

GREENBERG TRAURIG, LLP

Hearing Date: December 21, 2010
Hearing Time: 11:00 a.m.

Nathan A. Schultz (Admitted Pro Hac Vice)
2450 Colorado Avenue, Suite 400 East
Santa Monica, CA 90404
Telephone: (310) 586-7700
Facsimile: (310) 586-7800
Email: schultzn@gtlaw.com

*Attorneys for Ashley HomeStores, Ltd. and
Ashley Furniture Industries, Inc.*

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

-----		X
	:	
In re:	:	Chapter 11
	:	
JENNIFER CONVERTIBLES, INC.	:	Case No. 10-13779 (ALG)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----		X

**RESERVATION OF RIGHTS OF ASHLEY HOMESTORES, LTD. AND
ASHLEY FURNITURE INDUSTRIES, INC. WITH RESPECT TO
(I) FINAL HEARING ON DEBTOR'S EMERGENCY MOTION FOR ENTRY OF
AN ORDER AUTHORIZING THE DEBTORS TO ENTER INTO A DIP CREDIT
AGREEMENT; AND (II) DEBTORS' MOTION FOR ORDER: (A) APPROVING
THE DISCLOSURE STATEMENT [...]**

TO: THE HONORABLE ALLAN L. GROPPER,
UNITED STATES BANKRUPTCY JUDGE

Ashley HomeStores, Ltd. ("AHL") and Ashley Furniture Industries, Inc. ("AFI," and together with AHL, "Ashley") hereby respectfully submit this Reservation of Rights with respect to (I) the final hearing on the Debtor's Emergency Motion For Entry Of An Order Authorizing The Debtors To Enter Into A DIP Credit Agreement [Docket No. 335] (the "DIP Motion"); and (II) the Debtors' Motion For Order: (A) Approving the Disclosure Statement [...] [Docket No. 340] (the "Disclosure Statement Motion") filed by Jennifer Convertibles, Inc. and its affiliated

debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors").

RESERVATION OF RIGHTS

Ashley files this Reservation of Rights to ensure that, notwithstanding Ashley not having filed an objection regarding final approval of the DIP Motion and the Disclosure Statement Motion, the record is clear-- Ashley does not and should not be deemed in any way to waive any and all of its rights (which rights Ashley expressly reserves): (i) under the Trademark Usage Agreements ("TUAs") between AHL and debtor Hartsdale Convertibles, Inc. ("Hartsdale"); (ii) under applicable law with respect to the trademarks that are the subject of the TUAs; (iii) to object to the pending motion to assume the TUAs (the "Assumption Motion"); (iv) to object to the Debtors' chapter 11 plan (the "Plan") and any provision or term thereof; (v) to conduct discovery with respect to the Assumption Motion or the Plan; and (vi) to contest any factual or legal contention made in the Disclosure Statement or the Plan. For avoidance of doubt, Ashley does not consent to the encumbrance of Hartsdale's assets and/or estate with claims and liens for post-petition financing pursuant to the DIP Motion.

Dated: December 14, 2010
Santa Monica, California

GREENBERG TRAURIG, LLP

By: /s/ Nathan A. Schultz _____

Nathan A. Schultz (Admitted Pro Hac Vice)
2450 Colorado Avenue
Suite 400 East
Santa Monica, CA 90404
Telephone: (310) 586-7700
Facsimile: (310) 586-7800
Email: schultzn@gtlaw.com

*Attorneys for Ashley Homestores, Ltd. and
Ashley Furniture Industries, Inc.*