

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

In re:

JENNIFER CONVERTIBLES, INC., *et al.*¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)
(Jointly Administered)

Hearing Date: September 22, 2010 at 11:00 a.m. (EDT)
Objection Deadline: September 15, 2010 at 5:00 p.m. (EDT)

**ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT
OF DELOITTE FINANCIAL ADVISORY SERVICES LLP AS FINANCIAL ADVISORS
TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
JENNIFER CONVERTIBLES, INC., ET AL., NUNC PRO TUNC TO JULY 28, 2010**

Upon the application (the “Application”)² dated August 18, 2010, of the Official Committee of Unsecured Creditors (the “Committee”) of Jennifer Convertibles, Inc., *et al.* (collectively, the “Debtors”), pursuant to section 1103 of the Bankruptcy Code, Bankruptcy Rules 2014 and 5002, and Local Bankruptcy Rule 2014-1, for authority to retain and employ Deloitte Financial Advisory Services LLP (“Deloitte FAS”), *nunc pro tunc* to July 28, 2010; and upon the declaration of Narendra Ganti, a partner at Deloitte FAS, dated August 19, 2010 (the “Ganti Declaration”), filed in support of the Application; and the Court being satisfied and finding, based on the representations made in the Application and the Ganti Declaration, that Deloitte FAS represents no interest adverse to the Committee or the Debtors’ estates with respect to the matters upon which it is to be engaged; that Deloitte FAS’ employment is necessary and in the best interests of the Committee and the Debtors’ estates; that adequate notice of the

¹ The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd.; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; and (xii) Washington Heights Convertibles, Inc.

² Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Application.

Application has been given and that no other notice need to be given; and after due deliberation and sufficient cause appearing therefore, it is hereby ORDERED that:

1. The Application is GRANTED to the extent provided herein. To the extent that the Application and Engagement letter are inconsistent with this Order, the terms of this Order shall govern.

2. In accordance with section 1103 of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 5002, and Local Bankruptcy Rule 2014-1, the Committee is hereby authorized and empowered to employ and retain Deloitte FAS as its financial advisors, *nunc pro tunc* to July 28, 2010, and such retention and employment is hereby approved.

3. Deloitte FAS is authorized to provide the following services as requested by the Committee and agreed to by Deloitte FAS:

- (a) Assist the Committee in connection with its assessment of the Debtors' cash and liquidity requirements, as well as the Debtors' financing requirements;
- (b) Assist the Committee in connection with its monitoring of the Debtors' financial and operating performance, including its current operations, monthly operating reports, and other financial and operating analyses or periodic reports as provided by management or the Debtors' financial advisors;
- (c) Assist the Committee in connection with its evaluation of the Debtors' compensation and benefit plans and/or other incentive or bonus plans;
- (d) Assist the Committee in connection with its evaluation of the Debtors' business, operational and financial plans, both short-term and long-term, including with respect to actual results versus forecast, capital expenditure requirements, and cost reduction opportunities;
- (e) Assist the Committee in connection with its evaluation of the Debtors' statements of financial affairs and supporting schedules, executory contracts and claims;
- (f) Assist the Committee in connection with its evaluation of the Debtors' operating structure, business configuration and strategic alternatives;

- (g) Assist the Committee in connection with its evaluation of restructuring-related alternatives for the Debtors;
- (h) Assist the Committee in connection with the Committee's restructuring or reorganization-related negotiations including analysis, preparation or evaluation of any plan(s) of reorganization proposed by the Debtors, the Committee or a third party;
- (i) Assist the Committee in connection with its analysis of issues related to claims filed against the Debtors including reclamation issues, administrative, priority or unsecured claims, case litigation and contract rejection damages;
- (j) Assist the Committee in its evaluation of and negotiations in connection with auction procedures or sale transactions that may take place, including with respect to the Committee's evaluation of sale alternatives, bids, establishment of bid procedures, identification of additional potentially interested parties for the Debtors' assets, asset purchase agreement(s), working capital adjustments, valuation issues, asset/property sale(s), store closing/Going Out of Business sale(s) and other related matters;
- (k) Consistent with the scope of services set forth herein, attend and participate in hearings before the Court;
- (l) Assist the Committee, where appropriate, in its analysis of the books and records of the Debtors in connection with potential for recovery of funds to the estate from voidable transactions including related party transactions, preference payments and unenforceable claims; and
- (m) Provide such other related services as may be requested in writing by the Committee and as agreed to by Deloitte FAS.

4. Deloitte FAS shall be compensated in accordance with and will file

interim and final fee applications for allowance of its compensation and expenses and shall be subject to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York, dated November 25, 2009, and the United States Trustee Fee Guidelines (collectively, the "Fee Guidelines"), and the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Monthly

Compensation and Reimbursement of Expenses of Professionals (entered August 10, 2010) (the “Interim Compensation Order”).

5. Deloitte FAS shall be reimbursed only for reasonable and necessary expenses as provided by the Fee Guidelines and the Interim Compensation Order.

6. This Court shall retain jurisdiction over the implementation and interpretation of this Order.

Dated: New York, New York
September ____, 2010

THE HONORABLE ALLAN L. GROPPER
UNITED STATES BANKRUPTCY JUDGE