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(Successors to the Debtors and Debtors in Possession)*

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

In re:

JENNIFER CONVERTIBLES, INC. et al¹

Reorganized Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**STIPULATION AND AGREED ORDER REDUCING AND ALLOWING
CLAIM NUMBER 211 AND ALLOWING CLAIM NUMBER 212**

Jennifer Convertibles, Inc. (“Jennifer Convertibles”) and its affiliates, as successors to the debtors and debtors in possession in the above-caption cases (together, the “Debtors”, now known as the “Reorganized Debtors”), hereby submit this Stipulation and Agreed Order Reducing and Allowing Claim Number 211 and Allowing Claim Number 212 (the “Stipulation”) and agree and state:

¹ The Reorganized 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, 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

WHEREAS, on October 13, 2010, Vertis Inc. dba Vertis Communications (the “Claimant”) filed claim number 211, asserting an administrative claim of \$17,050.47 (the “503(b)(9) POC”); and

WHEREAS, also on October 13, 2010, the Claimant filed claim number 212, asserting an unsecured claim of \$18,180.64 (the “Unsecured POC”); and

WHEREAS, on November 19, 2010, the Debtors filed their Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors, and Disclosure Statement with Respect to the Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors. On December 22, 2010, the Debtors filed their Amended Disclosure Statement with Respect to the Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors (the “Amended Disclosure Statement”) and their Amended Joint Chapter 11 Plan of Reorganization of Jennifer Convertibles, Inc. and Its Affiliated Debtors (the “Amended Plan”); and

WHEREAS, also on December 22, 2010, the Bankruptcy Court entered an order approving the Amended Disclosure Statement (Docket No. 397); and

WHEREAS, the confirmation hearing was held on January 25, 2011, and on February 9, 2011, the Bankruptcy Court entered the Findings of Fact and Conclusions of Law and Order Confirming the Amended Joint Chapter 11 Amended Plan of Reorganization of Jennifer Convertibles, Inc. and its Affiliated Debtors (Docket No. 491); and

WHEREAS, on February 16, 2011, the Debtors filed the Debtors Second Omnibus Objection To Claims That Do Not Correspond To The Debtors Books And Records, Claims Filed Against The Wrong Debtor, And Certain Landlord Claims (Docket No. 498) (the “Second Objection”); and

WHEREAS, the Second Objection seeks to reclassify the 503(b)(9) POC from an administrative claim to an unsecured claim; and

WHEREAS, on February 22, 2011, the Amended Plan became effective and the Reorganized Debtors filed with the Court the Notice of Effective Date (Docket No. 503); and

WHEREAS, after an exchange of information and in an effort to avoid litigation, the Claimant and Debtors have concluded that (i) the 503(b)(9) POC should be reduced in amount to \$8,500.00 and allowed as an administrative claim, and (ii) the Unsecured POC should be allowed in these chapter 11 cases.

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 “Stipulation Effective Date”). This Stipulation shall be null and void if it is not approved by the Bankruptcy Court.

2. On the Stipulation Effective Date: (i) the 503(b)(9) POC shall be reduced in amount to \$8,500.00 and allowed as an administrative claim, and (ii) the Unsecured POC shall be allowed as a Class 3 General Unsecured Claim in accordance with the Debtors’ Amended Plan, as the sole remaining claims 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. On and after the Stipulation Effective Date, BMC Group, Inc., the Claims Agent appointed in these chapter 11 cases, is hereby authorized to reflect the treatment of the 503(b)(9) POC and Unsecured POC as described in paragraph 2 above on the official claims register maintained in these cases.

4. Claimant will not object to the classification or treatment of the 503(b)(9) POC and Unsecured POC as described in paragraph 2 above.

5. 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.

6. This Stipulation constitutes the entire agreement between the parties regarding the 503(b)(9) POC and Unsecured POC, 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.

7. 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.

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

Dated: New York, New York
April 4, 2011

OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP

By:

/s/ Michael S. Fox

MICHAEL S. FOX

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*Counsel for the Debtors and the
Reorganized Debtors*

SO ORDERED:

Date: _____, 2011

Dated: New York, New York
April 4, 2011

HUSCH BLACKWELL LLP

By:

/s/ John J. Cruciani

JOHN J. CRUCIANI

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UNITED STATES BANKRUPTCY JUDGE