



Jennifer Convertibles, Inc., 419 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**

- **Reports Profitable Quarter**
- **Revenue from continuing operations increased 13.1% for the quarter, 5.4% decrease year-to-date**
- **Operating income (loss) from continuing operations \$2.6 million versus a loss of (\$1.5 million) for quarter, (\$1 million) versus (\$2.5 million) year-to-date**
- **Diluted EPS \$0.35 versus (\$0.46) for quarter, (\$0.67) versus (\$0.73) year-to-date**

Woodbury, New York ***November 22, 2005*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its results for the fourth quarter and fiscal year ended August 27, 2005.

For the fourth quarter, revenue from continuing operations increased by 13.1% to \$35.6 million from the \$31.5 million reported for the same period last year. For the fiscal year 2005, revenue from continuing operations decreased 5.4% to \$121.9 million from the \$128.8 million reported for the same period last year.

For the fourth quarter, the Company generated net income of \$2,585,000 or \$0.36 per basic and \$0.35 per diluted share compared to net loss of \$2,607,000 or (\$0.46) per basic and diluted share for the same period last year. The income for the fourth quarter included the collection of \$600,000 of receivables from the Private Company, of which \$400,000 had been reserved. For the fiscal year 2005, the net loss was \$3,870,000 or (\$0.67) per basic and diluted share compared to net loss of \$4,142,000 or (\$0.73) per basic and diluted share for the same period last year.

Operating margins from continuing operations increased in the fourth quarter to 31.8% from 27.9% in the same period last year. For the fiscal year 2005, the percentage decreased to 28.5% from 29.4% for the same period last year.

For the fourth quarter, selling, general, and administrative expenses from continuing operations decreased to 25.7 % as a percentage of revenue from continuing operations compared to 32.5% for the same period last year. For the fiscal year 2005, selling, general, and administrative expenses from continuing operations increased to 30.8% as compared to 30.4% for the same period last year. The decrease in selling, general and administrative expenses from continuing

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operations as a percentage of revenue reflects certain fixed costs spread over an increased revenue base.

During the fourth quarter, the Company closed one store in Dearborne, Michigan and three stores in the metropolitan New York City area. For the fourth quarter of fiscal 2005, the loss from discontinued operations was \$64,000. For the fourth quarter in fiscal 2004, loss from discontinued operations amounted to \$241,000.

During the fiscal year, the Company closed 20 stores, 18 of which are accounted for as discontinued operations. For the fiscal year 2005, the loss from discontinued operations was \$939,000. For the fiscal year 2004, the loss from discontinued operations amounted to \$688,000.

The Company had opened one store and closed 20 stores for the fiscal year 2005.

Commenting on the results of the quarter and fiscal 2005, Harley J. Greenfield, Chief Executive of Jennifer, said, "We are pleased to report our second consecutive profitable quarter. We believe that the steps that we have taken to reduce overhead, increase revenues, and improve margins have been successful and will continue to produce profitability in the future."

Mr. Greenfield added, "Our supply chain is now producing its expected results, allowing us to continue our strategic marketing direction in which we provide customers with incredible value at low prices without impacting our margins. This strategy incorporates our decision to provide customers the lowest prices rather than providing them long term low cost financing. We continue to see the benefit of this strategy by increases in written sales".

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 178 Jennifer Convertibles® stores and 16 Jennifer Leather stores. As of November 21, 2005, the Company owned 170 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>8/27/05</u>	<u>8/28/04</u>
CASH AND CASH EQUIVALENTS	\$7,177	\$3,294
RESTRICTED CASH	111	110
ACCOUNTS RECEIVABLE	1,089	935
MERCHANDISE INVENTORIES	13,366	14,044
DUE FROM AFFILIATED COMPANY	4,890	3,288
FEDERAL INCOME TAX REFUND RECEIVABLE	-	314
DEFERRED TAX ASSET	-	1,172
PREPAID EXPENSES AND OTHER CURRENT ASSETS	<u>1,072</u>	<u>1,195</u>
	27,705	24,352
FIXTURES, EQUIPMENT & LEASE IMPROVEMENTS, Net	2,259	3,032
ANNUITY CONTRACT	1,013	1,088
DEFERRED LEASE COST AND OTHER INTANGIBLES, Net	31	42
GOODWILL, Net	1,650	1,796
OTHER ASSETS	557	607
DEFERRED TAX ASSET	<u>-</u>	<u>605</u>
	<u>\$33,215</u>	<u>\$31,522</u>
ACCOUNTS PAYABLE	\$18,612	\$12,812
CUSTOMER DEPOSITS	7,840	7,878
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	3,559	3,709
DUE TO AFFILIATED COMPANY	450	500
DEFERRED RENT AND ALLOWANCES – current portion	<u>551</u>	<u>489</u>
TOTAL CURRENT LIABILITIES	31,012	25,388
DEFERRED RENT AND ALLOWANCES – net of current portion	3,051	3,320
STOCKHOLDERS' EQUITY	<u>(848)</u>	<u>2,814</u>
	<u>\$33,215</u>	<u>\$31,522</u>

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

	<u>THREE MONTHS ENDED</u>		<u>FISCAL YEAR ENDED</u>	
	<u>08/27/05</u>	<u>08/28/04</u>	<u>08/27/05</u>	<u>08/28/04</u>
REVENUE:				
NET SALES	\$ 33,152	\$ 29,471	\$ 113,813	\$ 120,385
REVENUE FROM SERVICE CONTRACTS	2,437	2,005	8,094	8,437
	<u>35,589</u>	<u>31,476</u>	<u>121,907</u>	<u>128,822</u>
COST OF SALES AND OTHER CHARGES	24,254	22,687	87,136	90,976
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	9,158	10,225	37,515	39,190
IMPAIRMENT OF GOODWILL	0	0	146	0
DEPRECIATION AND AMORTIZATION	199	310	906	1,465
RECOVERY OF PRIOR YEAR RECEIVABLES FROM PRIVATE COMPANY	<u>(600)</u>	<u>0</u>	<u>(2,600)</u>	<u>0</u>
	<u>33,011</u>	<u>33,222</u>	<u>123,103</u>	<u>131,631</u>
INCOME (LOSS) FROM OPERATIONS	2,578	(1,746)	(1,196)	(2,809)
GAIN ON SALE OF LEASEHOLD	0	220	0	220
INTEREST INCOME	53	42	136	111
INTEREST EXPENSE	<u>0</u>	<u>0</u>	<u>(2)</u>	<u>(3)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	2,631	(1,484)	(1,062)	(2,481)
INCOME TAX (BENEFIT) EXPENSE	<u>(18)</u>	<u>882</u>	<u>1,869</u>	<u>973</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	2,649	(2,366)	(2,931)	(3,454)
LOSS FROM DISCONTINUED OPERATIONS (including (loss) on store closings of \$420 for fiscal 2005)	<u>(64)</u>	<u>(241)</u>	<u>(939)</u>	<u>(688)</u>
NET INCOME (LOSS)	<u>\$ 2,585</u>	<u>\$ (2,607)</u>	<u>\$ (3,870)</u>	<u>\$ (4,142)</u>

BASIC INCOME (LOSS) PER COMMON SHARE:

INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 0.37	\$ (0.42)	\$ (0.51)	\$ (0.61)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	<u>(0.01)</u>	<u>(0.04)</u>	<u>(0.16)</u>	<u>(0.12)</u>
NET INCOME (LOSS) PER COMMON SHARE	<u>\$ 0.36</u>	<u>\$ (0.46)</u>	<u>\$ (0.67)</u>	<u>\$ (0.73)</u>

DILUTED INCOME (LOSS) PER COMMON SHARE:

INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 0.36	\$ (0.42)	\$ (0.51)	\$ (0.61)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	<u>(0.01)</u>	<u>(0.04)</u>	<u>(0.16)</u>	<u>(0.12)</u>
NET INCOME (LOSS) PER COMMON SHARE	<u>\$ 0.35</u>	<u>\$ (0.46)</u>	<u>\$ (0.67)</u>	<u>\$ (0.73)</u>

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,791,008	5,713,058	5,773,707	5,713,058
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COMMON SHARES ISSUABLE ON CONVERSION OF SERIES A PARTICIPATING PREFERRED STOCK	<u>1,424,500</u>			
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TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC INCOME (LOSS) PER SHARE	7,215,508	5,713,058	5,773,707	5,713,058
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EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:

STOCK OPTIONS	106,581			
SERIES B CONVERTIBLE PREFERRED STOCK	40,167			
WARRANTS				

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING DILUTED INCOME (LOSS)	<u>7,362,256</u>	<u>5,713,058</u>	<u>5,773,707</u>	<u>5,713,058</u>
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