

KELLEY DRYE & WARREN LLP
James S. Carr
Eric R. Wilson
101 Park Avenue
New York, New York 10178
Tel: (212) 808-7800
Fax: (212) 808-7897

Counsel for the Official Committee of
Unsecured Creditors of Jennifer Convertibles, Inc., *et al.*

**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)

**MONTHLY STATEMENT OF SERVICES RENDERED AND EXPENSES INCURRED
BY KELLEY DRYE & WARREN LLP, COUNSEL FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS OF JENNIFER CONVERTIBLES, INC.,
ET AL. FOR THE PERIOD FROM AUGUST 1, 2010 THROUGH AUGUST 31, 2010**

In accordance with the Court's 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 (the "Interim Compensation Order"), dated August 10, 2010 (Docket No. 155), Kelley Drye & Warren, LLP ("Kelley Drye"), Counsel to the Official Committee of Unsecured Creditors (the "Committee") of Jennifer Convertibles, Inc., *et al.* (the "Debtors"), hereby submits its monthly statement of services rendered and expenses incurred (the "Statement") for the period August 1, 2010 through and including August 31, 2010 (the "Statement Period").

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.

I. Itemization of Services Rendered by Kelley Drye Professionals

| Name | Title | Law School Graduation Year | Year of Partnership | Total Hours | 2010 Hourly Rate | Fees Earned |
|------------------|-----------------|-----------------------------------|----------------------------|--------------------|-------------------------|---------------------|
| James S. Carr | Partner | 1987 | 1998 | 28.0 | \$645.00 | \$18,060.00 |
| Eric R. Wilson | Partner | 1997 | 2006 | 30.2 | \$585.00 | \$17,667.00 |
| Robert L. LeHane | Partner | 1998 | 2010 | 7.7 | \$520.00 | \$4,004.00 |
| Jason R. Adams | Associate | 2000 | N/A | 101.9 | \$485.00 | \$49,421.50 |
| Jennifer Raviele | Associate | 2008 | N/A | 15.0 | \$340.00 | \$5,100.00 |
| Vikki Bollettino | Associate | 2006 | N/A | 23.9 | \$305.00 | \$7,289.50 |
| Marie Vicinanza | Legal Assistant | N/A | N/A | 0.8 | \$220.00 | \$176.00 |
| Peter Kosiek | Legal Assistant | N/A | N/A | 1.1 | \$180.00 | \$198.00 |
| TOTAL: | | | | 208.6 | | \$101,916.00 |

1. Kelley Drye’s time records are itemized by the tenth of the hour and by individual timekeeper. Detailed time records of services rendered by Kelley Drye professionals during the Statement Period are attached hereto as Exhibit A.

II. Itemization of Services Rendered and Disbursements Incurred by Category

2. The following charts itemize services rendered by Kelley Drye professionals by matter and specify expenses incurred by category.

A. Detailed Summary of Services Rendered by Project Category

3. During the Statement Period, Kelley Drye professionals devoted time to the following matters:

| Matter | Hours | Fees Earned |
|--------------------------------|--------------|--------------------|
| General Case Administration | 75.8 | \$37,075.00 |
| Retention Matters | 27.2 | \$10,703.50 |
| Asset Disposition | 6.2 | \$3,517.00 |
| Executory Contracts and Leases | 8.5 | \$4,036.00 |
| Claims | 5.8 | \$2,853.00 |
| Committee Communications | 38.0 | \$19,716.00 |
| Business Operations | 34.0 | \$18,180.00 |

| Matter | Hours | Fees Earned |
|----------------|--------------|---------------------|
| Court Hearings | 13.1 | \$5,835.50 |
| TOTAL: | 208.6 | \$101,916.00 |

4. To assist in its review of the fees sought by Kelley Drye, Kelley Drye has divided its time entries into the project categories set forth below. Exhibit A identifies the attorneys that have rendered services in each category, along with the number of hours for each individual and the total compensation sought for each category.

General Case Administration (Fees: \$37,075.00 and Total Hours: 75.8)

5. This category represents time spent on general and administrative matters arising in this case, including general review of pleadings, meetings and communications with the Debtors, the U.S. Trustee and other parties in interest. This category also includes time spent preparing a liquidation analysis of the Debtors for discussions with the Debtors and Mengnu. Kelley Drye also participated in numerous conferences and meetings with the Debtors' professionals, advisors to Mengnu and the Committee's financial advisors regarding issues surrounding the Debtors' cash flows, the continued supply of merchandise to the Debtors, the Debtors' options and liquidation analysis, as well as the overall status of the case. Kelley Drye also conferred with the U.S. Trustee on numerous pleadings filed by the Debtors and the Committee's position regarding such pleadings. The During the Statement Period, the Committee also prepared papers to establish information sharing procedures with creditors and worked with the Debtors to provide for the sharing of the Debtors' documents and information with the Committee, including drafting a confidentiality agreement. This category also includes time spent maintaining a case calendar and a list of critical dates.

