

**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)

**REVISED ORDER AUTHORIZING DEBTORS TO EMPLOY KGS LLP AS TAX
PROFESSIONALS UTILIZED IN THE ORDINARY COURSE OF BUSINESS
PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a), 327(a) AND 330**

Upon the Application, dated October 19, 2010 (the “Application”)² of Jennifer Convertibles, Inc. and its affiliated debtors, as debtors in possession (collectively, the “Debtors”), for entry of an order pursuant to sections 327(a), 330, 331 and 1107(b) of title 11 of the Bankruptcy Code, Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2014-1 of the Local Rules of the Bankruptcy Court of the Southern District of New York (the “Local Rules”), authorizing the Debtors to retain and employ KGS LLP (“KGS”), as their tax professionals, effective as of the date hereof; and upon consideration of the supplemental Affidavit of Mitchell Kahn in support of employment of KGS LLP as a professional utilized in the ordinary course of business (the “Supplemental Affidavit”); and consideration of the Application and the Supplemental Affidavit 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 Supplemental Affidavit and the relief requested therein pursuant

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.

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 Application and the Supplemental Affidavit 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 and the Supplemental Affidavit (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 Application and the Supplemental Affidavit establish just cause for the relief granted herein; and it appearing that the relief requested in the Application and the Supplemental Affidavit 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. To the extent provided herein, the Application is GRANTED.
2. Pursuant to sections 327(a), 330, 331 and 1107(b) of the Bankruptcy Code, the Debtors hereby are authorized to retain KGS as their tax professionals in these chapter 11 cases effective as of the date hereof, in accordance with the terms and conditions set forth in the Application and the Supplemental Affidavit and this Order, provided, however, that to the extent that the Application, Supplemental Affidavit, and the Engagement Letter are inconsistent with this Order, the terms of this Order shall govern.
3. KGS is authorized to perform the services set forth in the Application and the Supplemental Affidavit. In the event that the Debtors elect to retain KGS for the performance of

any other permitted non-taxation related services, and KGS agrees to such retention, such non-taxation related services and the terms of their provision by KGS shall be set forth in a separate engagement letter, and a supplemental employment application with respect to such non-taxation related services shall be filed with the Bankruptcy Court.

4. Except as otherwise set forth herein, KGS 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 Order of this Court entered on August 10, 2010 establishing procedures for interim monthly compensation and reimbursement of expenses of professionals (docket no. 155), the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York, dated November 25, 2009 (the “Amended Fee Guidelines”), and the United States Trustee Fee Guidelines (collectively, the “Fee Guidelines”).

5. KGS shall be reimbursed only for reasonable and necessary expenses as provided by the Fee Guidelines.

6. The Debtors shall give proper notice to the United States Trustee for the Southern District of New York, this Court, and the Official Committee of Unsecured Creditors if there are any increases in KGS' billing rates.

7. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

8. This Court shall retain jurisdiction to resolve all matters relating to implementation of this Order.

Dated: _____, 2010
New York, New York

UNITED STATES BANKRUPTCY JUDGE