

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

In re:)	
)	Chapter 11
JENNIFER CONVERTIBLES, INC., <i>et al.</i> ¹)	
)	Case No. 10-13779 (ALG)
Debtors.)	(Jointly Administered)
)	
)	

**AMENDED STIPULATION AND AGREED ORDER
RESOLVING CLAIMS OF OAKLAND SQUARE LLC**

This stipulation and agreed order (the “Stipulation”) is made by and among Jennifer Convertibles, Inc. (the “Debtor”), the Trust Administrator (the “Trust Administrator”) for the Jennifer Convertibles Litigation Trust (the “Trust”) of Jennifer Convertibles, Inc., *et al.*, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), and Oakland Square LLC (“Oakland Square”), by and through their respective authorized representatives. The Debtor, Trust and Oakland Square are collectively referred to herein as the “Parties.”

WHEREAS, on July 18, 2010 (the “Petition Date”), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Following the Petition Date, the Debtors continued to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

¹ The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd.; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; and (xii) Washington Heights Convertibles, Inc.

WHEREAS, on February 8, 2011, the Court entered an Order (the “Confirmation Order”)² confirming the Debtors’ Amended Joint Chapter 11 Plan of Reorganization For Jennifer Convertibles, Inc. and its Affiliated Debtors (the “Plan”).³

WHEREAS, pursuant to section 9 of the Plan, the Trust was formed on February 22, 2011, which was the date the Plan became effective (the “Effective Date”).⁴ The Trust was formed for the purpose of (i) liquidating and distributing, among other things, the Litigation Trust Causes of Action, the Tranche A Note, the Tranche C Note, 9.9% of the New Common Stock and any other assets acquired by the Trust (the “Litigation Trust Fund”); and (ii) pursuing objections to disputed general unsecured claims. Pursuant to section 8.01 of the Plan, the Debtors were deemed to have assigned to the Trust on the Effective Date the exclusive right to object to disputed general unsecured claims. The appointment of the Trust Administrator was approved pursuant to paragraph 17 of the Confirmation Order.

WHEREAS, on October 25, 2010, Oakland Square filed proof of claim number 338 against Jennifer Convertibles, Inc. asserting claims against the Debtor in the amount of \$79,551.39 (“Claim 338”).

WHEREAS, on January 20, 2012, the Trust Administrator filed a fourth (substantive) omnibus objection to certain (a) overstated claims; (b) no liability claims; (c) misclassified claims; (d) rejection damages claims; (e) misclassified landlord claims; and (f) overstated landlord claims (the “Fourth Omnibus Objection”).⁵ In the Fourth Omnibus

² Docket Entry No. 491.

³ Docket Entry No. 399.

⁴ Docket Entry No. 503.

⁵ Docket Entry No. 658.

Objection, the Trust objected to Claim 338 because it was unclear from the face of the claim the unsecured and administrative portions of the claim being asserted by Oakland Square.

WHEREAS, on February 24, 2012, the Trust Administrator filed a Stipulation And Agreed Order Resolving Claims Of Oakland Square LLC (the “Original Stipulation”).⁶

WHEREAS, on March 6, 2012, the Debtor objected to the Original Stipulation and filed The Debtor’s Limited Objection To The Proposed Stipulation And Agreed Order Resolving Claims Of Oakland Square LLC (the “Stipulation Objection”).⁷

WHEREAS, on April 17, 2012, Oakland Square filed an Application Of Oakland Square LLC In Support Of Stipulation And Agreed Order (the “Application”).⁸

WHEREAS, on April 24, 2012, the Debtor objected to the Application and filed The Debtor’s Objection To The Application Of Oakland Square LLC In Support Of Stipulation And Agreed Order (the “Application Objection”).⁹

WHEREAS, the Parties have engaged in good-faith negotiations with respect to Claim 338, the Original Stipulation, the Stipulation Objection, the Application and the Application Objection, and have determined that it is in the best interests of the Parties to enter into this Stipulation resolving Claim 338, the Original Stipulation, the Stipulation Objection, the Application and the Application Objection.

NOW, THEREFORE, in consideration of the foregoing, the Parties hereby stipulate and agree as follows:

⁶ Docket Entry No. 690.

⁷ Docket Entry No. 698.

⁸ Docket Entry No. 768.

⁹ Docket Entry No. 772.

1. Claim 338 shall be allowed as (i) an administrative claim in the amount of \$7,000; and (ii) a general unsecured claim in the amount of \$60,000.¹⁰

2. The agreement and obligations set forth in this Stipulation shall be in full and final satisfaction of the matters raised in Fourth Omnibus Objection, but solely as it relates to Claim 388, the Stipulation Objection, the Application and the Application Objection. Upon entry of a final order approving this Stipulation, the Fourth Omnibus Objection as its relates only to Claim 388 shall be deemed moot and the Original Stipulation, the Stipulation Objection, the Application and the Application Objection shall be deemed withdrawn.

3. The allowance of Claim 388 and the resolution of the Application as provided in this Stipulation shall fully and finally resolve any and all liability of the Debtors and the Trust to Oakland Square. Oakland Square hereby releases, waives and discharges the Debtors, the Trust, the Trust Administrator and each of their respective successors, assigns, agents, and attorneys of and from any and all claims other than Claim 388 as allowed pursuant to this Stipulation. The Debtors, the Trust and the Trust Administrator, solely as administrator of the Trust, hereby release, waive and discharge Oakland Square and each of its respective successors, assignees, agents and attorneys of and from any and all claims related to the Debtors and the Debtors' chapter 11 cases.

4. This Stipulation is binding upon the bankruptcy estate, the Parties, their respective successors and assigns, all parties-in-interest, and upon any trustee appointed in this or any converted case. In the event that this case is converted to a case under chapter 7 of the Bankruptcy Code, and a chapter 7 trustee is appointed, this Stipulation shall remain in full force and effect.

¹⁰ The allowed administrative claim granted in this Stipulation is in addition to stub-rent that was due to Oakland Square, which stub-rent has already been paid by the Debtor.

5. Each Party represents that it understands and fully agrees to each and every provision hereof. This Stipulation constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions between the Parties. This Stipulation may not be amended, modified or waived without the express written consent of the Parties hereto.

6. This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures on copies of this Stipulation reproduced electronically or by facsimile shall be deemed as effective as original signatures on counterparts.

WHEREFORE, the undersigned have executed this Stipulation on behalf of the

Parties hereto on May 21, 2012.

JENNIFER CONVERTIBLES
LITIGATION TRUST

OAKLAND SQUARE LLC

By: /s/ James D. Hunt
By: KDW Restructuring & Liquidation
Services LLC, not individually but solely
As Trust Administrator of the Jennifer
Convertibles Litigation Trust
By: James D. Hunt
Title: Chief Operating Officer
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Tel: (212) 808-7800
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By: /s/ Seth H. Lieberman
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ATTORNEYS FOR OAKLAND
SQUARE LLC

JENNIFER CONVERTIBLES, INC.

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ATTORNEYS FOR JENNIFER CONVERTIBLES, INC.

SO ORDERED:

Dated: May 25, 2012
New York, New York

s/Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE