

**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

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 Chi cago 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

and establishing 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 address the particular needs of these 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 **January 7, 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 **January 18, 2011 at 4:00 p.m. Eastern Time** (the "Voting Deadline");

(v) **January 18, 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. Eastern Time** (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 December 23, 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 Disclosure Statement 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. 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 a properly filed proof of claim, the Schedules, the Plan, the Disclosure Statement, or the procedures set forth herein, must file a

motion (a “Rule 3018(a) 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. Such Rule 3018(a) Motion shall set forth with particularity, the amount at which such claimant believes its claim should be allowed, and the evidence in support thereof.

14. In the event that a party timely files a Rule 3018(a) 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 on or prior to the Confirmation Hearing. In the event the Debtors file a motion objecting to or estimating a claim that is subject of a Rule 3018(a) Motion, such Rule 3018(a) Motion shall be consolidated with the Debtors’ motion objecting to or estimating such claim.

15. 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.

16. 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.

17. 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.

18. 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.

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

20. 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.

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

22. 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.

23. 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.

24. The Confirmation Hearing Notice is approved.

25. 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.

26. 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.

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

28. 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 January 18, 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.

29. 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.

30. 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.

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

32. 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.

33. 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.

34. 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.

35. This Court shall retain jurisdiction with respect to all matters related to this Order.

Dated: December 22, 2010
New York, New York

/s/ Allan L. Gropper
HONORABLE ALLAN L. GROPPER
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Ballot for Class 2

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

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

In re:

JENNIFER CONVERTIBLES INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

Jointly Administered

**BALLOT FOR ACCEPTING OR REJECTING
CHAPTER 11 PLAN OF REORGANIZATION
OF JENNIFER CONVERTIBLES, INC. AND ITS AFFILIATED DEBTORS**

**BALLOT FOR VOTING CLAIMS:
CLASS 2: MENGNU UNSECURED CLAIM**

The debtors and debtors in possession in the above-captioned cases (each a “Debtor” and, collectively, the “Debtors”), filed a Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors, dated November 19, s may be amended and/or modified, the “Plan”). On December 21, 2010, the Bankruptcy Court approved a Disclosure Statement with Respect to the Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors, dated November 19, 2010 (the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote your Ballot.² If you do not have a Disclosure Statement, you may obtain one by calling the Debtors’ Claims Agent, BMC Group, Inc., at (888) 909-0100. Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan by the Bankruptcy Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your Claim has been placed in Class 2 (Mengnu Unsecured Claim) under the Plan. If you hold claims or equity interests in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote.

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 have the respective meanings ascribed to them in the Plan (as defined below).

THE VOTING DEADLINE BY WHICH YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE DEBTORS' VOTING AGENT, BMC GROUP, INC. IS 4:00 P.M. (EASTERN TIME) ON JANUARY 18, 2011. IF YOUR BALLOT IS NOT ACTUALLY RECEIVED ON OR BEFORE THE VOTING DEADLINE, YOUR BALLOT WILL NOT BE COUNTED.

If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

If you are a Holder of a Class 2 Mengnu Unsecured Claim, please use this Ballot to cast your vote to accept or reject the Plan. Capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Plan. The Plan is Exhibit 1 to the Disclosure Statement, which accompanies this Ballot. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you if it is accepted by the holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each Class that votes on the Plan, and if it otherwise satisfies the requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained (or if a Class of Claims or Interests is deemed to reject the Plan), the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the Class or Classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. To have your vote count, you must complete, sign and return this Ballot in accordance with the instructions set forth below.

HOW TO VOTE

1. Complete ITEM 1.
2. Cast your vote either to accept or reject the Plan by checking the proper box in ITEM 2.
3. Review ITEM 3 carefully.
4. Review the certifications contained in ITEM 4.
5. **SIGN AND DATE THE BALLOT.** Unsigned Ballots will not be counted.
6. **YOU MUST VOTE ALL YOUR UNSECURED CLAIMS EITHER TO ACCEPT OR TO REJECT THE PLAN AND MAY NOT SPLIT YOUR VOTE. EXCEPT IN THE SOLE DISCRETION OF THE DEBTORS, SPLIT VOTES WILL NOT BE COUNTED.**
7. **RETURN THE BALLOT IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE.**

Item 1. Amount of Claim Voted. The undersigned certifies that as of December 20, 2010, the undersigned was the Holder of a Class 2 Mengnu Unsecured Claim in the amount set forth below:

\$

Item 2. Vote. The undersigned Holder of the Claim votes as follows (check ONE box only — if you do not check a box, or if you check both boxes, your vote will not be counted):

to **Accept** the Plan. to **Reject** the Plan.

Item 3. IMPORTANT INFORMATION REGARDING THE RELEASES CONTAINED IN THE PLAN

On the Effective Date, certain release, injunction, exculpation and discharge provisions will become effective. It is important to read the provisions contained in Article XII of the Plan very carefully so that you understand how confirmation and consummation of the Plan – which effectuates such provisions – will affect you and any Claim you may hold against the Debtors so that you cast your vote accordingly.

