

## SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made as of November 15, 2010, by and between the Official Committee of Unsecured Creditors of Sofa Express, Inc. on behalf of the bankruptcy estate of Sofa Express, Inc. ("Plaintiff"), and The CIT Group/Commercial Services, Inc. ("Defendant") in full and final settlement of the adversary proceeding bearing Adv. Pro. No. 09-0517 (the "Adversary Proceeding") pending in the United States Bankruptcy Court for the Middle District of Tennessee (the "Court"), as set out below:

**WHEREAS**, on December 6, 2007 (the "Petition Date"), a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") was filed by Sofa Express, Inc. (the "Debtor") with the Court, commencing bankruptcy case number 07-09024 (the "Bankruptcy Case"); and

**WHEREAS**, on December 13, 2007, the Official Committee of Unsecured Creditors was appointed by the Office of the United States Trustee; and

**WHEREAS**, by Order of the Court dated November 18, 2009, the Official Committee of Unsecured Creditors was authorized to, among other things, commence avoidance actions pursuant to §§ 547 and 550 of the Bankruptcy Code on behalf of the Debtor's estate; and

**WHEREAS**, on or about December 10, 2007, Defendant filed a proof of claim, which was assigned Claim No. 1, asserting an unsecured claim in the amount of \$151,702.02 (the "Unsecured Claim"); and

**WHEREAS**, Plaintiff has asserted that, on or within ninety (90) days prior to the Petition Date, the Debtor made one or more payments to or for the benefit of the Defendant totaling not less than \$507,275.05 (the "Payments"); and

WHEREAS, Plaintiff initiated the instant Adversary Proceeding against the Defendant seeking the avoidance and return of the Payments pursuant to §§ 547 and 550 of the Bankruptcy Code (the "Preference Claim") and disallowance of the Unsecured Claim pursuant to 11 U.S.C. § 502(d) (the "502(d) Objection"); and

WHEREAS, the Defendant disputes the allegations and claims contained in the complaint which commenced the Adversary Proceeding; and

WHEREAS, Plaintiff and Defendant have exchanged information and documents relevant to the Preference Claim and the asserted defenses thereto; and

WHEREAS, in order to avoid the cost of further litigation and the attendant risks and costs thereto, Plaintiff and Defendant have determined to resolve the dispute between them upon the terms and provisions of this Agreement; and

WHEREAS, Plaintiff and Defendant have carefully considered the terms of this Agreement, after having had the opportunity to consult with their respective attorneys, and are satisfied that it is fair and reasonable;

NOW, THEREFORE, Plaintiff and Defendant agree as follows:

1. This Agreement shall be subject to approval by the Court.
2. In full and final settlement of the Preference Claim, Defendant agrees to pay Plaintiff the sum of \$2,500.00 (the "Settlement Amount") by wire transfer, check or money order made payable to "Platzer, Swergold, as Attorneys for the Committee." The Settlement Amount shall be paid by Defendant within 10 business days of defendant's receipt of an executed copy of this Agreement and a Form W-9 completed by the payee. The payment shall be sent to Platzer, Swergold, Karlin, Levine, Goldberg & Jaslow, LLP, 1065 Avenue of The Americas, 18<sup>th</sup> Floor, New York, NY 10018, Attn: Andrew S. Muller, Esq.

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3. Defendant hereby waives its right to file a claim pursuant to 11 U.S.C. § 502(h) with respect to the Settlement Amount.

4. Upon payment of the Settlement Amount, and execution and approval by the Court of this Agreement, Plaintiff will file the appropriate notice or stipulation dismissing this Adversary Proceeding in accordance with Rule 7041 of the Fed. R. Bankr. P. and Rule 41(a)(1)(A) of the Fed. R. Civ. P. The dismissal shall be with prejudice as it relates to the Preference Claim and 502(d) Objection, but without prejudice to additional objections to the Unsecured Claim.

5. Defendant agrees and acknowledges that Defendant has voluntarily offered, executed and delivered this Agreement on its own volition and upon the advice of counsel of its own selection and that the Agreement is valid and binding.

6. If Defendant fails to pay the Settlement Amount when due, as required under the Agreement, Plaintiff reserves its right to pursue all rights and remedies available at law or equity and the settlement evidenced by this Agreement shall become null and void.

7. Neither the terms nor the statements contained in the Agreement or any correspondence related to the negotiation, drafting or approval of the Agreement shall be argued to be deemed to be an admission against either party's interest in any pending litigation by and between the parties.

8. Plaintiff and Defendant acknowledge that this Agreement is a compromise of a disputed claim, and that neither admits, and each expressly denies any liability on its part.

9. Upon Plaintiff's receipt and successful deposit of the Settlement Amount, the parties hereby mutually release each other from any and all claims, counterclaims, demands, actions, causes of action, rights, obligations, damages, losses, injuries, costs, expenses, attorneys'

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fees, suits, controversies, and liabilities of any kind or nature whatsoever in law, equity or otherwise, whether known or unknown, suspected or unsuspected, fixed, contingent, accrued, inchoate or otherwise, which may now exist in any way related to the subject matter of the Adversary Proceeding, except that Defendant retains its Unsecured Claim and Plaintiff retains all objections thereto that are not based on 11 U.S.C. § 502(d).

10. This Agreement contains the entire agreement between the parties, and may only be modified in writing signed by the parties or their duly appointed agents.

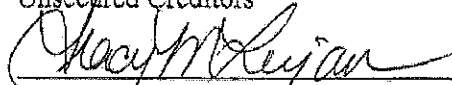
11. Each party acknowledges that they have read all of the terms of this Agreement and enters into this Agreement voluntarily and without duress.

12. This Agreement shall be binding upon the parties' heirs, successors and assigns, and shall inure to the benefit of the parties' heirs, successors and assigns.

[The rest of this page intentionally left blank.]


13. This Agreement may be executed in counterpart originals.

**HARWELL HOWARD HYNE GABBERT  
& MANNER, P.C.**  
Counsel to Plaintiff, the Official Committee of  
Unsecured Creditors



By: Tracy M. Lujan, Esq.  
315 Deaderick Street  
Suite 1800  
Nashville, TN 37238

**THE CIT GROUP/COMMERCIAL  
SERVICES, INC.**  
Defendant

By: 

(Name) Robert W. Franklin  
(Job Title) Director

**AMENDMENT TO SETTLEMENT AGREEMENT**

This Amendment to Settlement Agreement (the "Agreement") is made as of November 23, 2010, by and between the Official Committee of Unsecured Creditors of Sofa Express, Inc. on behalf of the bankruptcy estate of Sofa Express, Inc. ("Plaintiff"), and The CIT Group/Commercial Services, Inc. ("Defendant"). This Amendment amends the Settlement Agreement entered into between Plaintiff and Defendant as of November 15, 2010 regarding the adversary proceeding bearing Adv. Pro. No. 09-0517 pending in the United States Bankruptcy Court for the Middle District of Tennessee.

Plaintiff and Defendant hereby make the following amendment to the Settlement Agreement:

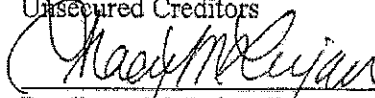
**Paragraph 2 of the Settlement Agreement is hereby replaced with the following revised paragraph:**

2. In full and final settlement of the Preference Claim, Defendant agrees to pay Plaintiff the sum of \$2,500.00 (the "Settlement Amount") by wire transfer, check or money order made payable jointly to "Sofa Express, Inc." and "Platzer, Swergold, as Attorneys for the Committee." The Settlement Amount shall be paid by Defendant within 10 business days of defendant's receipt of an executed copy of this Amendment to Settlement Agreement and a Form W-9 completed by Sofa Express, Inc.. The payment shall be sent to Platzer, Swergold, Karlin, Levine, Goldberg & Jaslow, LLP, 1065 Avenue of The Americas, 18<sup>th</sup> Floor, New York, NY 10018, Attn: Andrew S. Muller, Esq.

Plaintiff and Defendant further agree that this Amendment may be executed in counterparts, and a facsimile, electronic copy or photocopy shall have the same force and effect as an original. Signatures follow on the next page(s).

**HARWELL HOWARD HYNE GABBERT  
& MANNER, P.C.**

Counsel to Plaintiff, the Official Committee of  
Unsecured Creditors

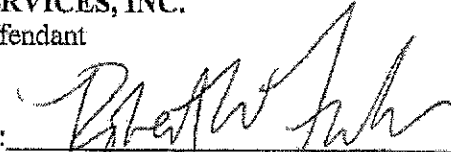


By: Tracy M. Lujan, Esq.  
315 Deaderick Street  
Suite 1800  
Nashville, TN 37238

**THE CIT GROUP/COMMERCIAL  
SERVICES, INC.**

Defendant

By:



(Name)

(Job Title)

Robert Franklin

Director