

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

In re:

Jennifer Convertibles, Inc.¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

Jointly Administered

ORDER: (A) APPROVING THE DISCLOSURE STATEMENT; (B) FIXING THE VOTING RECORD DATE; (C) APPROVING THE SOLICITATION MATERIALS AND PROCEDURES FOR DISTRIBUTION THEREOF; (D) APPROVING THE FORMS OF BALLOTS AND ESTABLISHING PROCEDURES FOR VOTING ON THE DEBTORS' JOINT PLAN OF REORGANIZATION; (E) SCHEDULING A HEARING AND ESTABLISHING NOTICE AND OBJECTION PROCEDURES IN RESPECT OF THE CONFIRMATION OF DEBTORS' JOINT PLAN OF REORGANIZATION; AND (F) GRANTING RELATED RELIEF

Upon consideration of the motion (the "Motion")² of the debtors and debtors in possession in the above-captioned cases (each a "Debtor" and, collectively, the "Debtors") for entry of an order (the "Disclosure Statement Order") (a) approving the Disclosure Statement With Respect to the Joint Chapter 11 Plan of Reorganization for Jennifer Convertibles, Inc. and its Affiliated Debtors (as the same may be amended, modified and/or supplemented after the date thereof, the "Disclosure Statement"); (b) fixing the voting record date; (c) approving the solicitation materials and procedures for distribution thereof; (d) approving the forms of ballots and establishing procedures for voting on the Debtors' Joint Chapter 11 Plan of Reorganization for Jennifer Convertibles, Inc. and its Affiliated Debtors (the "Plan"); (e) scheduling a hearing and establishing

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).

notice and objection procedures in respect of confirmation of the Debtors' Plan (the "Confirmation Hearing"); and (f) granting related relief; and the Court having jurisdiction to consider the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having filed with the Court the Disclosure Statement and the Plan; and the Court having reviewed the Disclosure Statement, the Motion, and the responses thereto; and the Court having found and determined that the legal and factual bases set forth in the Motion and at the Disclosure Statement Hearing establish just cause for the relief granted herein; and sufficient notice of the Motion having been given; and no other or further notice being necessary or required; and it appearing to the Court, based upon the full record of these cases that the Motion should be granted; and after due deliberation, and sufficient cause appearing therefor,

IT IS HEREBY FOUND THAT:

A Notice of the Motion and the Disclosure Statement Hearing was served as proposed in the Motion, and such notice constitutes good and sufficient notice to all interested parties and no other or further notice need be provided.

B The Disclosure Statement contains "adequate information" within the meaning of section 1125 of the Bankruptcy Code.

C The forms of the Ballots annexed hereto as Exhibits A and B are sufficiently consistent with Official Form No. 14 and adequately addresses the particular needs of these

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion

chapter 11 cases and are appropriate for each class of claims that is entitled to vote to accept or reject the Plan.

D The forms of the ballots require the furnishing of sufficient information to assure that duplicate ballots are not submitted and tabulated.

E Ballots need not be provided to the holders of unimpaired claims in Class 1 (Priority Non-Tax Claims) because the Plan provides that such classes are unimpaired and, therefore, conclusively presumed to accept the Plan.

F Ballots need not be provided to the holders of claims and interests in Class 4 (Preferred Stock Interests) and Class 5 (Common Stock Interests) because such holders are deemed to reject the Plan.

G The period, set forth below, during which the Debtors may solicit acceptances to the Plan is a reasonable and adequate period of time under the circumstances for creditors to make an informed decision to accept or reject the Plan.

H The procedures for the solicitation and tabulation of votes to accept or reject the Plan (as more fully set forth in the Motion and below) provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

I The notice substantially in the form annexed hereto as Exhibit E (the “Confirmation Hearing Notice”) and the procedures set forth below for providing such notice to all creditors and equity security holders of the time, date and place of the hearing to consider confirmation of the Plan (the “Confirmation Hearing”) and the contents of the Solicitation Materials (as defined below) comply with Bankruptcy Rules 2002 and 3017 and constitute sufficient notice to all interested parties. It is hereby

ORDERED, ADJUDGED AND DECREED that:

1. The Motion is granted to the extent set forth herein.
2. The Disclosure Statement is **APPROVED** pursuant to section 1125(a)(1)

of the Bankruptcy Code and Bankruptcy Rule 3017(b). All unresolved objections to the Disclosure Statement are overruled for the reasons stated on the record of the Disclosure Statement Hearing.

3. The Debtors, in consultation with counsel to the Creditors' Committee, is authorized to make non-material changes to the Disclosure Statement, the Plan and related documents (including the appendices thereto and exhibits to this Disclosure Statement Order) before distributing Solicitation Materials to each creditor or other party in interest in accordance with the terms of this Disclosure Statement Order without further order of the Bankruptcy Court, including changes to correct typographical, clerical and grammatical errors, and to make conforming changes among the Disclosure Statement, the Plan and related documents and all appendices thereto, including the form of letters of support of the Plan submitted by the Debtors and the Creditors' Committee.

4. The Debtors are authorized to solicit, receive and tabulate votes to accept or reject the Plan in accordance with the Solicitation Procedures attached hereto as Exhibit D and incorporated by reference herein, which are hereby approved.

5. The following dates and deadlines are hereby established with respect to voting on and confirmation of the Plan:

- (i) **[December 20], 2010 at 4:00 p.m. Eastern Time** shall be the date for determining: (a) the holders of claims entitled to receive Solicitation Materials; (b) the holders of claims entitled to vote to accept or reject the Plan; and (c) whether claims have been properly transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the holder of such Claim (the "Record Date");

(ii) the Debtors shall distribute Solicitation Materials and the Confirmation Hearing Notice within five business days of entry of this Disclosure Statement Order (the “Solicitation Deadline”);

(iii) As further provided below, any party who wishes to have its claim allowed for purposes of voting on the Plan in a manner or amount that is inconsistent with the Ballot it received or the rules set forth herein shall serve on counsel to each of the Debtors and the Creditors’ Committee, and file with the Bankruptcy Court, on or before **[DATE], 2011 at 4:00 p.m. Eastern Time**, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim for voting purposes (the “Rule 3018(a) Motion Deadline”).

(iv) All holders of claims in the Voting Classes must complete, execute and return their Ballots so that they are **actually received** by the BMC Group, Inc., the Debtors’ Notice and Claims Agent pursuant to the Solicitation Procedures, on or before **[DATE], 2011 at 4:00 p.m. Eastern Time** (the “Voting Deadline”);

(v) **[DATE], 2011 at 4:00 p.m. Eastern Time** shall be the date by which objections to the Plan must be filed with the Bankruptcy Court and served so as to be actually received by the parties set forth in paragraph 7 herein (the “Plan Objection Deadline”); and

(vi) The Bankruptcy Court shall consider confirmation of the Plan at the hearing to be held on **[January 25, 2011] at [11:00 a.m.] (ET)** (the “Confirmation Hearing”).

6. The Debtors are authorized to distribute solicitation materials (the “Solicitation Materials”) including:
- a. this Order (without the exhibits annexed hereto);
 - b. either
 - i. the applicable Ballot, together with a return envelope and the Disclosure Statement, together with the Plan and other exhibits annexed thereto, or
 - ii. Notice of Non-Voting Status, as applicable;
 - c. with respect to holders of Claims in Classes 2 and 3, a letter from the Creditors’ Committee recommending that such holders vote to accept the Plan, which letter will be in form and substance mutually agreeable to the Debtors, and the Creditors’ Committee

by **[DATE], 2010** (the “Solicitation Commencement Date”) to: (A) all persons or entities identified on the Debtors’ schedules of liabilities that have been filed pursuant to section 521 of the

Bankruptcy Code and Bankruptcy Rule 1007 (as amended or modified prior to the Record Date, the “Schedules”) as holding liquidated, noncontingent, and undisputed claims, in an amount greater than zero dollars, excluding scheduled claims that have been (1) superseded by a timely filed proof of claim, (2) disallowed and/or expunged, or (3) paid in full; (B) all parties having filed timely proofs of claims as reflected on the official claims register maintained by BMC, as of the close of business on the Record Date, and whose claims have not been disallowed or expunged prior to the Solicitation Commencement Date; and (C) the assignee of a transferred and assigned claim (whether a filed or scheduled claim) shall be entitled to receive such Solicitation Materials if the transfer and assignment has been noted on the Court’s docket and is effective pursuant to Bankruptcy Rule 3001(e) as of the close of business on the Record Date; and (D) the holders of the Debtors’ equity securities, including registered holders as of the Record Date.

7. The Debtors are authorized to distribute a copy of this Order (without the exhibits annexed hereto), the Confirmation Hearing Notice and the Disclosure Statement (together with the Plan and other exhibits annexed thereto) to, among other parties (to the extent such parties did not receive the Solicitation Materials): (a) the United States Trustee for the Southern District of New York (the “United States Trustee”); (b) counsel to the Creditors Committee; (c) counsel for Mengnu; (d) the Securities and Exchange Commission; (e) the Department of Justice; (f) the Internal Revenue Service; (g) all relevant federal, state and local taxing authorities at their statutory addresses; and (h) all parties who have filed a request for service of all pleadings in these cases.

8. Solicitation Materials, which shall include Ballots, shall be distributed to holders, as of the Record Date, of claims in Class 2 (Mengnu Unsecured Claims) and Class 3

(General Unsecured Claims), which classes are designated under the Plan as entitled to vote to accept or reject the Plan.

9. A copy of this Order, the Confirmation Hearing Notice and Notice of Non-Voting Status shall be distributed to holders, as of the Record Date, of unimpaired claims in Class 1 (Priority Non-Tax Claims) and holders of claims and interests in Class 4 (Preferred Stock Interests) and Class 5 (Common Stock Interests) that are deemed to reject the Plan.

10. The Debtors are not required to distribute copies of the Plan and Disclosure Statement to any holder of a claim or interest in Class 1 (Priority Non-Tax Claims), Class 4 (Preferred Stock Interests) and Class 5 (Common Stock Interests), unless such holder makes a specific request in writing for the same.

11. With respect to addresses from which one or more prior notices served in these cases were returned as undeliverable by the United States Postal Service, the Debtors are excused from distributing Solicitation Materials to those entities listed at such addresses if the Debtors are unable to obtain accurate addresses for such entities before the Solicitation Commencement Date after having exercised good faith efforts to obtain more current addresses, and failure to attempt to re-deliver Solicitation Materials to such entities will not constitute inadequate notice of the Confirmation Hearing, the Voting Deadline, or a violation of Bankruptcy Rule 3017(d).

12. All Ballots must be properly executed, completed, and the original thereof shall be delivered to BMC so as to be actually received by no later than the Voting Deadline.

13. All holders of Claims in Class 2 (Mengnu Unsecured Claims) and Class 3 (General Unsecured Claims) that do not wish to grant and, if applicable, receive the releases

provided for in the Plan, are required to check the box on the applicable ballot indicating that they opt not to grant such release.

14. Any holder of a claim who seeks to have its claim allowed for voting purposes in an amount different from that which is set forth in the Schedules, the Plan, the Disclosure Statement, or the procedures set forth herein, must file a motion (a “3018 Motion”), as set forth in the Solicitation Procedures, seeking a hearing to consider the estimation of such claim before ten (10) days prior to the Voting Deadline, provided that such claim is disputed or objected to at least 20 days prior to the Voting Deadline. Such 3018 Motion shall set forth with particularity, the amount at which such claimant believes its claim should be allowed, and the evidence in support thereof.

15. If the Bankruptcy Court has not, on or before the Voting Deadline, temporarily or otherwise allowed all or a portion of a claim set forth in a Claimant Voting Motion for voting purposes, pursuant to Bankruptcy Rule 3018(a), such claim shall not be counted for voting purposes.

16. In the event that a party timely files a Claimant Voting Motion pursuant to this Order, such party may, after conferring with the Debtors, seek to schedule an expedited hearing before the Court with respect to such motion for a date prior to the Confirmation Hearing. In the event the Debtors file a motion objecting to or estimating a claim that is subject of a Claimant Voting Motion, such Claimant Voting Motion shall be consolidated with the Debtors’ motion objecting to or estimating such claim.

17. In the event that a claimant reaches an agreement with the Debtors as to the treatment of its claim for voting purposes, a stipulation setting forth that agreement may be presented to the Bankruptcy Court for approval by notice of proposed stipulation and order, with

presentment upon three (3) calendar days' notice to: (a) the United States Trustee; and (b) counsel to the Creditors Committee.

18. If a creditor casts more than one Ballot voting the same claim(s) before the Voting Deadline, the latest dated, properly executed ballot received before the Voting Deadline is deemed to reflect the voter's intent and, thus, to supersede any prior ballots.

19. Creditors must vote all of their claims within a particular class under the Plan, whether or not such claims are asserted against the same or multiple Debtors, either to accept or reject the Plan and may not split their vote(s), and thus a ballot that partially accepts and partially rejects the Plan will not be counted.

20. Any Ballot that is otherwise properly completed, executed, and timely returned to BMC but does not indicate an acceptance or rejection of the Plan, or indicates both an acceptance and a rejection of the Plan, shall not be counted.

21. Except in the Debtors' discretion, in consultation with the Creditors' Committee, any ballot received after the Voting Deadline shall not be counted.

22. A vote shall be disregarded if this Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

23. Any Ballot that is illegible or contains insufficient information to permit the identification of the claimant or interest holder shall not be counted.

24. Any Ballot cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject the Plan shall not be counted.

25. Any unsigned Ballot or signed but unoriginal ballot shall not be counted.

26. Except in the Debtors' discretion, in consultation with the Creditors' Committee, any ballot transmitted to BMC by facsimile or other electronic means shall not be counted.

27. In accordance with section 1125(e) of the Bankruptcy Code, to the fullest extent permitted by law, none of the Debtors (including their respective directors, officers, employees, shareholders, members, partners, agents or representatives (including attorneys, accountants, financial advisors and investment bankers), each solely in their capacity as such) shall have any liability on account of soliciting votes on the Plan or participating in such solicitation, for violation of any applicable law, rule, or regulation governing solicitation of acceptance or rejection of a plan or the offer, issuance, sale or purchase of securities.

28. The Confirmation Hearing Notice is approved.

29. The requirement pursuant to Local Rule 3018-1(a) that the vote certification be submitted to the Court at least five (5) days prior to the Confirmation Hearing is hereby waived; provided, however, the Debtors shall submit the vote certification to the Court no later than three (3) days before the Confirmation Hearing, as set forth in the Solicitation Procedures.

30. The Confirmation Hearing will be held at [11:00 a.m.] (prevailing New York Time) on [January 25], 2011; provided, however, that the Confirmation Hearing may be adjourned from time to time by the Court or the Debtors without further notice to parties other than an announcement at or before the Confirmation Hearing or any adjourned Confirmation Hearing.

31. The Debtors will post the Confirmation Hearing Notice electronically on their reorganization website <http://www.bmcgroup.com/jenniferconvertibles>.

32. Objections to confirmation of the Plan, if any, must: (a) be made in writing; (b) state with particularity the legal and factual ground therefor, and, if practicable, propose

modification to the Plan that would resolve such objection; (c) conform to the Bankruptcy Rules and the Local Rules; (d) be filed with the Bankruptcy Court electronically in accordance with General Order M-182 (General Order M-182 and the User's Manual for the Electronic Case Filing System can be found at www.nysb.uscourts.gov, the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), Microsoft Word or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers); and (e) be served in accordance with General Order M-182, so as to be received by each of the Notice Parties no later than 4:00 p.m. (prevailing Eastern Time) on [DATE], 2011. The Notice Parties are as follows:

Counsel to the Debtors: Olshan Grundman Frome Rosenzweig & Wolosky LLP
Park Avenue Tower
65 East 55th Street
New York, NY 10022
Attention: Michael S. Fox, Esq.
[and Jordanna L. Nadritch, Esq.](#)

Counsel to the Creditors' Committee: Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10017
Attention: James S. Carr, Esq.
[and Jason Adams, Esq.](#)

United States Trustee: Office of the United States Trustee
33 Whitehall Street, 21st Floor
New York, NY 10004
Attention: Nazar Khodorovsky
[and Andy Velez-Rivera](#)

Counsel for Mengnu, as
Plan Sponsor:

Neiger LLP
317 Madison Avenue
21st Floor
New York, NY 10017
Attention: Edward Neiger, Esq.

33. In the event that multiple objections to confirmation of the Plan are filed, the Debtors and any other party in interest are authorized to file a single, omnibus reply to such objections.

34. Nothing in this Disclosure Statement Order shall be construed as a waiver of the rights of the Debtors or any other party in interest, as applicable, to object to a proof of claim after the Record Date.

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

36. ~~34.~~ Objections to confirmation of the Plan not timely filed and served in the manner set forth above shall not be considered by the Bankruptcy Court and shall be overruled.

37. ~~35.~~ The Debtors are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court, including, but not limited to, the making of any payments reasonably necessary to perform the actions and distributions contemplated herein.

38. With respect to the Plan Supplement, the rights of any party to object to the Plan based on information contained in the Plan Supplement is reserved.

39. ~~36.~~ This Court shall retain jurisdiction with respect to all matters related to this Order.

Dated: _____, 2010
New York, New York

HONORABLE ALLAN L. GROPPER
UNITED STATES BANKRUPTCY JUDGE