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

In re:

JENNIFER CONVERTIBLES, INC. et al<sup>1</sup>

Debtor.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**STIPULATION AND AGREED ORDER  
DISALLOWING AND EXPUNGING CLAIM NUMBER 342**

Jennifer Convertibles, Inc. (“Jennifer Convertibles”) and its affiliated debtors, as debtors and debtors in possession (together, the “Debtors”) respectfully submit this Stipulation and Agreed Order Disallowing and Expunging Claim Number 342 (the “Stipulation”) and agree and state:

**WHEREAS**, on July 18, 2010 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”); and

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<sup>1</sup> 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).

**WHEREAS**, Haining Mengnu Group Co. Ltd. (the “Claimant”) filed claim number 320 on October 25, 2010, asserting an administrative claim of \$2,638,284.09 and a general unsecured claim in the amount of \$17,517,044.54 (“Claim 320”); and

**WHEREAS**, Claimant also filed claim number 342 on October 25, 2010, asserting an administrative claim of \$2,638,284.09 and a general unsecured claim in the amount of \$17,517,044.54 (“Claim 342”); and

**WHEREAS**, on December 23, 2010, the Debtors filed the Debtors’ Omnibus Objection Pursuant to 11 U.S.C. §502(b) and Fed. R. Bankr. P. 3007 to Certain Duplicate Claims [Docket No. 405] (the “Omnibus Objection”) on the grounds that such claims were duplicative; and

**WHEREAS**, after an exchange of information, the Claimant and Debtors have concluded that Claim 342 is a duplicate claim and should be disallowed and expunged.

**NOW, THEREFORE**, in consideration of the foregoing, the Debtors and the Claimant stipulate and agree:

1. This Stipulation shall become effective upon the date it is “So Ordered” by the Court (the “Effective Date”). This Stipulation shall be null and void if it is not approved by the Bankruptcy Court.

2. On the Effective Date, Claim 342 shall be disallowed and expunged, and Claim 320 shall survive, as the sole remaining claim the Claimant has against the Debtors in these chapter 11 cases. Unless otherwise agreed to by the Claimant and the Debtors, the Claimant shall have no other or further claims against the Debtors or the reorganized Debtors with respect to the subject property.

3. The Debtors expressly reserve the right to file additional objections to Claim 320 or any other claims (filed or not) which may be asserted against the Debtors by the Claimant. Should one or more of the grounds for objection stated herein be dismissed, the Debtors reserve their rights to object on any other grounds that the Debtors discover during pendency of these cases. In addition, the Debtors reserve the right to seek further reduction of Claim 320 to the extent that such Claim 320 has not yet been paid.

4. On and after the Effective Date, BMC Group Inc., the claims agent appointed in these chapter 11 cases (the "Claims Agent"), is authorized to reflect the treatment of Claim 320 and Claim 342, as described herein, on the official claims register maintained in these cases.

5. The Claimant will not object to the classification or treatment of Claim 342 as described herein.

6. This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original, including any facsimile or "PDF" counterparts, and which together shall constitute one and the same agreement.

7. This Stipulation constitutes the entire agreement between the parties regarding Claim 320 and Claim 342, and it may not be amended or modified in any manner except by a writing signed by each of the parties or their counsel and approved by the Court.

8. Each party and signatory to this Stipulation represents and warrants to each other party hereto that such party or signatory has full power, authority and legal right and has obtained all approvals and consents necessary to execute, deliver and perform all actions required under this Stipulation.

9. The Court shall retain jurisdiction to hear any matters or disputes arising from or relating to this Stipulation.

Dated: New York, New York  
January 26, 2011

OLSHAN GRUNDMAN FROME  
ROSENZWEIG & WOLOSKY LLP

By:

/s/ Michael S. Fox

MICHAEL S. FOX

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65 East 55<sup>th</sup> Street

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Dated: New York, New York  
January 26, 2011

NEIGER LLP

By:

/s/ Edward Neiger

EDWARD E. NEIGER

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(212) 267-7342

**SO ORDERED:**

Date: February 3, 2011

/s/ Allan L. Gropper  
UNITED STATES BANKRUPTCY JUDGE