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Unsecured Creditors of Jennifer Convertibles, Inc., *et al.*

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

In re:

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

Debtors.

Chapter 11

Case No. 10-13779 (ALG)
(Jointly Administered)

**MONTHLY STATEMENT OF SERVICES RENDERED AND EXPENSES INCURRED
BY KELLEY DRYE & WARREN LLP, COUNSEL FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS OF JENNIFER CONVERTIBLES, INC.,
ET AL. FOR THE PERIOD FROM DECEMBER 1, 2010 THROUGH
DECEMBER 31, 2010**

In accordance with the Court's order pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) establishing procedures for interim monthly compensation and reimbursement of expenses of professionals (the "Interim Compensation Order"), dated August 10, 2010 (Docket No. 155), Kelley Drye & Warren, LLP ("Kelley Drye"), Counsel to the Official Committee of Unsecured Creditors (the "Committee") of Jennifer Convertibles, Inc., *et al.* (the "Debtors"), hereby submits its monthly statement of services rendered and expenses incurred (the "Statement") for the period December 1, 2010 through and including December 31,

¹ The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd.; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; and (xii) Washington Heights Convertibles, Inc.

2010 (the “Statement Period”).

I. Itemization of Services Rendered by Kelley Drye Professionals

Name	Title	Law School Graduation Year	Year of Partnership	Total Hours	2010 Hourly Rate	Fees Earned
James S. Carr	Partner	1987	1998	14.0	\$645.00	\$9,030.00
Richard D. Milone	Partner	1990	1999	2.6	\$595.00	\$1,547.00
Kevin J. Smith	Special Counsel	1997	N/A	8.1	\$565.00	\$4,576.50
Mark W. Page	Special Counsel	1991	N/A	25.2	\$495.00	\$12,474.00
Jason R. Adams	Associate	2000	N/A	70.0	\$485.00	\$33,950.00
Vikki Bollettino	Associate	2009	N/A	7.2	\$305.00	\$2,196.00
Risa M. Drexler	Associate	2009	N/A	9.1	\$305.00	\$2,775.50
Marie Vicinanza	Resource Assistant	N/A	N/A	.6	\$220.00	\$132.00
TOTAL:				136.8		\$66,681.00

1. Kelley Drye’s time records are itemized by the tenth of the hour and by individual timekeeper. Detailed time records of services rendered by Kelley Drye professionals during the Statement Period are attached hereto as Exhibit A.

II. Itemization of Services Rendered and Disbursements Incurred by Category

2. The following charts itemize services rendered by Kelley Drye professionals by matter and specify expenses incurred by category.

A. Detailed Summary of Services Rendered by Project Category

3. During the Statement Period, Kelley Drye professionals devoted time to the following matters:

Matter	Hours	Fees Earned
General Case Administration	3.4	\$1,561.00
Fee Matters	8.2	\$2,738.00
Financing and Cash Collateral	2.9	\$1,406.50
Executory Contracts and Leases	3.5	\$1,761.50
Avoidance Actions	33.8	\$16,057.00

Claims	8.4	\$4,330.00
Disclosure Statement and Plan of Reorganization	57.6	\$28,844.00
Committee Communications	9.9	\$5,521.50
Business Operations	2.0	\$970.00
Court Hearings	7.1	\$3,491.50
TOTAL:	136.8	\$66,681.00

4. To assist in the review of the fees sought, Kelley Drye has divided its time entries into the project categories set forth below. Exhibit A identifies the attorneys who have rendered services in each category, along with the number of hours for each individual and the total compensation sought for each category.

General Case Administration (Fees: \$1,561.00 and Total Hours: 3.4)

5. This category represents time spent on general and administrative matters arising in this case, including time spent conducting a general review of pleadings and maintaining a case calendar and a list of critical dates.

Fee Matters (Fees: \$2,738.00 and Total Hours: 8.2)

6. This category represents time spent preparing and filing a monthly fee statement for November 2010.

Financing and Cash Collateral (Fees: \$1,406.50 and Total Hours: 2.9)

7. Time in this category was spent reviewing and revising the terms of the Debtors' Final DIP Order and conferring with the Debtors and Haining Mengnu Group Co. Ltd. ("Mengnu") regarding such revisions.