Specifically, subject to certain exceptions set forth therein, Section 12.08 of the Plan provides as follows:

Except as otherwise provided in this Plan or the Confirmation Order, on the Effective Date, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, each Holder of a Claim that does not vote to reject the Plan and any Person who receives a Distribution under the Plan, in consideration for the obligations of the Debtors and the other Released Parties under this Plan, the Plan Distributions, the New Common Stock and other contracts, instruments, releases, agreements or documents executed and delivered in connection with this Plan, will be deemed to consensually forever release, waive and discharge all Claims, demands, debts, rights, Causes of Action or liabilities (other than the right to enforce the obligations of any party under this Plan and the contracts, instruments, releases, agreements and documents delivered under or in connection with this Plan), including, without limitation, any Claims for any such loss such Holder may suffer, have suffered or be alleged to suffer as a result of the Debtors commencing the Chapter 11 Cases or as a result of this Plan being consummated, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, this Plan or the Disclosure Statement against any Released Party.

Item 4. Authorization. By executing this Ballot, the undersigned Holder of a Class 2 Mengnu Unsecured Claim certifies that it (a) has full power and authority to vote to accept or reject the Plan with respect to the Claim referenced in Item 1, (b) was the Holder of such a Claim on and as of December 20, 2010, and (c) has received a copy of the Disclosure Statement and understands that the solicitation of votes for the Plan is subject to all the terms and conditions set forth in the Disclosure Statement.

No fees, commissions, or other remuneration will be payable to any broker, dealer or other person for soliciting votes on the Plan. This Ballot shall not constitute or be deemed a proof of claim, an assertion of a claim, or an admission by the Debtors of the nature, validity or amount of any claim.

Claimants submitting duplicative Ballots in the same Class shall be deemed to have voted in the manner of the last Ballot cast before the Voting Deadline. Any Ballot that is illegible or contains insufficient information to permit the identification of the claimant will not be counted.

BALLOTS MUST BE RETURNED TO BMC GROUP, INC. AT:

<u>If Delivered by Mail:</u>	<u>If Delivered by Overnight or Hand Delivery:</u>
BMC Group, Inc. Attention: Jennifer Convertibles Claims Processing PO Box 3020 Chanhassen, MN 55317-3020	BMC Group, Inc. Attention: Jennifer Convertibles Claims Processing 18750 Lake Drive East Chanhassen, MN 55317

YOUR VOTE MUST BE SENT IN AMPLE TIME FOR YOUR VOTE TO BE ACTUALLY RECEIVED BY THE DEBTORS' VOTING AGENT, BMC GROUP, INC., BY 4:00 P.M. (EASTERN TIME) ON JANUARY 18, 2011, OR YOUR VOTE WILL NOT BE COUNTED.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THIS BALLOT, THE DISCLOSURE STATEMENT, THE PLAN OR OTHER RELATED MATERIALS OR DOCUMENTS, PLEASE CALL BMC GROUP, INC. AT (888) 909-0100.

YOU SHOULD REVIEW THE DISCLOSURE STATEMENT AND THE PLAN CAREFULLY BEFORE YOU VOTE. YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE PLAN AND YOUR CLASSIFICATION AND TREATMENT UNDER THE PLAN.

Name: _____
(Print or Type)

Social Security or Federal Tax I.D. No.: _____
(Optional)

Signature: _____

By: _____
(If Appropriate)

Title: _____
(If Appropriate)

Street Address: _____

City, State, Zip Code: _____

Telephone Number: () _____

EXHIBIT B

Ballot for Class 3

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

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

In re:

JENNIFER CONVERTIBLES INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

Jointly Administered

**BALLOT FOR ACCEPTING OR REJECTING
CHAPTER 11 PLAN OF REORGANIZATION
OF JENNIFER CONVERTIBLES, INC. AND ITS AFFILIATED DEBTORS**

**BALLOT FOR VOTING CLAIMS:
CLASS 3: GENERAL UNSECURED CLAIMS**

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You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your Claim has been placed in Class 3 (General Unsecured Claims) under the Plan. If you hold claims or equity interests in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote.

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 have the respective meanings ascribed to them in the Plan (as defined below).

THE VOTING DEADLINE BY WHICH YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE DEBTORS' VOTING AGENT, BMC GROUP, INC. IS 4:00 P.M. (EASTERN TIME) ON JANUARY 18, 2011. IF YOUR BALLOT IS NOT ACTUALLY RECEIVED ON OR BEFORE THE VOTING DEADLINE, YOUR BALLOT WILL NOT BE COUNTED.

If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

If you are a Holder of a Class 3 General Unsecured Claim,³ please use this Ballot to cast your vote to accept or reject the Plan. Capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Plan. The Plan is Exhibit 1 to the Disclosure Statement, which accompanies this Ballot. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you if it is accepted by the holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each Class that votes on the Plan, and if it otherwise satisfies the requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained (or if a Class of Claims or Interests is deemed to reject the Plan), the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the Class or Classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. To have your vote count, you must complete, sign and return this Ballot in accordance with the instructions set forth below.

HOW TO VOTE

1. Complete ITEM 1.
2. Cast your vote either to accept or reject the Plan by checking the proper box in ITEM 2.
3. Review ITEM 3 carefully.
4. Review the certifications contained in ITEM 4.
5. **SIGN AND DATE THE BALLOT.** Unsigned Ballots will not be counted.
6. **YOU MUST VOTE ALL YOUR UNSECURED CLAIMS EITHER TO ACCEPT OR TO REJECT THE PLAN AND MAY NOT SPLIT YOUR VOTE. EXCEPT IN THE SOLE DISCRETION OF THE DEBTORS, SPLIT VOTES WILL NOT BE COUNTED.**
7. **RETURN THE BALLOT IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE.**

³ All capitalized terms not otherwise defined herein have the respective meanings ascribed to them in the Plan (as defined below).

Item 1. Amount of Claim Voted. The undersigned certifies that as of December 20, 2010, the undersigned was the Holder of a Class 3 General Unsecured Claim in the amount set forth below:

\$

Item 2. Vote. The undersigned Holder of the Claim votes as follows (check ONE box only — if you do not check a box, or if you check both boxes, your vote will not be counted):

to **Accept** the Plan. to **Reject** the Plan.

Item 3. IMPORTANT INFORMATION REGARDING THE RELEASES CONTAINED IN THE PLAN

On the Effective Date, certain release, injunction, exculpation and discharge provisions will become effective. It is important to read the provisions contained in Article XII of the Plan very carefully so that you understand how confirmation and consummation of the Plan – which effectuates such provisions – will affect you and any Claim you may hold against the Debtors so that you cast your vote accordingly.

Specifically, subject to certain exceptions set forth therein, Section 12.08 of the Plan provides as follows:

Except as otherwise provided in this Plan or the Confirmation Order, on the Effective Date, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, each Holder of a Claim that does not vote to reject the Plan and any Person who receives a Distribution under the Plan, in consideration for the obligations of the Debtors and the other Released Parties under this Plan, the Plan Distributions, the New Common Stock and other contracts, instruments, releases, agreements or documents executed and delivered in connection with this Plan, will be deemed to consensually forever release, waive and discharge all Claims, demands, debts, rights, Causes of Action or liabilities (other than the right to enforce the obligations of any party under this Plan and the contracts, instruments, releases, agreements and documents delivered under or in connection with this Plan), including, without limitation, any Claims for any such loss such Holder may suffer, have suffered or be alleged to suffer as a result of the Debtors commencing the Chapter 11 Cases or as a result of this Plan being consummated, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, this Plan or the Disclosure Statement against any Released Party.

Item 4. Authorization. By executing this Ballot, the undersigned Holder of a Class 3 General Unsecured Claim certifies that it (a) has full power and authority to vote to accept or reject the Plan with respect to the Claim referenced in Item 1, (b) was the Holder of such a Claim on and as of December 20, 2010, and (c) has received a copy of the Disclosure Statement and understands that the solicitation of votes for the Plan is subject to all the terms and conditions set forth in the Disclosure Statement.

No fees, commissions, or other remuneration will be payable to any broker, dealer or other person for soliciting votes on the Plan. This Ballot shall not constitute or be deemed a proof of claim, an assertion of a claim, or an admission by the Debtors of the nature, validity or amount of any claim.

Claimants submitting duplicative Ballots in the same Class shall be deemed to have voted in the manner of the last Ballot cast before the Voting Deadline. Any Ballot that is illegible or contains insufficient information to permit the identification of the claimant will not be counted.

BALLOTS MUST BE RETURNED TO BMC GROUP, INC. AT:

<u>If Delivered by Mail:</u>	<u>If Delivered by Overnight or Hand Delivery:</u>
BMC Group, Inc. Attention: Jennifer Convertibles Claims Processing PO Box 3020 Chanhassen, MN 55317-3020	BMC Group, Inc. Attention: Jennifer Convertibles Claims Processing 18750 Lake Drive East Chanhassen, MN 55317

YOUR VOTE MUST BE SENT IN AMPLE TIME FOR YOUR VOTE TO BE ACTUALLY RECEIVED BY THE DEBTORS' VOTING AGENT, BMC GROUP, INC., BY 4:00 P.M. (EASTERN TIME) ON JANUARY 18, 2011, OR YOUR VOTE WILL NOT BE COUNTED.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THIS BALLOT, THE DISCLOSURE STATEMENT, THE PLAN OR OTHER RELATED MATERIALS OR DOCUMENTS, PLEASE CALL BMC GROUP, INC. AT (888) 909-0100.

YOU SHOULD REVIEW THE DISCLOSURE STATEMENT AND THE PLAN CAREFULLY BEFORE YOU VOTE. YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE PLAN AND YOUR CLASSIFICATION AND TREATMENT UNDER THE PLAN.

