

**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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Debtors. : (Jointly Administered)
  
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X Re: D.I. 14, 59, 173
  
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**FINAL ORDER (I) AUTHORIZING THE DEBTORS TO PAY PREPETITION WAGES, AND COMPENSATION, (II) AUTHORIZING THE CONTINUATION OF EMPLOYEE BENEFIT PROGRAMS, (III) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH EMPLOYEE OBLIGATIONS, AND (IV) GRANTING RELATED RELIEF**

Upon the *Motion of the Debtors for Interim and Final Orders (I) Authorizing the Debtors to Pay Prepetition Wages and Compensation, (II) Authorizing the Continuation of Employee Benefit Programs, (III) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Employee Obligations, and (IV) Granting Related Relief* (the "Motion")<sup>2</sup> filed by the Debtors for entry of a final order (this "Final Order"), (i) authorizing the Debtors to pay prepetition wages and other compensation, taxes and withholdings, and reimbursable employee expenses, (ii) authorizing the Debtors to honor and continue benefit programs for employees, (iii) authorizing the Banks to receive, process, honor, and pay all checks issued and electronic-payment requests made related to such employee obligations and (iv) granting related relief, all as further described in the Motion; and upon consideration of the First Day Declaration; and this Court having found that (i) this Court has jurisdiction to consider the Motion and the relief

<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 used but not otherwise defined in this Final Order shall have the meaning ascribed to them in the Motion.



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 proceeding and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409, and (v) the Debtors' notice of the Motion and opportunity for a hearing were adequate and appropriate under the circumstances and no other or further notice need be provided; and this Court having reviewed the Motion 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 herein; and the Court having entered an order granting the relief requested in the Motion on an interim basis [D.I. 59]; 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 thereon and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED, on a final basis, as set forth in this Final Order.
2. The Debtors are authorized, but not directed, to pay and/or honor, in their sole discretion, the Prepetition Employee Obligations, subject to an aggregate maximum of \$1,421,000, as reflected below, including any processing costs related to the foregoing that have accrued and remain unpaid (including those amounts that remain unpaid as a result of dishonoring of checks due to the filing of these Chapter 11 Cases) as of the Petition Date to or for the benefit of their Employees.

<b>Prepetition Employee Obligations</b>	<b>Amount</b>
Unpaid Compensation (including Withholding Taxes and Obligations)	\$0
Sales Commission Programs	\$975,000
Business Expenses	\$350,000
Employee Benefit Programs	\$65,000
401(k) Employer Match	\$31,000
<b>Total</b>	<b>\$1,421,000<sup>3</sup></b>

3. The Debtors are authorized, but not directed, to remit the 401(k) Employee Contributions to the 401(k) Plan Administrator.

4. Subject to paragraph 5, the Debtors are authorized to cash out PTO upon termination of an Employee consistent with the Debtors' prepetition ordinary course practice or as may be required by state law; *provided, however*, that nothing herein shall be deemed to authorize the payment of any amounts that are subject to section 503(c) of the Bankruptcy Code; *and further provided* that nothing in this Final Order shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

5. Notwithstanding anything contained in this Final Order, the Debtors shall not pay any Unpaid Compensation or PTO in excess of the limitations set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, except as provided in paragraph 2, above, without further order of the Court.

6. The Debtors are authorized, but not directed, in their sole discretion, to honor and continue their Business Expense policy, Employee Benefit Programs, and policies, plans, practices, and procedures, in the ordinary course in accordance with prepetition practices, that

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<sup>3</sup> This aggregate amount includes a total of \$163,187 in excess of the limitations set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, to be paid to certain non-insider Employees.

were in effect as of the Petition Date and to pay any prepetition amounts associated with the Business Expense policy and Employee Benefit Programs; provided, however, that such relief shall not constitute or be deemed an assumption or an authorization to assume any of such Employee Benefit Programs under section 365(a) of the Bankruptcy Code.

7. All Withholding Taxes and Obligations and Payroll Taxes are hereby authorized to be paid by the Debtors in the ordinary course of the Debtors' business.

8. The Banks are directed to honor all checks, drafts, or payment requests (provided that such funds are on deposit to cover such checks) without regard to the date of issue of such checks, drafts or payment requests in the same manner that such checks, drafts, and payment requests were honored during the prepetition period, including electronic payment requests made by the Debtors related to employee obligations and benefits.

9. In accordance with this Final Order, the Banks are authorized to (a) receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related to the Prepetition Employee Obligations, to the extent that sufficient funds are on deposit in those accounts and (b) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of the Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

10. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of prepetition obligations and claims as set forth herein, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Chapter 11 Cases. To the

extent any Employee has suffered any actual monetary penalty or charge due to the inadvertent dishonor of any check of the Debtors on account of any Prepetition Employee Obligations, the Debtors shall be authorized, but not directed, to reimburse the Employee for such amount without further order of this Court.

11. Nothing contained in the Motion, the Interim Order, or this Final Order is intended or shall be construed as (a) an admission as to the validity of any claim against the Debtors; (b) a waiver of any of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors; (c) a waiver of any claims or causes of action that may exist against any creditor or interest holder; or (d) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between any of the Debtors and any third party under section 365 of the Bankruptcy Code. Any payment made pursuant to this Final Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of any of the Debtors' rights to dispute any unpaid portion of such claim.

12. Notwithstanding entry of this Final Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by, any party.

13. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

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 Final Order shall be immediately effective and enforceable upon its entry. The Debtors are hereby authorized to take all actions necessary to effectuate the relief granted in this Final Order.

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

Dated: March 12th, 2020  
Wilmington, Delaware

  
LAURIE SELBER SILVERSTEIN  
UNITED STATES BANKRUPTCY JUDGE