

**OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP**
Park Avenue Tower
65 East 55th Street
New York, New York 10022
Michael S. Fox, Esq.
Jordanna L. Nadritch, Esq.
212.451.2300

Proposed Counsel to the Debtors

**UNITED STATES BANKRUPTCY COURT
THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

**DEBTORS' MOTION FOR ENTRY OF AN ORDER SHORTENING TIME OF NOTICE
WITH RESPECT TO A HEARING ON DEBTORS' REQUEST FOR AN ORDER (A)
APPROVING BIDDING PROCEDURES FOR THE SALE TO THE HIGHEST BIDDER,
(B) APPROVING CERTAIN BIDDER PROTECTIONS AND (C) SCHEDULING A
FINAL HEARING AND APPROVING THE FORM AND MANNER OF NOTICE
THEREOF**

Jennifer Convertibles, Inc. ("Jennifer Convertibles") and its affiliated debtors, as debtors in possession (together, the "Debtors"), hereby move this Court (the "Motion") for entry of an order extending the time for the Debtors to file schedules and statements of financial affairs. In support of this Motion, the Debtors respectfully state as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

Background

1. On July 18, 2010 (the “Petition Date”), each of the Debtors commenced with the Bankruptcy Court a voluntary case pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or statutory creditors’ committee has been appointed in these chapter 11 cases.

2. Jennifer Convertibles, Inc. was organized as a Delaware corporation in 1986, and is currently the owner of (i) the largest group of sofabed specialty retail stores and leather specialty retail stores in the United States, with stores located throughout the Eastern seaboard, Midwest, West Coast and Southwest, and (ii) seven big box, full-line furniture stores operated under the Ashley Furniture HomeStore brand (the “Ashley Stores”) under a license from Ashley Furniture Industries, Inc.

3. In order to generate sales, the Debtors rely on aggressive pricing, the attractive image of its stores, extensive advertising and prompt delivery. Operations are classified into two operating segments organized by retail concept: Jennifer and Ashley. The Jennifer segment operates the sofabed specialty retail store concept. The Ashley segment is the big box, full line home furniture retail store concept. There are no inter-company sales between segments. The Ashley segment is highly profitable due to its unique sourcing model, whereby once most sales are executed, Ashley’s supplier manages the supply chain process. Under the Ashley sourcing model, the Debtors need for warehouse inventory is reduced, thereby limiting working capital needs and infrastructure requirements. The Debtors’ two operating segments enable the Debtors to more effectively offer diverse home furnishings and accessories and expand to a broader consumer base.

4. As of the Petition Date, the Debtors' stores include 130 stores operated by the Jennifer segment. During fiscal 2007, the Debtors opened their first Ashley Store. As of the Petition Date, the Debtors operate seven Ashley Stores.

5. As of the Petition Date, the Debtors employ 497 people. There are 336 employees in the Jennifer segment, 114 employees in the Ashley segment and 47 corporate employees. None of the employees are represented by a collective bargaining unit.

6. For the fiscal year ended August 29, 2009, the Debtors' consolidated financial statements showed revenues from continuing operations of approximately \$94,177,000, compared with \$120,131,000 for the fiscal year ended August 30, 2008, and \$132,683,000 for the fiscal year ended August 25, 2007. For the thirty-nine weeks ended May 29, 2010, revenues from continuing operations were approximately \$70,036,000, with \$56,144,000 coming from the Jennifer segment stores, and \$13,892,000 from the Ashley segment stores.

7. Net sales from continuing operations were \$88,845,000 and \$113,073,000 for the fiscal years ended August 29, 2009 and August 30, 2008, respectively. Net sales from continuing operations decreased by 21.4%, or \$24,228,000 for the fiscal year ended August 29, 2009 compared to the fiscal year ended August 30, 2008. The decrease in net sales is attributable to a decline in overall demand within the furniture industry sector due to a poor housing market and an overall weak U.S. economy. Consolidated same store sales from continuing operations (sales at those stores open for the entire current and prior comparable periods) decreased 19.6% for the thirteen weeks ended May 29, 2010, compared to the same period ended May 30, 2009.

8. Specifically, in the Ashley segment, net sales from continuing operations were \$5,106,000 and \$3,363,000 for the thirteen-week periods ended May 29, 2010 and May 30,

2009, respectively. Net sales from continuing operations increased by 51.8%, or \$1,743,000 for the thirteen-week period ended May 29, 2010 compared to the thirteen-week period ended May 30, 2009. The increase is largely attributable to four new Ashley locations open during the thirteen-week period ended May 29, 2010, that were not open during the same thirteen week period last year.

9. In the Jennifer segment, net sales from continuing operations were \$16,375,000 and \$16,987,000 for the thirteen-week periods ended May 29, 2010 and May 30, 2009, respectively. Net sales from continuing operations decreased by 3.6%, or \$612,000 for the thirteen-week period ended May 29, 2010 compared to the thirteen-week period ended May 30, 2009. The decrease is attributable to the decline in overall demand within the furniture industry sector due to the prevailing conditions of the U.S. economy, the current housing market, store closings, and delays in receipt of merchandise from the Debtors' Chinese supplier, all as discussed in greater detail in the other first day motions, filed concurrently herewith.

10. The factual background relating to the Debtors' commencement of these chapter 11 cases is set forth in additional detail in the Declaration of Rami Abada in Support of First Day Motions (the "Abada Declaration") filed contemporaneously with this Motion and incorporated herein by reference.

Jurisdiction

11. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

12. The statutory predicates for the relief requested herein are Rule 9006(c)(1) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 9006-1(b) of the

Local Rules of the United States Bankruptcy Court for the Southern District of New York (the “Local Rules”).

Relief Requested

13. On or about July 20, 2010, the Debtors will file their Motion Of The Debtors To Approve Comprehensive Sale Process Including Sale To The Highest Bidders and to (A) Approve Bid Procedures And Protections; (B) Schedule a Sale Hearing; (C) Approve the Form and Manner of Notice Related Thereto; (D) Authorize Sale Free and Clear of All Liens, Claims, Encumbrances and Interests; and (E) Grant Related Relief (the “Sale Motion”).² Among other things, the Sale Motion seeks approval of (a) certain bidding procedures (the “Bid Procedures Relief”) in connection with the sale of inventory (the “Subject Assets”) in certain Exiting Stores, and (b) approval of the sale of the Subject Assets to the Buyer (as such term is defined below) or the Successful Bidder at the Auction.

14. Pursuant to Bankruptcy Rule 9006(c)(1) and Local Rule 9006-1(b),³ the Debtors hereby request a shortening of the notice period with respect to the relief sought in the Sale Motion so that the Debtors may seek entry of an order approving the Bid Procedures Relief (any such order, the “Bidding Procedures Order”) at a hearing to be schedules for July 23, 2010 at 3:00 p.m. (Eastern Time). The Debtors propose that any objections to the Bidding Procedures Order be filed and served so that they are actually received no later than July 23, 2010 at 10:00 a.m. (Eastern Time). The Declaration of Michael S. Fox in support of this Motion is attached hereto as Exhibit A.

² Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Sale Motion.

³ To the extent the notice period imposed by Bankruptcy Rule 2002(a)(2) is applicable, the Debtors seek relief, even though the Debtors do not believe this provision is applicable to the request for approval of the Bidding Procedures.

Basis For Relief: Grounds Exist to Shorten and Limit Notice

15. Bankruptcy Rule 9006(c)(1) provides that "when an act is required or allowed to be done at or within a specified time by these rules or by a notice given thereunder or by order of court, the court for cause shown may in its discretion with or without motion or notice order the period reduced." Fed. R. Bankr. P. 9006(c)(1).

16. This Motion seeks to shorten the notice period so that the Debtors may seek entry of the Bidding Procedures Order at the hearing on July 23, 2010. Accordingly, the Debtors respectfully request that the Court waive the required notice period and allow the Debtors to seek entry of the Bidding Procedures Order at the hearing on July 23, 2010.

17. The Debtors believe that shortened notice of the Bidding Procedures Order and an expedited hearing is warranted under the circumstances. As more fully described in the Sale Motion, the Debtors have executed a stalking horse Agency Agreement with GAFS (the "Buyer"), dated as of July 16, 2010, for the sale of the Subject Assets. Among other things, the Sale Motion seeks an order: (a) scheduling a hearing to be held before the Court on July 26, 2010 to consider the approval of the sale of the Subject Assets free and clear of all liens, claims and encumbrances; and (b) authorizing and approving the Bidding Procedures.

18. The Debtors respectfully submit that due process is not hindered as a result of the proposed shortening of the applicable notice periods. The Debtors further submit that granting the relief requested herein permits the Debtors to complete an important sale as part of their ongoing reorganization efforts on an expeditious basis, leaving the Debtors free to focus on preserving the value of their remaining properties and completing the other aspects their reorganization.

19. Under such circumstances, the Debtors submit that shortening the notice period for the Bid Procedures Relief as proposed herein is appropriate and will not prejudice the interests of any party in interest in these cases.

Notice

20. No trustee, examiner or statutory creditors' committee has been appointed in these chapter 11 cases. Notice of this Motion has been provided to: (i) Office of the United States Trustee for the Southern District of New York; (ii) those creditors holding the thirty (30) largest unsecured claims against the Debtors' estate (on a consolidated basis); (iii) counsel to Haining Mengnu Group Co. Ltd.; (iv) the SEC; (v) the IRS; (vi) all taxing authorities in relevant jurisdictions; (vii) all attorneys general in relevant jurisdictions; and (viii) any other party directly affected by this Motion. The Debtors submit that such notice is sufficient under the circumstances.

No Previous Request

21. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: New York, New York
July 19, 2010

OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP

By: /s/ Michael S. Fox
Michael S. Fox
Jordanna L. Nadritch
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

*Proposed Attorneys for the Debtors and
Debtors in Possession*

EXHIBIT A

Supplemental Declaration

**UNITED STATES BANKRUPTCY COURT
THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

DECLARATION OF MICHAEL S. FOX IN SUPPORT OF THE MOTION OF THE DEBTORS FOR AN ORDER SHORTENING TIME OF NOTICE WITH RESPECT TO A HEARING ON DEBTORS' REQUEST FOR AN ORDER (A) APPROVING BIDDING PROCEDURES FOR THE SALE TO THE HIGHEST BIDDER, (B) APPROVING CERTAIN BIDDER PROTECTIONS AND (C) SCHEDULING A FINAL HEARING AND APPROVING THE FORM AND MANNER OF NOTICE THEREOF

Michael S. Fox makes this declaration under 28 U.S.C. § 1746, and states:

1. I am a member of the firm of Olshan Grundman Frome Rosenzweig & Wolosky LLP (“Olshan”), a law firm with principal offices at 65 East 55th Street, New York, New York 10022.

2. I submit this declaration in support of the Motion of the Debtors for an Order Shortening Time of Notice with Respect to a Hearing on Debtors’ Request for an Order (A) Approving Bidding Procedures for the Sale to the Highest Bidder, (B) Approving Certain Bidder Protections and (C) Scheduling a Final Hearing and Approving the Form and Manner of Notice Thereof (the “Motion”).²

3. I declare that all statements made herein are made based on my own knowledge.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

² Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Sale Motion.

4. The facts as described in the Motion are incorporated herein.

5. The Debtors believe that shortened notice of the Bidding Procedures Order and an expedited hearing is warranted under the circumstances. As more fully described in the Sale Motion, the Debtors have executed an agency agreement with the Buyer for the sale of the Subject Assets. Among other things, the Sale Motion seeks an order (a) scheduling a hearing to be held before the Court on July 26, 2010 to consider the approval of the sale of the Subject Assets free and clear of all liens, claims and encumbrances; and (b) authorizing and approving the Bidding Procedures and a related Sale Notice.

6. The Debtors respectfully submit that due process is not hindered as a result of the proposed shortening of the applicable notice periods. The Debtors further submit that granting the relief requested herein permits the Debtors to complete an important sale as part of their ongoing reorganization efforts on an expeditious basis, leaving the Debtors free to focus on preserving the value of their remaining properties and completing the other aspects their reorganization.

7. Under such circumstances, the Debtors submit that shortening the notice period for the Bid Procedures Relief as proposed herein is appropriate and will not prejudice the interests of any party in interest in these cases.

8. Accordingly, the Debtors submit that they should be permitted to seek entry of the Bidding Procedures Order at the July 23, 2010 hearing, with objections to be filed and served no later than July 23, 2010 at 10:00 a.m. (Eastern Time).

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 19, 2010

/s/ Michael S. Fox
Michael S. Fox

EXHIBIT B

Proposed Order

**UNITED STATES BANKRUPTCY COURT
THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

ORDER SHORTENING TIME OF NOTICE WITH RESPECT TO A HEARING ON DEBTORS' REQUEST FOR AN ORDER (A) APPROVING BIDDING PROCEDURES FOR THE SALE TO THE HIGHEST BIDDER, (B) APPROVING CERTAIN BIDDER PROTECTIONS AND (C) SCHEDULING A FINAL HEARING AND APPROVING THE FORM AND MANNER OF NOTICE THEREOF

Upon the motion, dated July 19, 2010 (the "Motion")² of Jennifer Convertibles, Inc. and its affiliated debtors, as debtors in possession (collectively, the "Debtors"), for entry of an order shortening time of notice with respect to a hearing on debtors' request for an order (a) approving bidding procedures for the sale to the highest bidder, (b) approving certain bidder protections and (c) scheduling a final hearing and approving the form and manner of notice thereof; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. Pursuant to Bankruptcy Rule 9006(c)(1) and Local Rule 9006-1(b), the notice and objection periods for the Bid Procedures Relief are shortened and set forth herein.
3. A hearing to consider the relief sought in the Bid Procedures Relief and the entry of the Bidding Procedures Order is set for July 23, 2010 at 3:00 p.m. (Eastern Time).
4. Any objections to the Bid Procedures Relief must be filed, served and received no later than July 23, 2010 at 10:00 a.m. (Eastern Time).
5. This Court shall retain jurisdiction to resolve all matters relating to implementation of this Order.

Dated: July __, 2010
New York, New York

UNITED STATES BANKRUPTCY JUDGE