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**UNITED STATES BANKRUPTCY COURT  
FOR 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)

**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 SEPTEMBER 1, 2010 THROUGH  
SEPTEMBER 30, 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 September 1, 2010 through and including September 30,

<sup>1</sup> 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.

2010 (the “Statement Period”).

**I. Itemization of Services Rendered by Kelley Drye Professionals**

<b>Name</b>	<b>Title</b>	<b>Law School Graduation Year</b>	<b>Year of Partnership</b>	<b>Total Hours</b>	<b>2010 Hourly Rate</b>	<b>Fees Earned</b>
James S. Carr	Partner	1987	1998	34.2	\$645.00	\$22,059.00
Jason R. Adams	Associate	2000	N/A	83.0	\$485.00	\$40,255.00
Vikki Bollettino	Associate	2009	N/A	29.9	\$305.00	\$9,119.50
Marie Vicinanza	Legal Assistant	N/A	N/A	6.1	\$220.00	\$1,342.00
<b>TOTAL:</b>				<b>153.2</b>		<b>\$72,775.50</b>

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:

<b>Matter</b>	<b>Hours</b>	<b>Fees Earned</b>
General Case Administration	19.2	\$8,628.00
Retention Matters	53.7	\$23,470.50
Fee Matters	16.3	\$7,019.00
Asset Disposition	.8	\$516.00
Executory Contracts and Leases	6.4	\$3,014.00
Claims	13.5	\$6,547.50
Disclosure Statement and Plan of Reorganization	2.9	\$1,496.50
Committee Communications	20.8	\$12,038.00
Business Operations	10.2	\$5,267.00

<b>Matter</b>	<b>Hours</b>	<b>Fees Earned</b>
Court Hearings	9.4	\$4,779.00
<b>TOTAL:</b>	<b>153.2</b>	<b>\$72,775.50</b>

4. To assist in the review of the fees sought, Kelley Drye has divided its time entries into the project categories set forth below. Exhibit A identifies the attorneys who 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: \$8,628.00 and Total Hours: 19.2)

5. This category represents time spent on general and administrative matters arising in this case, including general review of pleadings and communications with the Debtors, the U.S. Trustee and other parties in interest. This category also includes time spent conferring with the Debtors and Haining Mengnu Group Co. Ltd. (“Mengnu”) regarding the Debtors’ and Mengnu’s liquidation analyses. During the Statement Period, the Committee also resolved outstanding issues raised by the United States Trustee regarding the Committee’s motion to establish information sharing procedures. This category also includes time spent maintaining a case calendar and a list of critical dates.

**Retention Matters** (Fees: \$23,470.50 and Total Hours: 53.7)

6. This category represents time spent analyzing the Debtors’ reporting requirements with the Securities and Exchange Commission and examining the modified reporting requirements available for companies in financial distress in connection with the Debtors’ motion to retain Eisner LLP as auditors to the Debtors. This category also includes time spent preparing an objection to the Debtors’ motion to retain Eisner LLP based on whether such retention was in the best interest of the Debtors’ estate and general unsecured creditors. This category also includes time spent addressing additional conflicts issues raised by the United States Trustee in connection

with the retention of Committee counsel and preparing a supplemental declaration of James S. Carr resolving such issues.

**Fee Matters** (Fees: \$7,019.00 and Total Hours: 16.3)

7. This category represents time spent preparing and filing monthly fee statements for July 2010 and August 2010, and reviewing fee statement filed by other professionals retained in this case, including a fee statement filed by Deloitte Financial Advisory Services LLP as financial advisors to the Committee and two fee statements filed by Olshan Grundman Frome Rosenzweig & Wolosky LLP as counsel to the Debtors.

**Asset Disposition** (Fees: \$516.00 and Total Hours: .8)

8. Time in this category was spent communicating with counsel for an entity that expressed an interest in conducting due diligence to determine if it wants to purchase the Debtors' assets.

**Executory Contracts and Leases** (Fees: \$3,014.00 and Total Hours: 6.4)

9. This category represents time spent reviewing and analyzing the Debtors' notices to reject unexpired non-residential real property leases and addressing landlord inquiries.

**Claims** (Fees: \$6,547.50 and Total Hours: 13.5)

10. Time spent in this category was devoted to reviewing the Debtors' bar date motion and the form and manner of notice thereof. This category also includes time spent reviewing and providing comments to the Debtors' proof of claim form.

**Disclosure Statement and Plan of Reorganization** (Fees: \$1,496.50 and Total Hours: 2.9)

11. This category includes time devoted to negotiating with the Debtors' primary supplier, Mengnu, regarding potential terms of a plan of reorganization for the Debtors.

**Committee Communications** (Fees: \$12,038.00 and Total Hours: 20.8)

12. 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 preparing for and conducting weekly Committee conference calls.

**Business Operations** (Fees: \$5,267.00 and Total Hours: 10.2)

13. This category represents time spent reviewing and analyzing multiple stipulations between the Debtors and Merrick Bank regarding the Debtors' chargeback reserve account. This category also includes conferences with the Debtors and Mengnu regarding the Debtors' business operations.

**Court Hearings** (Fees: \$4,779.00 and Total Hours: 9.4)

14. This category represents time spent preparing for and attending court hearings. During the Statement Period the Committee participated in hearings on various issues including the Committee's motion to retain Kelley Drye as counsel to the Committee, the Debtors' motion to retain Eisner LLP as auditors, and the Debtors' bar date motion.

**B. Expenses Incurred**

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

<b><u>Expenses</u></b>	<b><u>Amount</u></b>
Cab Service	\$11.00
Courier	\$126.60
Duplication	\$841.00
Outside Messenger	\$12.00
Postage	\$259.35
Long Distance Telephone/Conference Calls	\$217.87
Westlaw Research	\$489.50
<b>TOTAL:</b>	<b>\$1,957.32</b>

**III. Committee Member Expenses Sought for the Statement Period**

16. The total Committee member expenses that Kelley Drye seeks reimbursement of on behalf of Committee members are as follows:

<b><u>Expenses</u></b>	<b><u>Amount</u></b>
Cab Service	\$107.00
Meals	\$20.57
Transportation/Airfare	\$690.90
<b>TOTAL:</b>	<b>\$818.47</b>

**IV. Total Amounts Fees and Expenses Sought for the Statement Period**

**A. Total Fees and Expenses:**

17. The total amount of fees and expenses that Kelley Drye seeks herein are as follows:

Fees	\$72,775.50
Kelley Drye Expenses	\$1,957.32
Committee Member Expenses	\$818.47
<b>TOTAL:</b>	<b>\$75,551.29</b>

**B. Amount Payable After Holdback**

18. The fees earned for this Statement Period totaled \$72,775.50 for 153.2 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 \$58,220.40.

19. The total expenses incurred by Kelley Drye during the Statement Period are \$1,957.32. The total expenses incurred by Committee members are \$818.47.

20. Accordingly, Kelley Drye requests payment for the Statement Period in the total amount of \$60,996.19, which includes \$58,220.40 of fees (80% of total fees) and \$2,775.79 of expenses (100%).

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

Dated: New York, New York  
October 15, 2010

**KELLEY DRYE & WARREN LLP**

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**EXHIBIT A – DETAILED TIME AND EXPENSE RECORDS**

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