Name: _____
(Print or Type)

Social Security or Federal Tax I.D. No.: _____
(Optional)

Signature: _____

By: _____
(If Appropriate)

Title: _____
(If Appropriate)

Street Address: _____

City, State, Zip Code: _____

Telephone Number: () _____

EXHIBIT C

Notice of Non-Voting Status

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

In re:

JENNIFER CONVERTIBLES INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

Jointly Administered

NOTICE OF NON-VOTING STATUS

1. PLEASE TAKE NOTICE THAT by order entered on December 21, 2010, the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) entered an Order (the “Order”) approved the Debtors’ Disclosure Statement with Respect to the Chapter 11 Plan of Reorganization for Jennifer Convertibles, Inc. and its Affiliated Debtors, dated November 19, 2010 (as it may be amended and/or modified, the “Disclosure Statement”), filed by Jennifer Convertibles, Inc. and its subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), and authorized the Debtors to solicit votes to accept or reject the Debtors’ Chapter 11 Plan of Reorganization for Jennifer Convertibles, Inc. and its Affiliated Debtors, dated November 19, 2010 (as it may be amended and/or modified, the “Plan”), annexed as Exhibit 1 to the Disclosure Statement. All capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Plan.

2. UNDER THE TERMS OF THE PLAN, CLASS 1 PRIORITY NON-TAX CLAIMS ARE NOT IMPAIRED, AND HOLDERS OF SUCH CLAIMS ARE (A) CONCLUSIVELY PRESUMED TO HAVE ACCEPTED THE PLAN, AND (B) NOT ENTITLED TO VOTE ON THE PLAN ON ACCOUNT OF SUCH CLAIMS.

3. HOLDERS OF CLASS 4 EXISTING PREFERRED STOCK INTERESTS AND CLASS 5 EXISTING COMMON STOCK INTERESTS WILL NEITHER RECEIVE NOR RETAIN ANY CONSIDERATION UNDER THE PLAN AND, ACCORDINGLY, ARE (A) CONCLUSIVELY PRESUMED TO HAVE REJECTED THE PLAN, AND (B) NOT ENTITLED TO VOTE ON THE PLAN ON ACCOUNT OF SUCH CLAIMS AND INTERESTS.

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).

4. YOU ARE RECEIVING THIS NOTICE BECAUSE YOU HAVE BEEN IDENTIFIED AS HOLDING A CLAIM OR INTEREST IN ONE OF THE CLASSES IDENTIFIED ABOVE THAT ARE NOT ENTITLED TO VOTE ON THE PLAN.

5. Copies of the Order, the Plan and the Disclosure Statement are available for inspection on the Court's website at <http://ecf.nysb.uscourts.gov>. A login and password to the Court's Public Access to Electronic Court Records ("PACER") website are required to access this information and can be obtained through the PACER Service Center at <http://www.pacer.psc.uscourts.gov>. Copies of the Order, the Plan and the Disclosure Statement may also be examined between the hours of 8:30 A.M. and 5:00 P.M., Monday through Friday at the Office of the Clerk of the Bankruptcy Court, One Bowling Green, Room 511, New York, New York 10004-1408. Copies may also be obtained online at the website of the Debtors' claims agent, BMC Group, Inc. ("BMC"), at <http://www.bmcgroup.com/jenniferconvertibles>, or by written request (at your cost) to BMC at the following address and telephone number: BMC Group, Inc., Attention: Jennifer Convertibles Claims Processing, PO Box 3020, Chanhassen, MN 55317-3020, (888) 909-0100.

Dated: New York, New York
December 21, 2010

**OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP**
Michael S. Fox
Jordanna L. Nadritch
Jayme M. Bethel
Park Avenue Tower
65 East 55th Street
New York, New York 10022
Telephone: (212) 451-2300

EXHIBIT D

Solicitation Procedures

UNITED STATES BANKRUPTCY COURT
THE SOUTHERN DISTRICT OF NEW YORK

In re:

JENNIFER CONVERTIBLES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

Jointly Administered

SOLICITATION PROCEDURES

Pursuant to the Disclosure Statement Order, the following procedures, as amended, (the “Solicitation Procedures”) shall govern the solicitation and tabulation of votes to accept or reject the Plan. These Solicitation Procedures comprise a material part of the Disclosure Statement Order and are incorporated therein by reference.

A. Defined Terms

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan or the Disclosure Statement. Capitalized terms not otherwise defined in the Plan or the Disclosure Statement shall have the following meaning in these Solicitation Procedures:

1. **“Ballot”** means the form or forms distributed to the holders of Claims in the Voting Classes by which such parties may indicate acceptance or rejection of the Plan, including the ballots substantially in the forms attached as Exhibits A and B to the Disclosure Statement Order.
2. **“Disputed Claim”** means a Claim subject to a pending claims objection as of the Voting Record Date.
3. **“Resolution Event”** means one or more of the events described in Section C of these Solicitation Procedures.

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).

4. “**Scheduled**” means, when referring to a Claim, the manner in which a Claim appears on the Debtors’ Schedules.
5. “**Solicitation Deadline**” means the date by which the Debtors shall mail Solicitation Materials, no later than five (5) business days after entry of the Disclosure Statement Order.
6. “**Solicitation Materials**” means the solicitation materials and documents to be sent to holders of Claims in the Voting Classes as provided in the Disclosure Statement Order, which materials will provide such holders with the information needed to vote on the Plan.
7. “**Voting Classes**” means holders of Claims in Class 2 (Mengnu Unsecured Claims) and Class 3 (General Unsecured Claims), which are the impaired classes of Claims entitled to vote on the Plan:
8. “**Voting Deadline**” means January 18, 2011 at 4:00 p.m. Eastern Time.
9. “**Voting Report**” means the report (or reports) to be submitted by the Debtors’ Claims Agent detailing the results of the plan solicitation process.

B. Holders of Claims Entitled to Vote to Accept or Reject the Plan

Only the following holders of Claims in the Voting Classes shall be entitled to vote to accept or reject the Plan with regard to such Claims:

1. Holders of Claims for which Proofs of Claim have been timely filed by the Bar Date, IF such Proofs of Claim:
 - (a) have not been withdrawn, expunged or disallowed as of the Voting Record Date, or
 - (b) are not the subject of a pending objection as of the Voting Record Date; provided, however, that a Claim that is subject to a pending objection as of the Voting Record Date shall be entitled to vote if the Claim becomes eligible to vote through a Resolution Event pursuant to the procedures set forth in Section C below;
2. Holders of Claims that are listed in the Schedules in amounts in excess of \$0.00 and that are not listed as contingent, unliquidated or disputed, and for which no Proof of Claim has been timely filed; and
3. Holders of Claims that arise pursuant to an agreement or settlement with the Debtors, as reflected in a document filed with the Bankruptcy Court, in an order of the Bankruptcy Court or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court, in each case regardless of whether a Proof of Claim has been filed.

C. **Temporary Allowance of Claims for Voting Purposes Only**

The following procedures shall govern the temporary allowance of Claims solely for the purpose of voting on the Plan. For the avoidance of doubt, these procedures shall **not** be used for determining the allowance of any Claim for purposes of distributions under the Plan.

1. Unless otherwise ordered by the Bankruptcy Court, the Holder of a Disputed Claim or the holder of any other Claim that is not entitled to vote on the Plan cannot vote to accept or reject the Plan unless one or more of the following Resolution Events has taken place prior to the Voting Deadline:
 - (a) an order of the Bankruptcy Court is entered allowing such Claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing;
 - (b) an order of the Bankruptcy Court is entered temporarily allowing such Claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing, as provided in subparagraph 3 below;
 - (c) a stipulation or other agreement is executed between the Holder of such Claim and the Debtors (in consultation with the Creditors' Committee) resolving the objection and allowing such Claim in an agreed-upon amount;
 - (d) a stipulation or other agreement is executed between the Holder of such Claim and the Debtors (in consultation with the Creditors' Committee) temporarily allowing the holder of such Claim to vote its Claim in an agreed upon amount; or
 - (e) the pending Objection to such Claim is voluntarily withdrawn by the Debtors.
2. No later than two business days after a Resolution Event, the Claims Agent shall distribute the Solicitation Materials to the relevant Holder of such Claim that has been allowed for voting purposes only by such Resolution Event, which will include a Ballot that must be completed and returned by no later than the Voting Deadline. If a Claim has been estimated or otherwise allowed for voting purposes by order of the Bankruptcy Court after the Voting Deadline, the Claims Agent shall distribute the Solicitation Materials to the relevant Holder of such Claim within one (1) business day of the entry of the Bankruptcy Court order, which will include a Ballot that must be completed and returned to the Claims Agent by no later than two (2) business days after receipt from the Claims Agent, or such other time as may be ordered by the Bankruptcy Court. A Ballot that is completed and returned to the Claims Agent in accordance with this subsection 2 shall be tabulated in accordance with the Solicitation Procedures, as if timely received by the Voting Deadline.
3. If any party wishes to have its Claim allowed for purposes of voting on the Plan in a manner that is inconsistent with the Ballot it received or the rules set forth

herein, such party must serve on counsel to each of the Debtors and the Creditors' Committee and file with the Bankruptcy Court, on or before **January 7, 2011 at 4:00 p.m. (ET)**, a motion for an order pursuant to Bankruptcy Rule 3018(a) (a "Rule 3018(a) Motion") temporarily allowing such Claim for voting purposes.

- (a) A Rule 3018(a) Motion must set forth with particularity the amount and classification that such party believes its Claim should be temporarily allowed for voting purposes and the evidentiary support for temporarily allowing such Claim for voting on the Plan.
 - (b) For any timely-filed Rule 3018(a) Motion, the Ballot in question shall be counted (a) in the amount established in an order entered by the Bankruptcy Court, (b) in the amount agreed to by the Debtors and the moving party or (c) if an order has not been entered by the Bankruptcy Court and the Debtors and the moving party have not come to an agreement as to the relief requested in the Rule 3018(a) Motion, in an amount equal to the preprinted amount on the Ballot, or in the event the moving party did not receive a Ballot, \$0.00.
 - (c) Prior to filing a Rule 3018(a) Motion, a party considering such relief shall contact counsel to the Debtors regarding a consensual resolution of the allowance of such party's claim for voting purposes.
 - (d) Unresolved Rule 3018(a) Motions with respect to Claim allowance for voting purposes will be heard at the Confirmation Hearing or at such earlier time as the Bankruptcy Court may be available.
4. Notwithstanding any other provisions in these Solicitation Procedures, if an individual Claim has been estimated or otherwise allowed for voting purposes by order of the Bankruptcy Court, including an order entered by the Bankruptcy Court after the Voting Deadline, such Claim will be allowed temporarily for voting purposes only in the amount so estimated or allowed by the Bankruptcy Court.
 5. Notwithstanding anything contained in these Solicitation Procedures, any Claim or Class of Claims that is Allowed in an amount specified in the Plan shall be Allowed for voting purposes in such Allowed amount set forth in the Plan.

D. Establishing Claim Amounts for Voting Purposes

In tabulating votes, the hierarchy below shall be used to determine the amount of the Claim associated with each Holder's vote:

1. The Claim amount settled and/or agreed upon by the Debtors (in consultation with the Creditors' Committee), as reflected in a document filed with the Bankruptcy Court, in an order of the Bankruptcy Court or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court;

2. The Claim amount allowed (temporarily or otherwise) pursuant to a Resolution Event under the procedures set forth herein;
3. The Claim amount contained in a Proof of Claim that has been timely filed by the Bar Date (or deemed timely filed by the Bankruptcy Court) and not subject to a pending objection; provided, however, that timely filed Proofs of Claim in an unliquidated or unknown amount will count for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code, and will count as Ballots for Claims in the amount of \$1.00 solely for the purposes of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code;
4. The Claim amount listed in the Schedules, provided that such Claim is not Scheduled as contingent, disputed or unliquidated and has not been paid in full or in part during these chapter 11 cases;
5. For executory contracts and unexpired leases designated for rejection but for which no proof of claim has been filed as of the Voting Record Date, the Claim amount identified by the Debtors and included on the Ballot sent to the counterparty to such contract or lease; and
6. In the absence of any of the foregoing, \$0.00.

In the event that a Holder of a Claim identifies a Claim amount on its Ballot that is different from the amount otherwise calculated in accordance with these Solicitation Procedures, such Claim will be allowed temporarily for voting purposes in an amount calculated in accordance with the procedures described herein. **The Claim amounts established pursuant to the procedures set forth herein shall control solely for voting purposes, and shall not constitute the allowed amount of any Claim for distribution purposes under the Plan.** Moreover, any amounts filled in on Ballots by the Debtors through the Claims Agent are not binding for purposes of allowance and distribution.

E. General Ballot Tabulation

The following voting procedures and standard assumptions shall be used in tabulating Ballots:

1. Except as otherwise provided herein, unless a Ballot is timely submitted on or before the Voting Deadline, the Debtors shall reject such Ballot as invalid and, therefore, decline to count it in connection with Confirmation;
2. The Claims Agent will date all Ballots when received. The Claims Agent shall retain the original Ballots and an electronic copy of the same for a period of one year after the Effective Date of the Plan, unless otherwise ordered by the Bankruptcy Court;
3. The Debtors will file the Voting Report with the Bankruptcy Court no later than three days before the Confirmation Hearing. The Voting Report shall, among other things, delineate every irregular Ballot, including those Ballots that are late

or (in whole or in material part) illegible, unidentifiable, lacking signatures or lacking necessary information, received via facsimile or electronic mail or damaged. The Voting Report shall indicate the Debtors' intentions with regard to such irregular Ballots;

4. The method of delivery of Ballots to be sent to the Claims Agent is at the election and risk of each holder, and except as otherwise provided, a Ballot will be deemed delivered only when the Claims Agent **actually receives** the appropriately, originally executed Ballot;
5. An original executed Ballot is required to be submitted by the entity submitting such Ballot. Delivery of a Ballot to the Claims Agent by facsimile, email or any other electronic means will not be valid;
6. No Ballot should be sent to the Debtors, the Debtors' agents (other than the Claims Agent) or the Debtors' financial or legal advisors or the Creditors' Committee or its financial or legal advisors, and if so sent will not be counted;
7. If multiple Ballots are received from the same Holder with respect to the same Claim before the Voting Deadline, the latest-dated Ballot timely received will be deemed to reflect that voter's intent and will supersede and revoke any prior Ballot;
8. Holders must vote all of their Claims within a particular Class either to accept or reject the Plan and may not split any votes. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted. Further, to the extent a Holder has multiple Claims within the same Class, the Debtors may, in their discretion, aggregate the Claims of any particular Holder within a Class for the purpose of counting votes;
9. A person signing a Ballot in its capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation or otherwise acting in a fiduciary or representative capacity must indicate such capacity when signing and, if required or requested by the Claims Agent, the Debtors or the Bankruptcy Court, must submit proper evidence to the requesting party to so act on behalf of such Holder;
10. The Debtors (in consultation with the Creditors' Committee), subject to contrary order of the Bankruptcy Court, may waive any defects or irregularities as to any particular Ballot at any time, either before or after the close of voting, and any such waivers will be documented in the Voting Report;
11. Neither the Debtors, nor any other entity, will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification;

12. Unless waived or as ordered by the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots must be cured before the Voting Deadline or such Ballots will not be counted;
13. In the event a designation of lack of good faith is requested by a party-in-interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected;
14. Subject to any contrary order of the Bankruptcy Court, the Debtors reserve the right to reject any Ballot not in proper form, the acceptance of which, in the opinion of the Debtors, upon consultation with the Creditors' Committee, would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules; provided, however, that any such rejections will be documented in the Voting Report; and
15. The following Ballots shall **not** be counted in determining the acceptance or rejection of the Plan:
 - (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim;
 - (b) any Ballot cast by or on behalf of an entity that does not hold a Claim in a Class that is entitled to vote on the Plan;
 - (c) any unsigned Ballot;
 - (d) any Ballot that is signed but does not otherwise comply with the requirement set forth in subsection 9, above;
 - (e) any Ballot not marked to accept or reject the Plan, or marked both to accept and reject the Plan; and
 - (f) any Ballot submitted by or on behalf of any entity not entitled to vote pursuant to the Plan, the Disclosure Statement Order or these Solicitation Procedures.

F. **Transferred Claim Procedures**

1. Pre-Voting Record Date Transfers. With respect to a transferred Claim, the transferee shall be entitled to receive the Solicitation Materials and, if the Holder of such Claim is entitled to vote with respect to the Plan, cast a Ballot on account of such Claim only if (a) all actions necessary to effectuate the transfer of the Claim, pursuant to Bankruptcy Rule 3001(e), have been completed by the Voting Record Date, or (b) the transferee files and the Bankruptcy Court has docketed by the Voting Record Date (i) the documentation required by Bankruptcy Rule

3001(e) to evidence the transfer and (ii) a sworn statement of the transferor supporting the validity of the transfer.

2. Post-Voting Record Date Transfers. In the event a Claim is transferred after the Voting Record Date, the transferee of such Claim shall be bound by any vote made by the Holder of such Claim as of the Voting Record Date.

G. The Debtors' Reservation of Rights Regarding Modification to the Plan

The Debtors expressly reserve the right to amend from time to time the terms of the Plan in accordance with its terms (subject to compliance with the requirements of section 1127 of the Bankruptcy Code).

H. Contact Information

The contact information for the Debtors' Claims Agent is as follows:

BMC Group, Inc.
Attention: Jennifer Convertibles Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020
Telephone: (888) 909-0100

EXHIBIT E

Confirmation Hearing Notice

**OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP**

Park Avenue Tower
65 East 55th Street
New York, New York 10022
Michael S. Fox, Esq.
Jordanna L. Nadritch, Esq.
Jayme M. Bethel, Esq.
212.451.2300

Counsel for the Debtors and Debtors in Possession

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

In re:

JENNIFER CONVERTIBLES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**NOTICE OF 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**

TO ALL CREDITORS, EQUITY INTEREST HOLDERS AND PARTIES IN INTEREST IN
THE ABOVE-CAPTIONED CHAPTER 11 CASES, PLEASE TAKE NOTICE THAT:

1. Approval of Disclosure Statement and Solicitation Procedures. On December 21, 2010, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") entered an order (the "Disclosure Statement Order") approving,

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).

among other things, (a) the *Disclosure Statement With Respect to the Joint Chapter 11 Plan of Reorganization for Jennifer Convertibles, Inc. and its Affiliated Debtors* (Docket No. 338) dated November 19, 2010 (as the same may be amended, modified and/or supplemented after the date thereof, the “Disclosure Statement”), as providing adequate information for Holders of Claims² in the above-captioned cases for the debtors and debtors in possession (collectively, the “Debtors”) to make a decision as to whether to accept or reject the *Debtors’ Joint Chapter 11 Plan of Reorganization for Jennifer Convertibles, Inc. and its Affiliated Debtors* (Docket No. 339) dated November 19, 2010 (as the same may be amended, modified and/or supplemented after the date thereof, the “Plan”) and (b) the procedures for solicitation of votes to accept or reject the Plan and the tabulation of such votes on the Plan (the “Solicitation Procedures”).

VOTING ON THE PLAN

2. Record Date. Pursuant to the Disclosure Statement Order, holders of Claims against the Debtors as of **December 20, 2010 at 4:00 p.m. Eastern Time**, the voting record date established by the Disclosure Statement Order (the “Record Date”), will receive the appropriate solicitation materials, including a copy of this notice (collectively, the “Solicitation Materials”).
3. Voting Classes. Holders of Claims as of the Record Date that are entitled to vote to accept or reject the Plan include Holders of Claims in Class 2 (Mengnu Unsecured Claims) and Class 3 (General Unsecured Claims).
4. Voting Deadline. Any Holder of a Claim that the Debtors believe is entitled to vote on the Plan has been mailed the Solicitation Materials that includes a ballot form (a “Ballot”) and appropriate instructions for voting on the Plan. For any vote to accept or reject the Plan to be counted, a Ballot must be completely filled out, executed and returned so that it is actually received by the Debtors’ Claims Agent no later than **January 18, 2011 at 4:00 p.m. Eastern Time** (the “Voting Deadline”) at the following address: BMC Group, Inc., Attention: Jennifer Convertibles Claims Processing, PO Box 3020, Chanhassen, MN 55317-3020.

