

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: :  
: Chapter 11  
**JENNIFER CONVERTIBLES INC., ET AL.,** :  
: Case No. 10-13779 (ALG)  
: :  
Debtors. : Jointly Administered  
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**SUPPLEMENTAL DECLARATION OF MATTHEW  
BORDWIN IN SUPPORT OF DEBTORS' APPLICATION TO  
RETAIN AND EMPLOY KPMG CF REALTY LLC AS  
SPECIAL REAL ESTATE ADVISOR NUNC PRO TUNC TO THE PETITION DATE**

MATTHEW BORDWIN, pursuant to 28 U.S.C. § 1746, declares as follows:

1. I am a Manager of KPMG CF Realty LLC ("KPMGCF"), with offices located at 757 Third Avenue, New York, NY 10017. KPMGCF is a wholly-owned subsidiary of KPMG Corporate Finance LLC, which is in turn a wholly-owned subsidiary of KPMG LLP ("KPMG"). KPMG is a Delaware limited liability partnership that is the United States member firm of KPMG International, a Swiss cooperative of member firms, each a separate legal entity, located worldwide. In addition to being a Manager of KPMGCF, I am also a Managing Director of KPMG Corporate Finance LLC, and a principal of KPMG. I am authorized to execute this declaration on behalf of KPMGCF.

2. I submit this Supplemental Declaration on behalf of KPMGCF in support of the Debtors' Application to Retain and Employ KPMG CF Realty as Special Real Estate Advisor to the Debtors *Nunc Pro Tunc* to the Petition Date [Docket No. 67] (the "Application").<sup>1</sup> Unless otherwise stated in this Declaration, I have personal knowledge of the facts hereinafter set forth.<sup>2</sup> To the extent that any information disclosed herein requires subsequent amendment or modification upon KPMGCF's

<sup>1</sup> All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Application.

<sup>2</sup> Certain of the disclosures herein relate to matters within the knowledge of other personnel of KPMG.

completion of further analysis or as additional information becomes available to it, one or more supplemental declarations will be submitted to the court.

3. This Supplemental Declaration is intended to supplement my Declaration, dated July 22, 2010, which is attached as an exhibit to the Application (the "Initial Declaration"), and responds to certain questions raised by the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee").

4. As disclosed in paragraph 2 of the Initial Declaration, KPMGCF is party to the Engagement Letter with the Debtors, a copy of which is attached as Exhibit C to the Application (the "Engagement Letter"). KPMGCF, however, has no employees and uses personnel of KPMG for all engagements, including in connection with the services to be performed under the Engagement Letter.

5. On or about December 1, 2009, KPMGCF and KPMG Corporate Finance LLC were acquired by KPMG. Before this time, both entities were wholly-owned by another member firm of KPMG International.

6. Since submitting the Initial Declaration, I have requested that the financial and accounting office for KPMGCF review its business records to determine whether any of the parties-in-interest listed on Exhibit 1 to the Initial Declaration account for more than one percent (1%) of KPMGCF's revenues for the time period from its acquisition by KPMG until the present. Based on the results of that review and to the best of my knowledge and belief, none of those parties-in-interest account for more than 1% of KPMGCF's revenues for that period. Moreover, no such party-in-interest accounted for more than 1% of KPMG's revenues for fiscal year 2009.

7. While KPMG Corporate Finance LLC and KPMGCF are each separate and distinct legal entities from all other member firms of KPMG International, in an attempt to identify conflicts among or between KPMG International member firms, KPMG International has a global

conflicts internal computer database related to the engagement activity or potential engagement activity of a majority of such member firms since May 2, 2005, which allows KPMG International member firms to identify potential conflicts between other KPMG International member firms. In connection therewith, KPMGCF disclosed on Exhibit 2 to the Initial Declaration certain connections or potential connections between KPMG, KPMGCF, KPMG Corporate Finance LLC, or other KPMG International member firms, on the one hand, and certain parties-in-interest in these cases, as supplied by the Debtors' counsel, on the other, in matters unrelated to these cases. To the extent that KPMGCF becomes aware of any additional relationships and/or connections that may be relevant to the Debtors' engagement of KPMGCF, an additional supplemental declaration will be filed.

8. As described in paragraph 12(a) of the Initial Declaration, pursuant to the Engagement Letter, upon entry of an order of the Bankruptcy Court approving the Engagement Letter, KPMG shall receive a non-refundable fee of \$25,000 (the "Advisory Fee"). The Advisory Fee is intended to compensate KPMGCF for setup costs incurred and any ancillary services that may be rendered in connection with this engagement, including, but not limited to, meeting with the Debtors, reviewing the Debtors' leases, organizing lease information, and developing a negotiating strategy.

9. In addition, it is intended that KPMGCF shall only receive other compensation under the Engagement Letter upon the earlier of (a) a Debtor paying reduced rent pursuant to the terms of a lease modification agreement, or (b) the assumption of the leases renegotiated by KPMGCF (the "Renegotiated Leases"). If, for any reason, the debtor neither begins to receive the benefits of a lease modification agreement nor assumes one or more Renegotiated Leases, then KPMGCF would receive no compensation under the Engagement Letter, other than the Advisory Fee.

10. From time to time, KPMGCF may utilize third-party clerical services outside the United States to assist in billing and other administrative procedures. KPMGCF does not anticipate

using or billing for any such services in this matter. To the extent such services are used and billed, KPMGCF will not mark up the cost of those services. I understand and acknowledge that, if any such expenses are billed to the Debtors' estates, the U.S. Trustee reserves all rights to object to KPMGCF's reimbursement thereof.

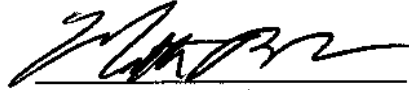
11. Paragraph 11(p) of the Engagement Letter contains disclosure regarding the potential use by KPMGCF of volume rebates and other incentive programs related to reimbursable expenses. It is my understanding that, as of the date hereof, KPMGCF is not involved in any volume rebate or incentive programs with respect to expenses for which KPMGCF will seek reimbursement from the Debtors.

12. KPMGCF agrees that, during the pendency of these chapter 11 cases, it will not request reimbursement of fees of its outside counsel to the extent that such fees are incurred in connection with negotiating KPMGCF's retention in these chapter 11 cases (including appearing before the Court in connection with the Application) in the ordinary course of business. I understand and acknowledge that if KPMGCF seeks any outside counsel fees in connection with any other services aside from the retention of KPMGCF in these chapter 11 cases, the U.S. Trustee reserves all rights to object to KPMGCF's reimbursement thereof.

13. None of the professionals who have provided or will provide services to the Debtors is a creditor or equity security holder of the Debtors, or otherwise holds an interest adverse to the Debtors, except as may be otherwise disclosed.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York  
August 9, 2010

A handwritten signature in black ink, appearing to read 'Matthew Bordwin', written over a horizontal line.

Matthew Bordwin  
Manager