

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11

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VALERITAS HOLDINGS, INC., *et al.*,¹ : Case No. 20-10290 (LSS)

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Debtors. : (Jointly Administered)

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-----X Re: D.I. 15

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO PAY OR HONOR
PREPETITION OBLIGATIONS TO (A) CERTAIN CRITICAL DOMESTIC VENDORS
AND (B) CERTAIN CRITICAL FOREIGN VENDORS; (II) AUTHORIZING AND
DIRECTING FINANCIAL INSTITUTIONS TO HONOR ALL RELATED CHECKS
AND ELECTRONIC PAYMENT REQUESTS; (III) CONFIRMING THE
APPLICATION OF SECTION 362 OF THE BANKRUPTCY CODE TO SUCH
CRITICAL FOREIGN VENDORS; (IV) SCHEDULING A FINAL HEARING;
AND (V) GRANTING RELATED RELIEF**

Upon the *Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay or Honor Prepetition Obligations to (A) Certain Critical Domestic Vendors and (B) Certain Critical Foreign Vendors; (II) Authorizing and Directing Financial Institutions to Honor all Related Checks and Electronic Payment Requests; (III) Confirming the Application of Section 362 of the Bankruptcy Code to Such Critical Foreign Vendors; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the "Motion"),² filed by the above-captioned debtors (collectively, the "Debtors") for entry of an interim order (this "Interim Order"), authorizing the Debtors to pay the prepetition claims of certain Critical Vendors, up to \$750,000 in the aggregate on an interim basis, and granting related relief, all as further described in the Motion; and upon consideration of the First Day Declaration and the record of these Chapter 11 Cases;

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Valeritas Holdings, Inc. (8907); Valeritas, Inc. (1056); Valeritas Security Corporation (9654); Valeritas US, LLC (0007). The corporate headquarters and the mailing address for the debtors is 750 Route 202 South, Suite 600, Bridgewater, New Jersey 08807.

² Capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to such terms in the Motion.



and this Court having found that (i) this Court has jurisdiction over the Debtors, their estates, property of their estates, and to consider the Motion and the relief requested therein under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012, (ii) this Court may enter a final order consistent with Article III of the United States Constitution, (iii) this is a core proceeding under 28 U.S.C § 157(b)(2)(A), (iv) venue of this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409, and (v) no further or other notice of the Motion is required under the circumstances; and this Court having reviewed the Motion and having heard the statements in support of the relief requested in the Motion at a hearing before this Court; and having determined that the legal and factual bases set forth in the Motion and the First Day Declaration establish just cause for the relief granted in this Interim Order; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis, as set forth in this Interim Order.
2. The Debtors are authorized, but not directed, to pay the Critical Vendor Claims (including the Vendor 503(b)(9) Claims), up to \$750,000 in the aggregate on an interim basis.
3. The Banks are directed to honor all related checks and electronic payment requests from the Debtors for payment of the Critical Vendor Claims.
4. The Debtors are authorized, but not directed, to enter into Trade Agreements with their Critical Vendors substantially in the form of the agreement that is annexed to the Motion as Exhibit C, as a condition of payment of its Critical Vendor Claims.

5. Except as set forth in this Interim Order, the Debtors are authorized to make payments on account of Critical Vendor Claims in the absence of a Trade Agreement if the Debtors determine, in their business judgment, that failure to pay such Critical Vendor Claims would result in harm to the Debtors' business and there is no reasonable likelihood that the Debtors could negotiate an acceptable Trade Agreement with the applicable provider of goods and/or services.

6. If a Critical Vendor under a Trade Agreement refuses to supply goods and/or services to the Debtors on Customary Trade Terms or Minimum Credit Terms following receipt of payment on its Critical Vendor Claim or otherwise fails to comply with any Trade Agreement entered into between such Critical Vendor and the Debtors, then the Debtors may take any and all steps they deem appropriate to cause such Critical Vendor to repay payments made to it on account of its prepetition claim to the extent that such payments exceed the postpetition amounts then owing to such Critical Vendor. Nothing herein shall constitute a waiver of the Debtors' rights to seek damages or other appropriate remedies against any breaching Critical Vendor.

7. Notwithstanding the foregoing, the Debtors may, in their discretion, reinstate a Trade Agreement if the underlying default under the Trade Agreement is fully cured by the Critical Vendor not later than five (5) business days following the Debtors' notification to the Critical Vendor that such default had occurred; or the Debtors, in their discretion, reach a favorable alternative agreement with the Critical Vendor.

8. No claimant who receives payment on account of a Critical Vendor Claim (whether or not such claimant signs a Trade Agreement) is permitted to file or perfect a lien on account of such claim, and any such claimant shall take all necessary action to remove any existing lien relating to such claim, even if the Lien is against property of a non-

Debtor. Additionally, no claimant who receives payment on account of a Critical Vendor Claim (whether or not such claimant signs a Trade Agreement) is permitted to file a claim for reclamation or a claim under section 503(b)(9) of the Bankruptcy Code, regardless of the statute or other legal authority upon which such claim may be asserted, related in any way to any remaining prepetition amounts allegedly owed to the Critical Vendor by the Debtors.

9. Nothing in the Motion or this Interim Order, or the Debtors' payment of any claims pursuant to this Interim Order, shall be deemed or construed as: (a) an admission as to the validity of any claim or lien against the Debtors or their estates; (b) a waiver of the Debtors' right to dispute any ^{unpaid portion of such} claim or lien; (c) an approval or assumption of any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (d) an admission of the priority status of any claim, whether under section 503(b)(9) of the Bankruptcy Code or otherwise; or (e) a modification of the Debtors' rights to seek relief under any section of the Bankruptcy Code on account of any amounts owed or paid to any Critical Vendor.

10. The amount of each Critical Vendor's Critical Vendor Claim set forth in connection with a Trade Agreement shall be used only for purposes of determining such Critical Vendor's claim under this Interim Order and shall not be deemed a claim allowed by this Court, and the rights of all interested persons to object to such claim shall be fully preserved until further order of this Court. Further, signing a Trade Agreement containing a claim amount for purposes of this Interim Order shall not excuse such Critical Vendor from filing a proof of claim in these Chapter 11 Cases.

11. Notwithstanding the relief granted in this Interim Order and any actions taken hereunder, nothing in this Interim Order shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by any person.

12. The Debtors are protected to the fullest extent applicable by section 362 of the Bankruptcy Code.

13. The final hearing (the "Final Hearing") on the Motion shall be held on **March 12, 2020 at 2:00 p.m. (EST)**. Any objections or responses to entry of a final order on the Motion (each, an "Objection") shall be filed on or before **4:00 p.m. (EST) on March 5, 2020**, and served on the following parties: (i) the Debtors, 750 Route 202 South, Suite 600, Bridgewater, New Jersey 08807 (Attn.: John E. Timberlake, President and CEO); (ii) proposed counsel for the Debtors, DLA Piper LLP (US), 1201 N. Market Street, Suite 2100, Wilmington, Delaware 19801 (Attn.: Maris J. Kandestin, Esq., maris.kandestin@us.dlapiper.com), and 1251 Avenue of the Americas, New York, New York 10020 (Attn.: Rachel Ehrlich Albanese, Esq., rachel.albanese@us.dlapiper.com); (iii) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King St., Lockbox 35, Wilmington, Delaware 19801 (Attn.: Richard L. Schepacarter, Esq., Richard.Schepacarter@usdoj.gov); (iv) counsel to the official committee of unsecured creditors appointed in these Chapter 11 Cases, if any; (v) counsel to the Debtors' prepetition secured lenders, Venable LLP, 1201 N. Market Street, Suite 1400, Wilmington, Delaware 19801 (Attn.: Daniel A. O'Brien, Esq., dao'brien@venable.com), and 1042 Rockefeller Center, 1270 Avenue of the Americas, 24th Floor, New York, New York 10020 (Attn.: Carol Weiner Levy, Esq. and Jeffrey S. Sabin, Esq., cweinerlevy@venable.com and jssabin@venable.com); and (vi) counsel to the HB Fund LLC, Proskauer Rose LLP, Eleven Times Square, New York, New York 10036 (Attn.: Peter Antoszyk, Esq. and Lucy F. Kweskin, Esq., pantoszyk@proskauer.com and lkweskin@proskauer.com), and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19081 (Attn.: Adam G. Landis, Esq. and Kerri Mumford, Esq., landis@lrclaw.com and mumford@lrclaw.com). In the event no

Objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

14. The requirements of Bankruptcy Rule 6003(b) are satisfied.

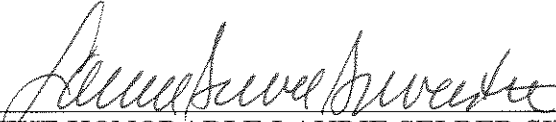
15. The requirements of Bankruptcy Rule 6004(a) are waived.

16. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and provisions of this Interim Order shall be immediately effective and enforceable upon its entry.

17. The Debtors are hereby authorized to take all actions they deem necessary to effectuate the relief granted in this Interim Order.

18. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation or interpretation of this Interim Order.

Dated: Feb. 12, 2020
Wilmington, Delaware



THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE