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

In re:

JENNIFER CONVERTIBLES, INC., *et al.*<sup>1</sup>  
  
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 JANUARY 1, 2011 THROUGH  
JANUARY 31, 2011**

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 January 1, 2011 through and including January 31, 2011

<sup>1</sup> 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.

(the “Statement Period”).

**I. Itemization of Services Rendered by Kelley Drye Professionals**

<b>Name</b>	<b>Title</b>	<b>Law School Graduation Year</b>	<b>Year of Partnership</b>	<b>Total Hours</b>	<b>2011 Hourly Rate</b>	<b>Fees Earned</b>
James S. Carr	Partner	1987	1998	28.0	\$675.00	\$18,900.00
Kevin J. Smith	Special Counsel	1997	N/A	2.7	\$585.00	\$1,579.50
Mark W. Page	Special Counsel	1991	N/A	14.0	\$510.00	\$7,140.00
Jason R. Adams	Associate	2000	N/A	96.1	\$520.00	\$49,972.00
Vikki Bollettino	Associate	2009	N/A	21.8	\$350.00	\$7,630.00
Marie Vicinanza	Resource Assistant	N/A	N/A	0.6	\$220.00	\$132.00
<b>TOTAL:</b>				<b>163.2</b>		<b>\$85,353.50</b>

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:

<b>Matter</b>	<b>Hours</b>	<b>Fees Earned</b>
General Case Administration	1.3	\$455.00
Fee Matters	24.2	\$9,911.00
Executory Contracts and Leases	26.1	\$13,577.50
Avoidance Actions	7.4	\$4,178.50
Claims	4.6	\$2,640.00
Disclosure Statement and Plan of Reorganization	64.3	\$34,133.00

Committee Communications	9.8	\$5,485.50
Court Hearings	25.5	\$14,973.00
<b>TOTAL:</b>	<b>163.2</b>	<b>\$85,353.50</b>

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: \$455.00 and Total Hours: 1.3)

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: \$9,911.00 and Total Hours: 24.2)

6. This category represents time spent preparing and filing a monthly fee statement for December 2010. Time in this category was also spent beginning to prepare Kelley Drye’s first fee application.

**Executory Contracts and Leases** (Fees: \$13,577.50 and Total Hours: 26.1)

7. This category represents time spent reviewing and analyzing an objection filed by Ashley HomeStores, Ltd. (“Ashley”) to the Debtors’ motion to assume the trademark usage agreements with Ashley HomeStores, Ltd and the Debtors’ proposed response to the objection. Time in this category was also spent: (i) reviewing and analyzing the license agreements between Hartsdale Convertibles, Inc. and Ashley; (ii) drafting the Committee’s statement in support of the Debtors’ motion to assume the Ashley agreements; and (iii) engaging in discussion with the Debtors and Haining Mengnu Group Co. Ltd. (“Mengnu”) regarding the motion and potential resolutions of the issues between the Debtors and Ashley.

**Avoidance Actions** (Fees: \$4,178.50 and Total Hours: 7.4)

8. This category represents time spent conferring on multiple occasions with the Debtors and Mengnu regarding the Debtors' failure to respond to the Committee's informal document requests and the scheduling of examinations of Rami Abada and Harley Greenfield related to potential claims against the Debtors' officers and directors. Time in this category was also spent revising a motion for Bankruptcy Rule 2004 examinations.

**Claims** (Fees: \$2,640.00 and Total Hours: 4.6)

9. Time in this category was spent beginning the review and analysis of the Debtors' claims register and conferring with the claims agent regarding same.

**Disclosure Statement and Plan of Reorganization** (Fees: \$34,133.00 and Total Hours: 64.3)

10. Time in this category was spent revising the litigation trust agreement and conferring with the Debtors, the United States Trustee and Mengnu regarding their comments and questions regarding the agreement. Time in this category was also spent drafting, reviewing and revising the Plan Supplement documents including the exit credit facility, the notes to be issued pursuant to the Plan, security agreements and the intercreditor and subordination agreement. Time in this category was also spent reviewing and revising the proposed confirmation order.

**Committee Communications** (Fees: \$5,485.50 and Total Hours: 9.8)

11. This category represents time spent communicating with Committee members regarding the status of the Debtors' cases and conducting Committee conference calls.

**Court Hearings** (Fees: \$14,973.00 and Total Hours: 25.5)

12. This category represents time spent preparing for and attending court hearings. During the Statement Period, counsel to the Committee participated in hearings on the Debtors' motion to assume agreements with Ashley and confirmation of the Debtors' Plan.

**B. Expenses Incurred**

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

<b><u>Expenses</u></b>	<b><u>Amount</u></b>
Courier	\$34.74
Duplication	\$305.00
Long Distance Telephone/Conference Calls	\$65.40
Postage	\$212.58
Westlaw Research	\$411.83
<b>TOTAL:</b>	<b>\$1,029.55</b>

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

**A. Total Fees and Expenses:**

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

Fees	\$85,353.50
Expenses	\$1,029.55
<b>TOTAL:</b>	<b>\$86,383.05</b>

**B. Holdback**

15. The fees earned for this Statement Period totaled \$85,353.50 for 163.2 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 \$68,282.80.

16. The total expenses incurred by Kelley Drye during the Statement Period are \$1,029.55.

17. Accordingly, to the extent permitted to be paid, Kelley Drye requests payment for the Statement Period in the total amount of \$69,312.35, which includes \$68,282.80 of fees (80% of total fees) and \$1,029.55 of expenses (100%).

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

Dated: New York, New York  
March 11, 2011

**KELLEY DRYE & WARREN LLP**

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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]