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

In re:

JENNIFER CONVERTIBLES, INC. et al¹

Debtor.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

**STIPULATION AND AGREED ORDER DISALLOWING AND
EXPUNGING CLAIM NUMBER 281, MODIFYING AND REDUCING CLAIM
NUMBER 380 AND REDUCING AND ALLOWING CLAIM NUMBER 397**

Jennifer Convertibles, Inc. (“Jennifer Convertibles”) and its affiliated debtors, as debtors and debtors in possession (together, the “Debtors”, now known as the “Reorganized Debtors”) respectfully submit this Stipulation and Agreed Order Disallowing and Expunging Claim Number 281, Modifying and Reducing Claim Number 380 and Reducing and Allowing Claim Number 397 (the “Stipulation”) and agree and state:

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).

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 February 8, 2011, the Court confirmed the Second Amended Joint Chapter 11 Plan of Reorganization for Jennifer Convertibles, Inc. and its Affiliated Debtors (the "Plan"); and

WHEREAS, MICO Archibald Partners, LLC (the “Claimant”) filed claim number 281 on October 22, 2010, asserting a secured claim of \$29,929.94 and a general unsecured claim in the amount of \$112,635.09, for a total claim of \$142,564.33 (“Claim 281”); and

WHEREAS, the Claimant also filed claim number 380 on March 2, 2011, asserting an administrative rejection damages claim of \$184,787.70 and a general unsecured rejection damages claim of \$456,766.56 for a total claim of \$641,554.26 (“Claim 380”); and

WHEREAS, on April 25, 2011, the Claimant filed the *Motion Of MICO Archibald Partners, LLC For Allowance And Payment Of Administrative Expense Claim* (docket no. 557) (the “MICO Motion”) seeking payment of an administrative claim in the amount of \$146,562.68 (“Claim 397”); and

WHEREAS, on May 10, 2011, the Debtors filed the *Debtors Objection To The Motion Of MICO Archibald Partners, LLC For Allowance And Payment Of Administrative Expense Claim* (docket no. 568); and

WHEREAS, after an exchange of information, the Claimant and Debtors have agreed to settle and withdraw the MICO Motion, disallow and expunge Claim 281, modify and reduce Claim 380 and reduce and allow Claim 397.

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, (i) Claim 281 shall be disallowed and expunged in its entirety, (ii) Claim 380 shall be modified to assert a general unsecured claim of \$570,614.43 (which includes a general unsecured claim of \$112,635.09, and a lease rejection damages claim of \$456,766.56), and (iii) Claim 397 shall be reduced to an administrative claim in the amount of \$107,000.00 and allowed in such amount.

3. Claimant is authorized to apply the security deposit in the amount of \$29,929.24 to its unsecured rejection damage claim set forth in Claim 380, and such unsecured rejection damage claim shall be reduced accordingly from \$456,766.56 to \$426,837.32, leaving the remaining asserted general unsecured claim amount of Claim 380 at \$540,685.19.

4. Claim 380, as a general unsecured claim, shall be 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 other than Claim 380.

5. Upon the Bankruptcy Court’s approval of the terms of this Stipulation, the Claimant shall withdraw, with prejudice, the MICO Motion from the docket and the Claimant shall have an allowed administrative claim in the amount of \$107,000.00 pursuant to Claim 397.

6. The Debtors shall make payment on Claim 397 in the amount as agreed upon herein no later than the five (5) days following the Court’s approval of this Stipulation.

7. The Debtors expressly reserve the right to file additional objections to Claim 380, 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 380 to the extent that distributions on such Claim 380 have not yet been made under the Plan.

8. 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 281 and Claim 380 and Claim 397, as described herein, on the official claims register maintained in these cases.

9. The Claimant will not object to the classification or treatment of Claim 281 and Claim 380 and Claim 397 as described herein.

10. 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.

11. This Stipulation constitutes the entire agreement between the parties regarding Claim 281 and Claim 380 and Claim 397, 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.

12. 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.

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

Dated: New York, New York

~~May~~, 2011

June 2,

OLSHAN GRUNDMAN FROME
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By: 

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Dated: New York, New York

~~June~~ May 1, 2011



THE REIMANN LAW GROUP

By: 

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Counsel for MICO Archibald Partners, LLC

SO ORDERED:

Date: _____, 2011

UNITED STATES BANKRUPTCY JUDGE