Executory Contracts and Leases (Fees: \$1,761.50 and Total Hours: 3.5)

8. This category represents time spent conferring with the Debtors and Mengnu regarding the Debtors' motion to assume the trademark usage agreements with Ashley HomeStores, Ltd. and ongoing negotiations with Ashley. Time in this category was also spent reviewing and

analyzing the Debtors' motion to assume and modify lease agreements effective as of the effective date of the plan of reorganization.

Avoidance Actions (Fees: \$16,057.00 and Total Hours: 33.8)

9. This category represents time spent preparing a demand letter and Bankruptcy Rule 2004 discovery relating to potential claims against the Debtors' officers and directors. Time in this category was also spent preparing and serving informal discovery requests on the Debtors and conferring with the Debtors regarding potential responses to such requests.

Claims (Fees: \$4,330.00 and Total Hours: 8.4)

10. Time in this category was spent reviewing and communicating with the Debtors regarding the terms of settlement of a class action claim against the Debtors and its insiders. Time in this category was also spent reviewing and revising the Debtors' First Omnibus Objection to Claims.

Disclosure Statement and Plan of Reorganization (Fees: \$28,844.00 and Total Hours: 57.6)

11. This category represents time spent reviewing, analyzing and responding to objections filed to the Debtors' disclosure statement, including objections made by TMCC and the Office of the United States Trustee. Time in this category was also spent (i) revising the plan and disclosure statement to address the objections; (ii) reviewing and revising the disclosure statement order and solicitation materials; and (iii) drafting the Committee's letter in support of the plan of reorganization. This category also represents time spent drafting the litigation trust provisions of the plan and disclosure statement and litigation trust agreement.

Committee Communications (Fees: \$5,521.50 and Total Hours: 9.9)

12. This category represents time spent communicating with Committee members regarding the status of the Debtors' cases. This category also includes time spent preparing for and conducting weekly Committee conference calls.

Business Operations (Fees: \$970.00 and Total Hours: 2.0)

13. Time in this category was spent reviewing and analyzing the eighth stipulation between the Debtors and Merrick Bank regarding the Debtors' chargeback reserve account. This category also includes conferences with the Committee's financial advisor regarding the Debtors' business operations.

Court Hearings (Fees: \$3,491.50 and Total Hours: 7.1)

14. This category represents time spent preparing for and attending court hearings. During the Statement Period, counsel to the Committee participated in hearings for final approval of DIP financing and approval of the disclosure statement.

B. Expenses Incurred

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

<u>Expenses</u>	<u>Amount</u>
Books/Research Matters	\$6.26
Courier	\$34.31
Duplication	\$169.00
Long Distance Telephone/Conference Calls	\$19.50
Postage	\$7.16
TOTAL:	\$236.23

III. Total Amount of Fees and Expenses Sought for the Statement Period

A. Total Fees and Expenses:

16. The total amount of fees and expenses for the Statement Period are as follows:

Fees	\$66,681.00
Expenses	\$236.23
TOTAL:	\$66,917.23

B. Holdback

17. The fees earned for this Statement Period totaled \$66,681.00 for 136.8 hours of services performed. Pursuant to the Interim Compensation Order, to the extent permitted to be paid, the fees payable to Kelley Drye for the Statement Period, after adjustment for the 20% holdback, are \$53,344.80.

18. The total expenses incurred by Kelley Drye during the Statement Period are \$236.23.

19. Accordingly, to the extent permitted to be paid, Kelley Drye requests payment for the Statement Period in the total amount of \$53,581.03, which includes \$53,344.80 of fees (80% of total fees) and \$236.23 of expenses (100%).

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

Dated: New York, New York
January 31, 2011

KELLEY DRYE & WARREN LLP

By: /s/ James S. Carr

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EXHIBIT A – DETAILED TIME AND EXPENSE RECORDS

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