Creditors who are entitled to vote on the Plan are urged to read all instructions on their Ballots carefully to ensure that their Ballots are properly completed and timely submitted. ***Any Ballot received after the Voting Deadline will not be counted (unless the Voting Deadline is extended) and failure to follow the voting instructions accompanying the Ballot may also disqualify your vote.***

TEMPORARY ALLOWANCE OF CLAIMS FOR VOTING

5. Temporary Allowance of Claims. Creditors that are not entitled to vote on the Plan or that disagree with the Claim amount indicated on the Ballot they receive on account of a Claim in a Voting Class may nevertheless still be able to vote their Claim (or vote a different Claim amount) if a “Voting Resolution Event” occurs in accordance with, and

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan or the Disclosure Statement, as applicable.

subject to, the procedures set forth in the Disclosure Statement Order prior to the Voting Deadline of **January 18, 2011 at 4:00 p.m. Eastern Time.**

6. Voting Resolution Event. Each of the following events constitutes a Voting Resolution Event solely with respect to the temporary allowance of claims for voting purposes: (a) an order of the Bankruptcy Court is entered allowing such Claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing; (b) an order of the Bankruptcy Court is entered temporarily allowing such Claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing; (c) a stipulation or other agreement is executed between the Holder of such Claim and the Debtors (in consultation with the Creditors' Committee) resolving the Objection and allowing such Claim in an agreed-upon amount; (d) a stipulation or other agreement is executed between the Holder of each Claim and the Debtors (in consultation with the Creditors' Committee) temporarily allowing the Holder of such Claim to vote its Claim in an agreed upon amount; or (e) the pending objection to such Claim is voluntarily withdrawn by the Debtors. This is intended only as a summary of the procedures for the temporary allowance of Claims for voting purposes. Please refer to the Disclosure Statement Order and attached Solicitation Procedures for a comprehensive description of the requirements for the temporary allowance of Claims solely for voting purposes.

CONFIRMATION OF THE PLAN

7. Confirmation Hearing. A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held on **January 25, 2011 at 11:00 a.m. Eastern Time**, or as soon thereafter as counsel may be heard, at the United States Bankruptcy Court for the Southern District of New York, Room 617, 1 Bowling Green, New York, New York 10004-1408 before the Honorable Allan L. Gropper, United States Bankruptcy Judge. *The Confirmation Hearing may be continued from time to time without further notice, including by announcement of the adjourned date(s) at the Confirmation Hearing or any continued hearing.*
8. Objection Deadline. **January 18, 2011 at 4:00 p.m. Eastern Time**, is the deadline for objecting to confirmation of the Plan (unless otherwise agreed by the Debtors or by order of the Bankruptcy Court).
9. Objection Procedures. Any Objection to confirmation of the Plan must be filed and served in accordance with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York and shall (i) set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors' Estates or Property, (ii) be in writing, (iii) state with particularity the basis for the Objection and specific grounds therefore and (iv) be electronically filed with the Bankruptcy Court in accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a CD ROM, 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 served, with a

copy to chambers, so that it is actually received on or before January 18, 2011 at 4:00 p.m. Eastern Time, by the following notice parties:

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.

Counsel to the Creditors' Committee: Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10017
Attention: James S. Carr, Esq.

Counsel for Mengnu, as Plan Sponsor: Neiger LLP
317 Madison Avenue
21st Floor
New York, NY 10017
Attn: Edward Neiger, Esq

United States Trustee: Office of the United States Trustee
33 Whitehall Street, 21st Floor
New York, NY 10004
Attention: Nazar Khodorovsky

10. Effect of Confirmation. Subject to the satisfaction of the conditions set forth in Article XIV of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article XII of the Plan will become effective. You should read the provisions contained in Article XII of the Plan very carefully so that you understand how confirmation and consummation of the Plan will affect you and any Claim, Equity Interest in the Debtors, right or action you may have against the Debtors. **THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 OF THE BANKRUPTCY CODE, AND BY ALL OTHER APPLICABLE LAW.**

ADDITIONAL INFORMATION

11. Additional Copies of Documents. Copies of the Plan and the Disclosure Statement are available for review at the Office of the Clerk, United States Bankruptcy Court for the Southern District of New York, 1 Bowling Green, New York, New York 10004-1408, and on the Bankruptcy Court's website at www.nysb.uscourts.gov. Copies of the Plan, the Disclosure Statement, and the materials comprising the Solicitation Packages are also available free of charge on the website of the Debtors' Claims Agent at

<http://www.bmcgroup.com/jenniferconvertibles> or upon request from the Claims Agent by calling (888) 909-0100.

12. Plan Supplement Documents. On or before January 14, 2011, the Debtors will file certain documents, agreements, schedules and exhibits with the Bankruptcy Court that relate to implementation of the Plan, including exit credit agreements and new organizational documents (collectively, the “Plan Supplement”). 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. Notice of the filing will be provided to known creditors and other parties in interest informing parties that printed copies of the Plan Supplement will be available free of charge upon request to the Claims Agent.

New York, New York
Dated: December 21, 2010

**OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP**
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

Counsel to the Debtors and Debtors in Possession