

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**ORDER AUTHORIZING THE DEBTORS UNDER BANKRUPTCY CODE
SECTION 363(b)(1) TO ENTER INTO A NEW LEASE**

Upon the motion, dated August 10, 2010 (the “Motion”)² of Jennifer Convertibles, Inc. and its affiliated debtors, as debtors in possession (collectively, the “Debtors”), for entry of an order authorizing the Debtors to enter into a new lease with B.R. Estate, Inc. (the “Landlord”); and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984; 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 a hearing having been held to consider the relief requested in the Application (the “Hearing”); and the appearances of all interested parties having been noted in the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion establish just

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.

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, creditors, and parties in interest; 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. The Debtors are authorized to enter into the Coram Lease with the Landlord.
3. If the Coram Lease is subsequently rejected under 11 U.S.C. § 365 during the course of the Debtors' bankruptcy cases, or terminated for any other reason, the Landlord has agreed to waive its administrative rejection claim under 11 U.S.C. §§ 503(b)(7) and 502(b)(6), in exchange for a claim for liquidated damages in the total amount of one month's base rent of \$15,000 as provided in the Coram Lease, which claim shall have priority under 11 USC §503(b)(1).
4. The Debtors are authorized and empowered to execute such other documents and take such further actions as may be necessary or appropriate to effectuate the terms of the Coram Lease.
5. This Court shall retain jurisdiction to resolve all matters relating to implementation of this Order.

Dated: August 31, 2010
New York, New York

/s/ Allan L. Gropper

UNITED STATES BANKRUPTCY JUDGE