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(Successor to the Debtors and Debtors in Possession)*

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

In re:

JENNIFER CONVERTIBLES, INC.

Reorganized Debtor.

Chapter 11

Case No. 10-13779 (ALG)

**STIPULATION AND AGREED ORDER PROVIDING GLORIA GAZZOLA
LIMITED RELIEF FROM THE AUTOMATIC STAY AND PLAN
INJUNCTION TO PURSUE STATE COURT ACTION AGAINST THE
JENNIFER CONVERTIBLES, INC. ESTATE AND (I) LIMITING RECOVERY
SOLELY TO AVAILABLE INSURANCE PROCEEDS AND (II) WAIVER OF
DEDUCTIBLE AND ANY CLAIM AGAINST THE DEBTOR AND ITS ESTATE**

Jennifer Convertibles, Inc. (“Jennifer Convertibles”) (the “Debtor”, now known as the “Reorganized Debtor”) respectfully submits this *Stipulation And Agreed Order Providing Gloria Gazzola Limited Relief From The Automatic Stay And Plan Injunction To Pursue State Court Action Against The Jennifer Convertibles, Inc. Estate And (i) Limiting Recovery Solely To Available Insurance Proceeds And (ii) Waiver Of Deductible And Any Claim Against The Debtor And Its Estate* (the “Stipulation”) and agree and state:

WHEREAS, on or about July 22, 2009, Gloria Gazzola (“Movant”) allegedly suffered personal injury in a Debtor-owned Ashley Furniture HomeStore located in Carle Place, New York; and

WHEREAS, a claim was filed by the Movant with the Fireman's Insurance Fund, claim no. 00509644178; and

WHEREAS, on July 18, 2010 (the “Petition Date”), the Debtor and eleven of its subsidiaries 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, Cassisi & Cassisi, P.C. was retained by the Movant and filed an action (the “PI Action”) in the Supreme Court of the State of New York, County of Nassau, Index No. 11-4673 on March 28, 2011 alleging that the Movant suffered a personal injury in the Debtor’s store; and

WHEREAS, by virtue of the Debtor’s chapter 11 bankruptcy proceeding and section 362(d) of the Bankruptcy Code, prosecution of the PI Action was stayed against the Debtor, and in accordance with section 1141 of the Bankruptcy Code and section 12.04 of the Debtor’s Plan, the Movant’s claim had been discharged; and

WHEREAS, the parties were able to agree upon the terms set forth in this Stipulation providing the Movant with limited relief to prosecute the PI Action and recover upon its claim solely from any resulting insurance proceeds awarded therein, provided that the Debtor

shall not itself be liable to pay any amounts on account of any such judgment, including any deductible that may otherwise be owed.

NOW, THEREFORE, in consideration of the foregoing, the Reorganized Debtor and the Movant stipulate and agree:

1. The Movant shall have limited relief from the automatic stay pursuant to section 362(d) of the Bankruptcy Code to proceed with the PI Action against the Debtor in order to collect upon any judgment the Movant may obtain against the Debtor in such action solely from any available insurance proceeds; provided, that: (a) the Debtor shall not itself be liable to pay any amounts on account of any such judgment, including any deductible that may otherwise be owed; (b) nothing contained herein shall be deemed a waiver of any rights or defenses to coverage of any insurer under any insurance policies issued to the Debtor that may be implicated by the PI Action; and (c) any self insured retention provisions of any such insurance policies shall remain in full force and effect, provided that the Debtor's estate shall have no obligation under any of the insurance policies to spend any money or incur any cost in defense of the PI Action.

2. Any and all additional sums requested or asserted by the Movant, formally or informally, are hereby withdrawn, and the Movant shall not be entitled to recover any other funds from the Debtor or its estate and the Reorganized Debtor or its estate.

3. Except as otherwise expressly set forth herein, the automatic stay shall remain in full force and effect with respect to the Reorganized Debtor and its estate.

4. 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.

5. This Stipulation constitutes the entire agreement between the parties regarding the Claims, 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.

6. 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.

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

Dated: New York, New York
March 7, 2012

Dated: Melville, New York
February 29, 2012

OLSHAN GRUNDMAN FROME
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By:

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Possession)*

Counsel for Gloria Gazzola

SO ORDERED:

Date: March 14, 2012

s/Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE