

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

In re:

JENNIFER CONVERTIBLES, INC.,

Debtors.

Chapter 11

Case No. 10-13799 (ALG)

**ORDER GRANTING ADMINISTRATIVE EXPENSE STATUS TO DEBTORS'
OBLIGATIONS TO HAINING MENGNU GROUP CO. LTD. ARISING FROM THE
POST-PETITION DELIVERY OF GOODS, AND AUTHORIZING DEBTORS TO PAY
THOSE OBLIGATIONS CASH ON DELIVERY WITHIN THE ORDINARY COURSE
OF BUSINESS**

Upon consideration of the statements of counsel for Jennifer Convertibles, Inc. and its affiliated debtors (the "Debtors") and counsel for Haining Mengnu Group Co. Ltd. ("Mengnu") at the hearing held before the Court on July 21, 2010 (the "Hearing"); and the Court having jurisdiction to consider the relief requested pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the relief requested being in the best interests of the Debtors and their estates and creditors; and the Court having held the Hearing with appearances of parties in interest noted in the transcript thereof; and the Court having determined that the legal and factual bases set forth at the Hearing establish just cause for the relief granted herein; and the Court having determined that immediate relief is necessary to avoid irreparable harm; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor; it is hereby

ORDERED, that Mengnu shall be afforded administrative expense status, pursuant to section 503(b) of the Bankruptcy Code, with respect to the obligations of the Debtors to pay for goods purchased¹ from Mengnu and received by Debtors post-petition; and it is further

ORDERED, that the Debtors are authorized to pay all obligations in respect of goods purchased from Mengnu and received by the Debtors' post-petition on a "cash on delivery" basis whereby Debtors shall pay the landed cost of inventory as stated in the invoice by wire transfer in immediately available funds on the close of business on the second business day following their receipt of the inventory, unless otherwise agreed to by Mengnu in writing; and it is further

ORDERED, that these payments to Mengnu shall constitute payments in the ordinary course of business; and it is further

ORDERED, that notwithstanding Bankruptcy Rule 6003 and the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

New York, New York
July __, 2010

THE HONORABLE ALLAN L. GROPPER
UNITED STATES BANKRUPTCY JUDGE

¹ In the event that the Debtors' Motion Pursuant to Sections 105(a), 363, 364 and 503 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 for Entry of an Order Authorizing, but Not Requiring, Payment of Certain Prepetition Obligations to Critical and Foreign Vendor, Haining Mengnu Group Co. Ltd., dated July 19, 2010, is granted, Mengnu shall be authorized to seek to reallocate payments authorized under this Order on account of its post-petition deliveries of goods to payments owed to it by the Debtors in respect of its pre-petition deliveries of goods.