

EXHIBIT “C”

**LEASE MODIFICATION AGREEMENT
JENNIFER CONVERTIBLES
WOODBURY, NY**

THIS Lease Modification Agreement ("Modification Agreement") is made this ___ day of November, 2010, by and between Lake Park 415 Crossways Park Drive LLC and CLK-HP 415 Crossways Park Drive LLC, ("Landlord"), and Jennifer Convertibles, Inc., ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to an Agreement of Lease effective as of February 1, 2003 and as modified and extended on November 13, 2007 (the "Lease") relative to those certain retail premises designated as 417 Crossways Park Drive, Woodbury, NY (the "Premises"); and

WHEREAS, Tenant is presently in possession of the Premises and on July 18, 2010, Tenant filed for bankruptcy protection in Chapter 11 proceedings in the United States Bankruptcy Court for the Southern District of New York, Case Number 10-13779 that includes the Premises, and that Tenant is functioning as a Debtor-in -Possession; and

WHEREAS, Landlord and Tenant agree that there are arrears outstanding pursuant to the Lease in the amount of \$128,712.61 (the "Arrears"); and

WHEREAS, the Landlord has agreed to modify the terms of the Lease as expressly set forth in this Modification Agreement; and

WHEREAS, the parties acknowledge that during the pendency of Tenant's bankruptcy cases under Chapter 11, the terms of this Modification Agreement, including without limitation, those terms related to rental adjustments, shall be in effect; and


WHEREAS, Landlord and Tenant shall execute this Modification Agreement which shall be effective upon execution and subsequently incorporated into a Bankruptcy Plan.

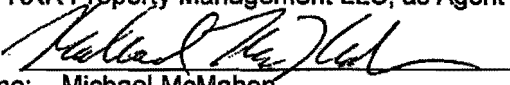
NOW, THEREFORE, in consideration of the covenants and conditions set forth herein, and for good consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. Landlord and Tenant agree to the allowance by Landlord of a general unsecured claim pursuant to Rule 3003 of the Federal Rules of Bankruptcy Procedure for the Arrears under the Lease through and including July 17, 2010.
2. Landlord has agreed to a modified Lease term of August 1, 2010 through and including July 31, 2011 (the "Term").
3. For the period commencing July 18, 2010, and continuing for the balance of the Term (inclusive of and, all renewal option periods) through and including July 31, 2011, the gross rent shall be reduced to \$6,500 per month.
4. Opt-Out Landlord. Landlord may terminate the lease at any time upon at least one hundred and fifty (150) days written notice to Tenant of its intention to recapture the Premises and to terminate the lease.

5. All other terms and conditions of the Lease shall remain in full force and effect, except those terms which are expressly modified by this Modification Agreement. Unless otherwise defined herein, all capitalized terms shall have the same meaning as defined in the Lease.
6. The effectiveness of this Modification Agreement is upon execution, but is conditioned upon approval by the bankruptcy court hereof. If this Modification Agreement is not approved by the bankruptcy court within sixty (60) days from execution, this Modification Agreement shall be considered null and void and of no consequence to either party.
7. If Tenant at any time rejects the Lease and/or this Modification Agreement, or does not otherwise assume this Modification Agreement, this Modification Agreement shall be considered null and void and of no consequence to either party and the terms of the Lease shall be reinstated.
8. During the pendency of Tenant's bankruptcy cases under Chapter 11, the terms of this Modification Agreement, including without limitation, those terms related to rental adjustments, shall be in effect and the Debtor shall remain current in its post-petition obligations.
9. This Modification Agreement may be executed by facsimile and in counter parts, each facsimile being deemed an original and constituting one original document.

IN WITNESS WHEREOF, Landlord and Tenant have hereunto executed this Modification Agreement as of the day and year first above written.

LANDLORD:
LAKE PARK 415 CROSSWAYS PARK
DRIVE LLC
By: RXR Property Management LLC, as Agent
By: 
Name: Michael McMahon
Title: Authorized Person

LANDLORD:
CLK-HP 415 CROSSWAYS PARK DRIVE
LLC
By: RXR Property Management LLC, as Agent
By: 
Name: Michael McMahon
Title: Authorized Person

TENANT:
JENNIFER CONVERTIBLES, INC., DEBTOR
AND DEBTOR-IN-POSSESSION

By: _____
Name:
Title: