

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.,<sup>1</sup> : Case No. 20-10290 (LSS)
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:
: (Jointly Administered)
X
Debtors. Re: D.I. 25, 105, 113
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**JOINDER OF THE DIP LENDER TO THE REPLY OF THE DEBTORS  
TO THE OBJECTION OF THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS TO THE BIDDING PROCEDURES**

HB Fund LLC, in its capacity as DIP Lender<sup>2</sup>, by and through its undersigned counsel, respectfully submits (i) this statement in support of the Bidding Procedures Motion,<sup>3</sup> and (ii) joinder to the *Reply of the Debtors to the Objection of the Official Committee of Unsecured Creditors to the Bidding Procedures* [Attached as Exhibit A to D.I. 113] (“Debtors’ Reply”) and respectfully states as follows:

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to them in that certain *Interim Order (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying The Automatic Stay, (VI) Scheduling A Final Hearing, and (VII) Granting Related Relief* [D.I. 66] (as may be amended, modified or superseded by final order in accordance with the terms thereof, the “DIP Order”) or the Bidding Procedures Motion (defined below).

<sup>3</sup> The “Bidding Procedures Motion” refers to the *Motion of Debtors for Entry of Orders (I)(A) Establishing Bidding Procedures; (B) Approving Bid Protections; (C) Establishing Procedures Relating to Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (D) Approving Form and Manner of Notice; (E) Scheduling A Hearing to Consider Any Proposed Sale; and (F) Granting Certain Related Relief; and (II)(A) Approving A Sale; (B) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection With the Sale; and (C) Granting Related Relief* [D.I. 25].

{1041.002-W0060633.}



**STATEMENT AND JOINDER**

1. The DIP Lender joins in the Debtors' Reply and incorporates the arguments set forth therein.

2. The DIP Lender has already consented to certain of the Committee's proposed changes to the Bidding Procedures, but does not consent to the extension of any of the sale milestones set forth in the proposed Bidding Procedures. The sale milestones in the proposed Bidding Procedures align with the Chapter 11 Milestones the Debtors are required to achieve under the DIP Term Sheet. Failure to achieve any of the Chapter 11 Milestones constitutes an Event of Default under the DIP Facility.

3. The timing of the proposed sale to the Stalking Horse and imposition of the Chapter 11 Milestones were key considerations for the DIP Lender in determining whether to extend the new money DIP Facility to the Debtors. As set forth in the First Day Declaration, the Debtors lack sufficient liquidity to continue operations or adhere to the Chapter 11 Milestones without the DIP Facility.

4. The DIP Lender anticipates that there will be an Event of Default on March 4, 2020 as a result of the Debtors' failure to obtain entry by the Bankruptcy Court of an order approving Zealand Pharma A/S as the stalking horse bidder pursuant to the terms of the Asset Purchase Agreement and bid procedures on or before March 4, 2020. The DIP Lender has not consented to any waiver of such Event of Default nor does the DIP Lender consent to any waiver of any Events of Default that may result from the Debtors' failure to meet any other milestones under the DIP Order or DIP Documents.

5. The DIP Lender reserves the right to supplement and amend this Joinder at any time and the right to make such other and further objections to the Bidding Procedures Motion as

may be appropriate. Nothing contained herein shall constitute a waiver of any of the rights or remedies of the DIP Lender, and all such rights are hereby expressly reserved.

WHEREFORE, For the reasons set forth herein, the DIP Lender respectfully requests that the Court (a) overrule the Committee's objections to the Bidding Procedures Motion, (b) enter the proposed order set forth in the Debtors' Reply approving the Bidding Procedures, and (c) grant such other relief as it just and proper.

Dated: March 4 2020  
Wilmington, Delaware

**LANDIS RATH & COBB LLP**

*Kerri K. Mumford*

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