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

In re:

JENNIFER CONVERTIBLES, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**NOTICE OF PROPOSED REJECTION OF UNEXPIRED LEASES**

**PLEASE TAKE NOTICE** that on August 31, 2010, the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) entered an *Order Approving Expedited Procedure for Rejection of Certain Unexpired Leases of Nonresidential Real Property* (the “Procedures Order”) in the above-referenced chapter 11 cases of Jennifer Convertibles, Inc. and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”), approving expedited procedures (the “Rejection Procedures”) for the rejection of unexpired leases of nonresidential property.

<sup>1</sup> 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).

**PLEASE TAKE FURTHER NOTICE** that in accordance with the terms of the Procedures Order, the Debtors hereby provide notice or have already provided notice of their intent to reject the leases described in Annex I hereto (the “Affected Leases”) and to abandon certain property that is related to or located on the premises that are subject to the Affected Leases (the “Related Property”). Pursuant to the terms of the Procedures Order, unless a written objection is filed and served accordance with the terms of the Procedures Order, the Affected Leases will be rejected pursuant to 11 U.S.C. § 365(a), and the Related Property shall be abandoned pursuant to 11 U.S.C. § 554(a) on the effective date set forth in this Notice, or, if no such date is set forth herein, the date this Notice is filed with the Court, provided, however, that the effective date of the rejection of a lease shall not occur until (i) the Debtors unequivocally relinquish control of the premises to the affected landlords in writing of the Debtors’ surrender of the premises or by turning over keys or “key codes” to the affected landlord, and (ii) the Collection Period (as defined below), if applicable, expires (the “Rejection Date”).

**PLEASE TAKE FURTHER NOTICE** that if any property that is proposed to be abandoned is subject to a personal property lease, the personal property lessor with respect to such property shall have seven (7) days from the date this Notice is filed to retrieve their property (the “Collection Period”).

**PLEASE TAKE FURTHER NOTICE** that, should you object to the Debtors’ rejection of the Affected Leases, you must file and serve a written objection so that such objection is filed with the Court and actually received by the following parties no later than fourteen (14) days after the date the Rejection Notice is filed with the court: (i) counsel to Jennifer Convertibles, Inc., Olshan Grundman Frome Rosenzweig & Wolosky LLP, Park Avenue Tower, 65 East 55<sup>th</sup> Street, New York NY 10022, Attention: Michael S. Fox, Esq. and Jordanna L. Nadritch, Esq.;

(ii) counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York NY 10178, Attention: James S. Carr, Esq.; and (iii) the Office of the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attention: Nazar Khodorovsky, Esq. and Andy Velez-Rivera, Esq.

**PLEASE TAKE FURTHER NOTICE** that if an objection to this Notice is timely filed and received in accordance with these Rejection Procedures, the Debtors shall attempt to reach a consensual resolution of such objection. If the parties are unable to resolve the objection, the Debtors shall schedule a hearing on such objection and shall provide at least five (5) days' notice of such hearing to the objecting party and the Objection Notice Parties. If such objection is overruled by the Court or withdrawn by the objecting party, then the applicable lease shall be deemed rejected as of (a) the Rejection Date, or (b) such other date as the Court may set forth in any order overruling such objection. If the objection concerns the abandonment of property or other matters that may be determined independently of the rejection of the lease, the rejection of such lease shall be deemed to have occurred on the Rejection Date.

**PLEASE TAKE FURTHER NOTICE** that, in connection with the rejection of an Affected Lease, if the Debtors have deposited monies with an Affected Lease counterparty as a security deposit or other arrangement, such Affected Lease counterparty may not set off or recoup or otherwise use such deposit without prior approval of this Court or agreement of the parties.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Order, should you have a claim for any damages as a result of any Affected Leases, you must submit a proof of claim to BMC Group, Inc. (the Debtors' claims and noticing agent) on or before the later of (i) the date that is thirty days after the effective date of the rejection of such Affected Lease, or (ii)

the general bar date established by this Court for filing proofs of claim against the Debtors. If you do not timely file such proof of claim, you shall be forever barred from asserting a claim for any damages.

**PLEASE TAKE FURTHER NOTICE** that, in all events, any personal property remaining at any premises as of the Rejection Date, or the expiration of the Collection Period if the property is subject to a true lease, shall be deemed abandoned without further order of this Court free and clear of any interests and landlord or its designee shall be free to dispose of same without liability to any party. The right of any party in interest to assert a claim against the Debtors' estates for costs associated with abandoned property is preserved; provided, however, that any claim must be made within the time set by this Court in this order for filing proofs of claim. The Debtors and the Committee's rights to contest any such claim are fully preserved.

Dated: New York, New York  
September 9, 2010

OLSHAN GRUNDMAN FROME  
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By: /s/ Michael S. Fox  
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**ANNEX I**

**Affected Leases**

No location set forth below is subject to a personal property lease, and there is no property to be abandoned.

<b><u>ADDRESS OF SUBJECT PROPERTY</u></b>	<b><u>MONTHLY RENTAL OBLIGATION</u></b>	<b><u>LEASE EXPIRATION</u></b>	<b><u>LANDLORD NAME/ADDRESS</u></b>	<b><u>EFFECTIVE DATE OF REJECTION</u></b>
50 Siler City Industrial Park Siler City, NC 27344		5/31/2010	Lee Properties, Inc. c/o Ronald T Hahn 203 Manchester Place Greensboro, NC 27410	<b>9/24/2010</b>