Retention Matters (Fees: \$10,703.50 and Total Hours: 27.2)

6. This category represents time spent analyzing the Debtors' motions to retain a real estate advisor and auditor, and discussing same with the Debtors. This category also includes preparation of the retention papers for the Committee's professionals, such as the Committee's counsel and financial advisors.

Asset Disposition (Fees: \$3,517.00 and Total Hours: 6.2)

7. Time in this category was spent addressing creditor inquiries regarding the status of store closings and inventory liquidation and correspondence with the Debtors regarding same. The category also includes communications with interested parties regarding potential offers to liquidate or purchase the Debtors' assets.

Executory Contracts and Leases (Fees: \$4,036.00 and Total Hours: 8.5)

8. This category represents time spent working with the Debtors to establish lease rejection procedures. This category also includes time spent reviewing and analyzing the Debtors' motion to enter into a new non-residential real property lease in Coram, N.Y.

Claims (Fees: \$2,853.00 and Total Hours: 5.8)

9. Time spent in this category was devoted to conducting a preliminary review of the Debtors' motion for an order establishing deadlines for filing proofs of claim and approving the form and manner of notice thereof and providing comments to the Debtors regarding the motion.

Committee Communications (Fees: \$19,716.00 and Total Hours: 38.0)

10. This category represents time spent communicating with Committee members regarding pleadings, the Debtors' business operations and the status of the Debtors' cases.

This category also includes time spent finalizing the Committee bylaws and confidentiality agreement.

Business Operations (Fees: \$18,180.00 and Total Hours: 34.0)

11. This category represents time spent (i) analyzing and working with the Debtors to finalize the Debtors' stipulation with Mengnu to establish an escrow agreement to ensure the continued supply of inventory; and (ii) analyzing, reviewing and revising the Debtors' interim stipulations with Merrick Bank regarding the Debtors' chargeback reserve account. This category also includes time spent analyzing the Debtors' continued first-day pleadings that implicate the Debtors' business operations as well as the review and analysis of the Debtors' cash flows.

Court Hearings (Fees: \$5,835.50 and Total Hours: 13.1)

12. This category represent time spent preparing for and attending court hearings. During the Statement Period the Committee participated in hearings on various issues including, among others, the Debtors' continued first day motions, applications to retain various professionals, and motion to establish lease rejection procedures.

C. Expenses Incurred

13. The total expenses incurred by Kelley Drye during the Statement Period were as follows:

| <u>Expenses</u> | <u>Amount</u> |
|---|----------------------|
| Cab Service | \$11.10 |
| Courier | \$9.95 |
| Duplication | \$130.20 |
| Meals | \$45.37 |
| Postage | \$67.55 |
| Long Distance Telephone/Conference Calls | \$76.14 |
| TOTAL: | \$340.31 |

III. Total Amounts Fees and Expenses Sought for the Statement Period

A. Total Fees and Expenses:

14. The total amounts of fees and expenses that Kelley Drye incurred during the Statement Period were as follows:

| | |
|---------------|---------------------|
| Fees | \$101,916.00 |
| Expenses | \$340.31 |
| TOTAL: | \$102,256.31 |

B. Amount Payable After Holdback

15. The fees earned for this Statement Period totaled \$102,256.31 for 208.6 hours of services performed. Pursuant to the Interim Compensation Order, the fees payable to Kelley Drye for the Statement Period, after adjustment for the 20% holdback, are \$81,805.04.

16. The total expenses incurred during the Statement Period are \$340.31.

17. Accordingly, Kelley Drye requests payment for the Statement Period in the total amount of \$82,145.35, which includes \$81,805.04 of fees (80% of total fees) and \$340.31 of expenses (100%).

18. Kelley Drye respectfully requests that such amounts be paid in accordance with the Interim Compensation Order.

Dated: New York, New York
September 21, 2010

KELLEY DRYE & WARREN LLP

By: /s/ James S. Carr
James S. Carr
Eric R. Wilson
101 Park Avenue
New York, New York 10178
Tel: (212) 808-7800
Fax: (212) 808-7897

Counsel for the Official Committee of
Unsecured Creditors of Jennifer Convertibles, Inc.,
et al.

EXHIBIT A – DETAILED TIME AND EXPENSE RECORDS

[Exhibit A was provided to the Debtors, Debtors' Counsel
and the Office of the United States Trustee]