

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

In re:

JENNIFER CONVERTIBLES, INC.,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Motion for Joint Administration Pending)

**ORDER APPROVING PROCESS INCLUDING SALE TO THE HIGHEST BIDDERS
AND TO (A) APPROVE BID PROCEDURES AND PROTECTIONS; (B) SCHEDULE A
SALE HEARING; (C) APPROVE THE FORM AND MANNER OF NOTICE RELATED
THERE TO; AND (D) GRANTING RELATED RELIEF**

Upon the motion, dated July 20, 2010 (the “Sale Motion”)² of Jennifer Convertibles, Inc. and its affiliated debtors, as debtors in possession (collectively, the “Debtors”), for entry of an order that will (a) approve bid procedures and protections; (b) schedule a sale hearing; (c) approve the form and manner of notice related thereto; (d) authorize sale free and clear of all liens, claims, encumbrances and interests; and (e) grant related relief; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and 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 due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court

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).

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion and the Bid Procedures.

having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Bid Procedures are hereby approved in all respects, including granting the Debtors the discretion, in consultation with the Official Committee of Unsecured Creditors of the Debtors (the "Committee") to adjust the Bid Procedures as may be appropriate to maximize the value the Debtors receive.
3. If a Qualified Bid other than that of GAFS is received prior to the Bid Deadline, an auction will be held on July 28, 2010 at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, 65 East 55th Street, New York, New York 10022, commencing at 10:00 a.m or such other time as agreed amongst the Debtors, the Committee and the Bidders that have submitted Qualified Bids. (Eastern Time). The Debtors are hereby authorized to conduct the auction in the manner that the Debtors and their advisors, in consultation with the Committee, believe will provide the greatest return
4. The GAFS Break-Up Fee in the amount of \$50,000 is approved, and the Debtors are authorized to pay such amounts.
5. If no further Qualified Bids are received, other than the bid of GAFS, no further Sale Hearing will be held. Instead, counsel for the Debtors will submit an order for approval of the Sale to GAFS.
6. In the event that an Auction is held there shall be a Sale Hearing on July 29, 2010 at 9:00 a.m. (Eastern Time), to be held telephonically before the Honorable Allan L. Gropper.

Responses or objections, if any, to the Successful Bid shall be filed with this Court and served, so as to be actually received no later than July 28, 2010, at 5:00 p.m. (Eastern Time) on: (a) Olshan Grundman Frome Rosenzweig & Wolosky LLP, Attn: Michael S. Fox, Esq., Counsel for the Debtors; (b) Office of the U.S. Trustee;, and (c) Kelley, Drye & Warren LLP, Attn: James S. Carr, Esq. and Eric R. Wilson, Esq. Counsel for the Committee.

7. The Debtors are authorized and empowered to take such steps, incur and pay such costs and expenses, and take all such actions as may be reasonably necessary to fulfill the notice requirements established by this Order.

8. The Court shall retain jurisdiction over any matter or dispute arising from or relating to the implementation of this Order.

Dated: July 26, 2010
New York, New York

/s/ Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE