both in revenue and profitability. The combination of these two factors makes me optimistic about the future of Jennifer."

Jennifer Convertibles is the owner of the largest group of sofabed specialty retail stores in the United States, with 142 Jennifer Convertibles® stores and is the largest specialty retailer of leather furniture with 12 Jennifer Leather stores. Following the transaction with the former affiliated private company, as of April 13, 2010 the Company owns 154 stores and operates five licensed Ashley Furniture HomeStores.

Statements in this press release other than the statements of historical fact are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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>02/27/10</u> <u>(Unaudited)</u>	<u>08/29/09</u>
CASH AND CASH EQUIVALENTS	\$ 7,956	\$ 5,609
RESTRICTED CASH	99	99
ACCOUNTS RECEIVABLE	2,017	1,816
MERCHANDISE INVENTORIES, Net	9,881	9,076
DUE FROM RELATED COMPANY	-	3,147
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,727	1,214
	<u>21,680</u>	<u>20,961</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,508	2,355
GOODWILL	483	483
OTHER ASSETS	568	670
	<u>\$ 25,239</u>	<u>\$ 24,469</u>
ACCOUNTS PAYABLE	\$ 19,834	\$ 14,317
CUSTOMER DEPOSITS	9,591	4,976
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	10,493	6,001
DUE TO FORMER RELATED COMPANY	-	400
DEFERRED RENT AND ALLOWANCES – Current Portion	592	589
TOTAL CURRENT LIABILITIES	<u>40,510</u>	<u>26,283</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,323	2,360
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	73	96
TOTAL LIABILITIES	<u>42,906</u>	<u>28,739</u>
STOCKHOLDERS' DEFICIENCY	<u>(17,667)</u>	<u>(4,270)</u>
	<u>\$ 25,239</u>	<u>\$ 24,469</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>02/27/10</u>	<u>02/28/09</u>	<u>02/27/10</u>	<u>02/28/09</u>
REVENUE:				
NET SALES	\$ 23,869	\$ 21,399	\$ 45,841	\$ 46,326
REVENUE FROM SERVICE CONTRACTS	1,353	1,275	2,488	2,746
	<u>25,222</u>	<u>22,674</u>	<u>48,329</u>	<u>49,072</u>
 COST OF SALES AND OTHER CHARGES	 18,887	 16,287	 35,824	 35,003
 LOSS RELATED TO SERVICE CONTRACTS	 3,500	 -	 3,500	 -
 SELLING, GENERAL & ADMINISTRATIVE EXPENSES	 9,037	 8,071	 18,650	 17,329
 (RECOVERY) PROVISION FOR LOSS ON AMOUNTS DUE FROM RELATED COMPANY	 (39)	 -	 3,128	 -
 DEPRECIATION AND AMORTIZATION	 242	 451	 462	 694
	<u>31,627</u>	<u>24,809</u>	<u>61,564</u>	<u>53,026</u>
 LOSS FROM OPERATIONS	 (6,405)	 (2,135)	 (13,235)	 (3,954)
 GAIN ON ACQUISITION OF RELATED COMPANY	 23	 -	 23	 -
 INTEREST INCOME	 2	 20	 11	 74
 INTEREST EXPENSE	 (4)	 (5)	 (8)	 (10)
 LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	 (6,384)	 (2,120)	 (13,209)	 (3,890)
 INCOME TAXES	 2	 -	 4	 1
 LOSS FROM CONTINUING OPERATIONS	 (6,386)	 (2,120)	 (13,213)	 (3,891)
 LOSS FROM DISCONTINUED OPERATIONS	 (27)	 (224)	 (70)	 (322)
 NET LOSS	 \$ (6,413)	 \$ (2,344)	 \$(13,283)	 \$ (4,213)

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	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
	<u>02/27/10</u>	<u>02/28/09</u>	<u>02/27/10</u>	<u>02/28/09</u>
<u>BASIC AND DILUTED LOSS PER COMMON SHARE:</u>				
LOSS FROM CONTINUING OPERATIONS	\$ (0.91)	\$ (0.30)	\$ (1.88)	\$ (0.55)
LOSS FROM DISCONTINUED OPERATIONS	0.00	(0.03)	(0.01)	(0.05)
NET LOSS	<u>\$ (0.91)</u>	<u>\$ (0.33)</u>	<u>\$ (1.89)</u>	<u>\$ (0.60)</u>
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>7,014,199</u>	<u>7,073,466</u>	<u>7,043,996</u>	<u>7,073,466</u>