

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re) Chapter 11
)
Arctic Sentinel, Inc., [f/k/a Fuhu, Inc.], *et al.*,¹) Case No. 15-12465 (CSS)
) (Jointly Administered)
)
Debtors.) Re: Docket Nos. 3, 40, 147, 227, 404

**CERTIFICATION OF COUNSEL REGARDING SECOND AGREED ORDER
AMENDING FINAL ORDER AUTHORIZING USE OF CASH COLLATERAL,
CONFIRMING DEBTORS' ABILITY TO SELL INVENTORY, AND GRANTING
ADEQUATE PROTECTION TO PRE-PETITION LENDERS**

The undersigned counsel to the above-captioned debtor (the "Debtors") in the above-captioned chapter 11 cases hereby certifies as follows:

1. On January 7, 2016, the Court entered the *Final Order Authorizing Use of Cash Collateral, Confirming Debtors' Ability to Sell Inventory, and Granting Adequate Protection to Pre-Petition Lenders* (D.I. 227, the "Final Order").²

2. On February 19, 2016, the Court entered that certain *Stipulation and Agreed Order Amending That Certain Final Order Authorizing Use of Cash Collateral, Confirming Debtors' Ability to Sell Inventory, and Granting Adequate Protection to Pre-Petition Lenders* (D.I. 404, the "First Amendment") that, among other things, extended the Debtors' authorization to use Cash Collateral through not later than June 1, 2016.

3. The Debtors, the Official Committee of Unsecured Creditors (the "Committee"), and the TCP Agent have agreed to further amend the Final Order to, among other things,

¹ Debtors, together with the last four digits of each Debtor's tax identification number, are: Arctic Sentinel, Inc. [f/k/a Fuhu, Inc.] (7896); Arctic Sentinel Holdings, Inc., [f/k/a Fuhu Holdings, Inc.] (9761); Arctic Sentinel Direct, Inc. [f/k/a Fuhu Direct, Inc.] (2180); and Sentinel Arctic, Inc., [f/k/a Nabi, Inc.] (4119). The location of Debtors' headquarters and service address is 1700 E. Walnut Ave., Suite 500, El Segundo, CA 90245.

² Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Final Order.



authorize the Debtors' further use of Cash Collateral and release certain Cash Collateral that has been segregated by agreement of the parties in connection with final allowance of the TCP Lenders' secured claims.

4. The parties' agreement is reflected in the attached proposed *Second Agreed Order Amending Final Order Authorizing Use of Cash Collateral, Confirming Debtors' Ability to Sell Inventory, and Granting Adequate Protection to Pre-Petition Lenders* (the "Proposed Second Amendment") attached hereto as Exhibit A.

5. The Proposed Second Amendment has been reviewed, approved, and agreed to by the Debtors, the Committee, and the TCP Agent.

WHEREFORE, the Committee respectfully requests that the Court enter the Proposed Second Amendment at its earliest convenience.

Dated: May 3, 2016

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Counsel for the Debtors and Debtors in Possession

Exhibit A

Proposed Second Amendment

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re) Chapter 11
)
Arctic Sentinel, Inc., [f/k/a Fuhu, Inc.], <i>et al.</i> , ¹) Case No. 15-12465 (CSS)
) (Jointly Administered)
Debtors.)
) Re: Docket Nos. 3, 40, 147, 227, 404

SECOND AGREED ORDER AMENDING FINAL ORDER AUTHORIZING USE OF CASH COLLATERAL, CONFIRMING DEBTORS' ABILITY TO SELL INVENTORY, AND GRANTING ADEQUATE PROTECTION TO PRE-PETITION LENDERS

WHEREAS, on January 7, 2016, the Court entered that certain Final Order Authorizing Use of Cash Collateral, Confirming Debtors' Ability to Sell Inventory, and Granting Adequate Protection to Pre-Petition Lenders (D.I. 227, the "Final Order")²;

WHEREAS, on February 19, 2016, the Court entered that certain Stipulation and Agreed Order Amending That Certain Final Order Authorizing Use of Cash Collateral, Confirming Debtors' Ability to Sell Inventory, and Granting Adequate Protection to Pre-Petition Lenders (D.I. 404, the "First Amendment") that, among other things, extended the Debtor's authorization to use Cash Collateral through not later than June 1, 2016;

WHEREAS, the Debtors, the Committee, and TCP Agent desire to further amend the Final Order to, among other things, authorize the Debtors' further use of Cash Collateral and release certain Cash Collateral that has been segregated by agreement of such parties in connection with final allowance of the TCP Lenders' secured claims, all subject to the terms and conditions of the Final Order as amended hereby.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND ORDERED THAT:

¹ Debtors, together with the last four digits of each Debtor's tax identification number, are: Arctic Sentinel, Inc. [f/k/a Fuhu, Inc.] (7896); Arctic Sentinel Holdings, Inc., [f/k/a Fuhu Holdings, Inc.] (9761); Arctic Sentinel Direct, Inc. [f/k/a Fuhu Direct, Inc.] (2180); and Sentinel Arctic, Inc., [f/k/a Nabi, Inc.] (4119). The location of Debtors' headquarters and service address is 1700 E. Walnut Ave., Suite 500, El Segundo, CA 90245.

² Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Final Order.

1. Effective upon entry of this Order, the Final Order is hereby amended and modified as follows:

(a) Notwithstanding any terms of the Final Order or the First Amendment to the contrary, the Debtors are authorized to use Cash Collateral until further order of the Court to pay when due: (A) fees that are owing to the United States Trustee pursuant to 28 U.S.C. § 1930(a) in such amounts as determined in agreement with the United States Trustee or by final order of the Court; (B) fees and expenses awarded under Bankruptcy Code §§ 330 and 331 by this Court to professionals retained in these cases by the Debtors or the Committee, including the claims and noticing agent in these cases; (C) out-of-pocket expenses of members of the Committee to the extent approved by this Court; (D) administrative expenses incurred in the ordinary course of Debtors' administration of these cases; and (E) other expenditures authorized by order of the Court (after notice and hearing). Nothing herein or in the Final Order constitutes, or may be construed as, consent to the allowance of any fees, costs, or expenses by any party, and will not affect the rights of Debtors, TCP Agent, the Committee, the United States Trustee, or any other party-in-interest to object to the allowance or payment of any amounts incurred or requested.

(b) The Debtors' obligations under the Final Order and the First Amendment to provide financial reporting to TCP Agent are terminated.

(c) Provisions of the Final Order related to Specified TCP Fees will be deemed amended as follows:

- i. The Allowance Date will have occurred on the basis set forth below,
- ii. \$1,630,190.95 of the sale proceeds escrowed pursuant to Paragraph 13 of the Final Order will be wire transferred promptly by the Debtors to TCP Agent for application

to outstanding amounts of the TCP Prepetition Debt on a final and indefeasible basis, and the Debtors' obligation to maintain such escrow will thereafter be terminated,

iii. Upon such payment to TCP Agent, all outstanding TCP Prepetition Debt (including, without limitation, all TCP Allowable 506(b) Amounts accrued and accruing through the date hereof) will be deemed paid in full, and

iv. the allowance, release and other validations of TCP Agent, TCP Lenders, TCP Prepetition Debt, TCP Prepetition Liens and TCP in Paragraph 8(b) of the Final Order will be effective immediately and no longer subject to Paragraph 12 of the Final Order.

2. Except as expressly set forth herein, the terms, provisions, and conditions of the Final Order and the First Amendment are not altered and remain in full force and effect. The terms of this Order were negotiated in good faith and at arms' length by the Debtors, Committee and TCP Agent.

3. The Court retains jurisdiction to enforce and interpret the terms of this Order.

Dated: _____, 2016

Honorable Christopher S. Sontchi
United States Bankruptcy Judge