

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

GRITSTONE BIO, INC.,¹

Debtor.

Chapter 11

Case No. 24-12305 (KBO)

**MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS AUTHORIZING THE DEBTOR TO (A) CONTINUE
OPERATING CASH MANAGEMENT SYSTEM, (B) HONOR CERTAIN
PREPETITION OBLIGATIONS RELATED THERETO, (C) MAINTAIN
EXISTING BUSINESS FORMS, AND (D) GRANTING RELATED RELIEF**

The above-captioned debtor and debtor-in-possession (the “Debtor” or the “Company”) files this motion (the “Motion”) for the entry of an interim order on an expedited basis, substantially in the form attached hereto as **Exhibit A** (the “Interim Order”) and, following a final hearing to be set by the Court (the “Final Hearing”), the entry of a final order, substantially in the form attached hereto as **Exhibit B** (the “Final Order”), pursuant to sections 105, 345, and 363 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2015-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”): (i) authorizing the Debtor to (a) continue operating the Cash Management System (as defined herein), (b) honor and pay the Bank Fees (as defined herein) in the normal course, and (c) maintain existing business forms; and (ii) granting related relief, as described more fully herein. In support of this Motion, the Debtor relies upon and refer this Court to the *Declaration of Vassiliki (“Celia”) Economides in Support of the Debtor’s Chapter 11*

¹ The Debtor’s mailing address is 4698 Willow Road, Pleasanton, CA 94588, and the last four digits of the Debtor’s federal tax identification number is 9534.



Petition and First Day Relief (the “First Day Declaration”), incorporated herein by reference.² In further support of the Motion, the Debtor respectfully represents as follows:

JURISDICTION

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 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. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution. The Debtor confirms its consent, pursuant to Rule 9013-1(f) of the Local Rules, to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105, 345, and 363 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2.

BACKGROUND

4. On October 10, 2024 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is managing its properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 Case, and no committees have been appointed or designated.

² A capitalized term used but not defined herein shall have the meaning ascribed to it in the First Day Declaration.

5. A detailed description of the Debtor's business and facts precipitating the filing of the Debtor's chapter 11 proceeding are set forth in the First Day Declaration.

CASH MANAGEMENT SYSTEM

6. In the ordinary course of business, the Debtor uses a centralized cash management system (the "Cash Management System") to collect, manage, and disburse funds used in its business. The Cash Management System is essential to the stability of the Debtor's assets and business objectives, and it is essential to maximizing the value of the Debtor's estate.

7. As of the Petition Date, the Debtor maintains six (6) bank accounts (the "Bank Accounts"), three (3) of which are at JPMorgan Chase ("Chase"), two (2) of which are at U.S. Bank, and one (1) of which is at First-Citizens Bank & Trust Company³ ("First-Citizens") (each a "Bank" and, collectively, the "Banks"). Receipts into and payments out of the Bank Accounts occur in a variety of ways, including checks, drafts, wire transfers, credit cards, and automated clearinghouse ("ACH") transfers. A general diagram of the movement of funds within the Cash Management System is attached hereto as **Exhibit C**. The following chart summarizes each of the Bank Accounts:

Bank Account	Description
Checking Account (0182) Chase (" <u>Operating Account</u> ")	This Bank Account is a checking account and the Debtor's operating account. This Bank Account is used by the Debtor to remit payments to third-party payees and make payroll and other employee-related payments. This Bank Account is funded primarily through deposits from the Investment Accounts, which are approximately \$10 million per month in the aggregate. As of the Petition Date, there is approximately \$25,124,789.00 in this Bank Account.
Savings Account (2959) Chase (" <u>Savings Account</u> ")	This Bank Account is a savings account. This Bank Account is rarely used by the Debtor. As of the Petition Date, there is approximately \$2,020.00 in this Bank Account.

³ This Bank Account was originally with Silicon Valley Bank ("SVB").

Savings (0326) Chase (“ <u>Line of Credit</u> ”)	This Bank Account is an interest-bearing savings account that was created for and primarily used to pay rent to the Debtor’s landlord in Cambridge, MA. As of the Petition Date, there is approximately \$5,339,420.00 in this Bank Account.
Investment Account (3430) U.S. Bank, managed by Capital Advisory Group (“ <u>CAG Investment Account</u> ”)	This Bank Account is a brokerage account managed by Capital Advisory Group in accordance with Gritstone’s <i>Investment Policy Guidelines</i> . This Bank Account is funded primarily through equity contributions and debt financing. This Bank Account can only transfer cash to the Operating Account. As of the Petition Date, there is approximately \$574.00 in this Bank Account.
Investment Account (0710) U.S. Bank, managed by Goldman Sachs (“ <u>GS Investment Account</u> ” and with the CAG Investment Account, the “ <u>Investment Accounts</u> ”)	This Bank Account is managed by Goldman Sachs in accordance with Gritstone’s <i>Investment Policy Guidelines</i> . This Bank Account is funded primarily through equity contributions and debt financing. This Bank Account can only transfer cash to the Operating Account. As of the Petition Date, there is approximately \$0.00 in this Bank Account.
Checking Account (3437) First-Citizens Debt Facility Account	This Bank Account is a checking account that was created in connection with, and required by, the Silicon Valley Bank. As of the Petition Date, there is approximately \$6,950.00 in this Bank Account.

8. All funds on deposit in the Debtor’s Bank Accounts are insured by the Federal Deposit Insurance Corporation to the extent provided by law. All of the Banks are on the Region 3 United States Trustee’s (the “U.S. Trustee”) list of approved depository institutions.

BANK FEES

9. The Debtor incurs certain fees and charges in connection with the ordinary course operation of the Cash Management System, including, without limitation, those fees as specified in the prepetition agreements entered into between the Debtor and the Bank (collectively, the “Bank Fees”). The Bank Fees include account maintenance charges, charges relating to ACH and wire transfers, lockbox and depository service charges, and other customary miscellaneous charges. On average, the Debtor incurs approximately \$4,971.00 in Bank Fees per month. In the ordinary course of business and typically on a monthly basis, the Bank charges the Debtor and

deducts from the appropriate bank accounts certain service charges and other fees, costs, and expenses. The Debtor believes that there is approximately one month's worth of Bank Fees \$4,971.00 that has accrued prepetition and is outstanding as of the Petition Date. Accordingly, the Debtor seeks approval to pay prepetition Bank Fees up to \$4,971.00, to pay any postpetition Bank Fees, and for the Bank to deduct any such Bank Fees in the ordinary course when due.

BUSINESS FORMS

10. The Debtor uses numerous preprinted business forms in the ordinary course of its business (including, without limitation, letterhead, purchase orders, invoices, and checks), including in connection with their Cash Management System. The Debtor would be required by the U.S. Trustee under its *Operating Guidelines for Chapter 11 Case Administration* (the "U.S. Trustee Guidelines") to incur the expense and delay of ordering entirely new business forms referencing the Debtor's status as debtor-in-possession absent relief from the Court. To the extent necessary, the Debtor seeks authority to use pre-existing business forms without such a reference in order to minimize expense to the Debtor's estate. The Debtor submits that parties in interest will not be prejudiced if such relief is granted because parties doing business with the Debtor will likely be aware of its status as debtor-in-possession, and thus changing business forms is unnecessary and would be unduly burdensome. In accordance with Local Rule 2015-2(a), to the extent that the Debtor exhausts its existing supply of checks, the Debtor will reissue checks with the designation "Debtor-in-Possession" and the corresponding case number. However, to the extent the Debtor can generate any forms going forward it will include the foregoing designation.

THE DEBTOR'S BANK ACCOUNTS COMPLY WITH SECTION 345 OF THE BANKRUPTCY CODE

11. Pursuant to the U.S. Trustee Guidelines, the U.S. Trustee generally requires chapter 11 debtors to, among other things, deposit all estate funds into an account with an

authorized depository that agrees to comply with the requirements of the U.S. Trustee's Office. All of the Bank Accounts set forth in **Exhibit C** are FDIC-insured (up to the applicable limits), and have executed a Uniform Depository Agreement ("**UDA**") with, and are designated as authorized depositories by, the U.S. Trustee, pursuant to the U.S. Trustee Operating Guidelines. For this reason and the reasons articulated above, the Debtor submits that it is in compliance with section 345 of the Bankruptcy Code and with the U.S. Trustee Operating Guidelines.

RELIEF REQUESTED

12. The Debtor seeks entry of the Interim Order and Final Order, pursuant to sections 105, 345, and 363 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**: (i) authorizing the Debtor to (a) continue operating the Cash Management System, (b) honor and pay the Bank Fees in the normal course, including any prepetition Bank Fees, and (c) maintain existing business forms; and (ii) granting related relief, as described more fully herein. In addition, the Debtor requests that the Court schedule a final hearing within approximately thirty-five (35) calendar days of the commencement of the Chapter 11 Cases to consider approval of this Motion on a final basis.

BASIS FOR RELIEF

A. Maintaining the Existing Cash Management System is Essential to the Debtor's Operational Stability

13. The U.S. Trustee Guidelines require a debtor-in-possession to, among other things:
- a. establish one debtor-in-possession bank account for all estate monies required for the payment of taxes, including payroll taxes;
 - b. close all existing bank accounts and open new debtor-in-possession accounts;
 - c. maintain a separate debtor-in-possession account for cash collateral; and
 - d. obtain checks that bear the designation "debtor-in-possession" and reference the bankruptcy case number and type of account on such checks.

14. These requirements are designed to provide a clear line of demarcation between prepetition and postpetition claims and payments and to help protect against the inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the Petition Date. Enforcement of this provision of the U.S. Trustee Guidelines during this Chapter 11 Case would severely disrupt the administration of the Debtor's estate. Accordingly, the Debtor respectfully requests authorization to operate the Bank Accounts in the same manner as was maintained in the ordinary course of business prior to the Petition Date.

15. Continuation of the Cash Management System is permitted pursuant to section 363(c)(1) of the Bankruptcy Code, which authorizes the debtor-in-possession to "use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). Additionally, courts in this and other districts have recognized that an integrated cash management system "allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash." *In re Columbia Gas Sys.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff'd in part and rev'd in part*, 997 F.2d 1039 (3d Cir. 1993). The Third Circuit has agreed, emphasizing that requiring a debtor to maintain separate accounts "would be a huge administrative burden and economically inefficient." *Columbia Gas*, 997 F.2d at 1061; *see also Southmark Corp. v. Grosz (In re Southmark Corp.)*, 49 F.3d 1111, 1114 (5th Cir. 1995) (finding that a cash management system allows a debtor "to administer more efficiently and effectively its financial operations and assets").

16. Here, continued use of the Cash Management System will facilitate the Chapter 11 Case by, among other things, avoiding administrative inefficiencies and expenses associated with disrupting the Cash Management System and minimizing delays in the payment of postpetition obligations. The Debtor respectfully submits that parties in interest will not be

harmful by the maintenance of the existing Cash Management System because the Debtor employs appropriate mechanisms and internal control procedures to prevent unauthorized payments on account of obligations incurred before the Petition Date. As such, maintaining the Cash Management System is in the best interests of the Debtor's estate.

17. Moreover, as discussed above, in the ordinary course of business the Debtor conducts transactions through electronic wire transfers and other similar methods. If the Debtor's ability to conduct transactions by debit, wire, credit card, ACH transfer, or other similar methods is impaired, its estate will incur additional and unnecessary costs. Accordingly, the Debtor submits that it is in the best interests of all stakeholders for the Court to grant further relief from the U.S. Trustee Guidelines to the extent that they require the Debtor to make all disbursements by check.

B. Authorizing (i) the Bank to Continue to Maintain, Service, and Administer the Bank Accounts, and (ii) the Debtor to Pay Bank Fees, Each in the Ordinary Course of Business, Is Warranted

18. The Debtor respectfully requests that the Court authorize the Bank to continue to maintain, service, and administer the Bank Accounts as an account of the Debtor as debtor-in-possession, without interruption and in the ordinary course of business. In this regard, the Bank should be authorized to receive, process, honor, and pay any and all checks, ACH transfers, other instructions, and drafts payable through, drawn, or directed on such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto; *provided, however*, that any check, advise, draft, or other notification that the Debtor advised the Bank to have been drawn, issued, or otherwise presented before the Petition Date may be honored by the Bank only to the extent authorized by order of the Court.

19. The Debtor further requests that the Court authorize the Bank to accept and honor all representations from the Debtor as to which checks, drafts, wires, or ACH transfers should be

honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated before or after the Petition Date. The Debtor also requests that, to the extent that a Bank honors a prepetition check or other item drawn on any account either: (i) at the direction of the Debtor; (ii) in a good-faith belief that the Court has authorized such prepetition check or item to be honored; or (iii) as a result of an innocent mistake made despite the above-described protective measures, the Bank will not be deemed to be liable to the Debtor or its estate on account of such prepetition check or other item honored postpetition. The Debtor respectfully submits that such relief is reasonable and appropriate because the Bank is not in a position to verify independently or audit whether a particular item may be paid in accordance with a Court order or otherwise.

20. The Debtor further requests that the Court authorize it to pay the Bank Fees and authorize the Bank to: (i) continue to charge the Bank Fees; and (ii) effect chargebacks of returned items to the applicable Bank Account, whether such items are dated before, on, or after the Petition Date, in the ordinary course of business. The Debtor's inability to pay the prepetition Bank Fees or to continue to pay the Bank Fees in the ordinary course of business postpetition could hinder the Debtor's ability to manage the Cash Management System to the detriment of the Debtor's estate.

21. Courts in this district routinely have waived the U.S. Trustee Operating Guidelines in operating chapter 11 cases with ongoing business operations and restructuring efforts. *See, e.g., In re Amyris, Inc. et al.*, No. 23-11131 (TMH) (Bankr. D. Del. Sept. 12, 2023) (authorizing the debtors' continued use of existing bank accounts); *In re GigaMonster Networks, LLC*, No. 23-10051 (JKS) (Bankr. D. Del. Feb. 9, 2023) (same); *In re Medly Health Inc.*, No. 22-11257 (Bankr. D. Del. Jan. 6, 2023) (same); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del.

Aug. 24, 2022) (same); *In re TZEW Holdco, LLC*, No. 20-10910 (CSS) (Bankr. D. Del. April 14, 2020) (same); *In re PES Holdings, LLC*, No. 19-11626 (KG) (Bankr. D. Del. Aug. 20, 2019) (same); *In re Blackhawk Mining LLC*, No. 19-11595 (LSS) (Bankr. D. Del. Aug. 9, 2019) (same).

**C. The Court Should Authorize the
Debtor to Continue Using Their Existing Business Forms**

22. To avoid disruption of the Cash Management System and to avoid unnecessary expenses, the Debtor requests, pursuant to Local Rule 2015-2(a), authorization to continue to use its business forms substantially in the form existing immediately before the Petition Date, without reference to the Debtor's status as debtor-in-possession to the extent such forms are pre-printed but will otherwise make the designation to the extent they are generated by the Debtor. The Debtor submits that parties in interest will not be prejudiced if such relief is granted because parties doing business with the Debtor will likely be aware of the Debtor's status as a debtor-in-possession, and thus changing business forms is unnecessary and would be unduly burdensome. In accordance with Local Rule 2015-2(a), to the extent that the Debtor exhausts its existing supply of checks, the Debtor will reissue checks with the designation "Debtor-in-Possession" and corresponding case number.

23. In other large chapter 11 cases, courts in this district have allowed debtors to use their prepetition business forms without the "Debtor-In-Possession" label. *See, e.g., In re Amyris, Inc. et al.*, No. 23-11131 (TMH) (Bankr. D. Del. Sept. 12, 2023) (authorizing the debtors' continued use of preprinted check stock without a "Debtor-in-Possession" marking); *In re GigaMonster Networks, LLC*, No. 23-10051 (JKS) (Bankr. D. Del. Feb. 9, 2023) (same); *In re Medly Health Inc.*, No. 22-11257 (Bankr. D. Del. Jan. 6, 2023) (same); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Aug. 24, 2022).

SATISFACTION OF BANKRUPTCY RULE 6003

24. The Debtor believes that it is entitled to immediate authorization for the relief contemplated by this Motion. Pursuant to Bankruptcy Rule 6003, “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, issue an order granting the following: . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition, but not a motion under Rule 4001.” Fed. R. Bankr. P. 6003. To the extent that the requirements of Bankruptcy Rule 6003 are applicable to the relief requested in the Motion, the Debtor submits that, for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm. For the reasons discussed above, the relief requested herein is integral to the Debtor’s administrative activities in this Chapter 11 Case and is necessary to preserve the value of the Debtor’s business and maximize the value of its estate for the benefit of all stakeholders. Failure to receive such authorization and other relief during the first 21 days of these Chapter 11 Cases would severely disrupt the administration of the Debtor’s estate at this critical juncture. Accordingly, the Debtor submits that it has satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

RESERVATION OF RIGHTS

25. Nothing contained herein is intended or shall be construed as: (a) an admission as to the validity of any prepetition claim against the Debtor; (b) a waiver of the Debtor’s or any other party in interest’s rights to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay a prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this

Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

WAIVER OF BANKRUPTCY RULE 6004

26. The Debtor seeks a waiver of any stay of the effectiveness of any order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” As set forth in the Motion, the relief requested herein is essential to prevent immediate and irreparable harm to the Debtor's business operations. Accordingly, the Debtor submits that ample cause exists to justify a waiver of the fourteen (14) day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

NOTICE

27. The Debtor will provide notice of this Motion to: (a) the Office of the U.S. Trustee for the District of Delaware, 844 King Street, Suite 2207, Lock Box 35, Wilmington, Delaware, 19801; (b) the holders of the 20 largest unsecured claims against the Debtor ; (c) counsel to the prepetition secured lenders; (d) the United States Attorney's Office for the District of Delaware; (e) the state attorneys general for all states in which the Debtor conducts business; (f) the Securities Exchange Commission; (g) the Banks; and (h) any party that requests service pursuant to Bankruptcy Rule 2002. As this Motion is seeking “first day” relief, within two business days of the hearing on the Motion, the Debtor will serve copies of the Motion and any order entered in respect to this Motion as required by Local Rule 9013-1(m).

NO PRIOR REQUEST

28. No prior request for the relief sought in this Motion has been made to this Court or any other Court.

CONCLUSION

WHEREFORE, the Debtor respectfully requests entry of the proposed Interim Order and Final Order, substantially in the forms attached hereto as Exhibit A and Exhibit B: (i) authorizing the Debtor to (a) continue operating the Cash Management System, (b) honor and pay the Bank Fees in the normal course, including any prepetition Bank Fees, and (c) maintain existing business forms; and (ii) granting such further relief as may be appropriate and proper.

Dated: October 10, 2024

PACHULSKI STANG ZIEHL & JONES LLP

/s/ James E. O'Neill

Debra I. Grassgreen, (*Pro Hac Vice* forthcoming)

John W. Lucas, (*Pro Hac Vice* forthcoming)

Malhar S. Pagay, (*Pro Hac Vice* forthcoming)

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Proposed Counsel to the

Debtor and Debtor in Possession

EXHIBIT A

Proposed Interim Order

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

In re:

GRITSTONE BIO, INC.,¹

Debtor.

Chapter 11

Case No. 24-12305 (KBO)

Re Docket No. ____

**INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO (A) CONTINUE
OPERATING CASH MANAGEMENT SYSTEM, (B) HONOR AND PAY BANK
FEES, (C) MAINTAIN EXISTING BUSINESS FORMS, (II) SCHEDULING
A FINAL HEARING, AND (III) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)² of the above-captioned debtor and debtor-in-possession (the “Debtor”), for the entry of an interim order (this “Interim Order”), pursuant to sections 105, 345, and 363 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2: (i) authorizing the Debtor to (a) continue operating the Cash Management System, (b) honor and pay the Bank Fees in the normal course, including any prepetition Bank Fees, and (c) maintain existing business forms; and (ii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 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; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtor’s notice of the Motion and opportunity for a hearing on the Motion were appropriate under

¹ The Debtor’s mailing address is 4698 Willow Road, Pleasanton, CA 94588, and the last four digits of the Debtor’s federal tax identification number is 9534.

² A capitalized term used but not defined herein have the meaning ascribed to it in the Motion.

the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at an interim hearing before this Court (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; 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 final hearing (the “Final Hearing”) on the Motion shall be held on _____, 2023, at __:__ __.m. (prevailing Eastern Time). Any objections or responses to entry of a final order on the Motion shall be filed with the Court, and served so as to be received by the following parties, **by no later than 4:00 p.m., prevailing Eastern Time, on _____, 2023:** (i) proposed counsel to the Debtor, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801), Attn: James E. O’Neill (joneill@pszjlaw.com); (ii) the Office of The United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801; and (iii) counsel for any official committee of unsecured creditors appointed in the Chapter 11 Cases. In the event that 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.
3. The Debtor is authorized, but not directed, on an interim basis, to: (a) continue operating the Cash Management System, substantially as identified on Exhibit C to the Motion and as described in the Motion; (b) honor its prepetition obligations related thereto; (c) use, in their present form, all preprinted correspondence and Business Forms (including letterhead) without

reference to the Debtor's status as debtor-in-possession, *provided* that once the Debtor's existing supply of checks has been exhausted, the Debtor shall, when reordering (or with respect to checks the Debtor or its agents print themselves, within 15 days hereof) require or print, as applicable, the "Debtor in Possession" legend and corresponding bankruptcy case number on all such items; (d) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date, including those accounts identified on Exhibit D to the Motion; (e) treat the Debtor Bank Accounts for all purposes as accounts of the Debtor as debtor-in-possession; (f) deposit funds into and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; and (g) pay the Bank Fees, including any prepetition amounts and any ordinary course Bank Fees incurred in connection with the Bank Accounts, and otherwise to perform its obligations under the documents governing the Bank Accounts; *provided* that in the case of each of (a) through (g), such action is taken in the ordinary course of business and consistent with historical practices.

4. The Bank is authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtor as debtor-in-possession, without interruption and in the ordinary course of business consistent with historical practices, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be, and all such banks and financial institutions are authorized to rely on the Debtor's designation of any particular check or electronic payment request as approved by this Interim Order; *provided* that the Debtor shall only instruct or request any Bank to pay or honor any check, draft, or other payment item issued on a Bank Account prior to the Petition Date

but presented to such Bank for payment after the Petition Date as authorized by an order of the Court.

5. The Bank is authorized to debit the Debtor's accounts in the ordinary course of business, consistent with historical practices, without the need for further order of this Court, for: (a) all checks drawn on the Debtor's accounts which are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (b) all checks or other items deposited in the Debtor's accounts with such Bank prior to the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent that the Debtor was responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to the Bank as service charges for the maintenance of the Cash Management System.

6. Any existing agreements between or among the Debtor, the Bank, and other parties shall continue to govern the postpetition cash management relationship between the Debtor and the Bank, and all of the provisions of such agreements, including, without limitation, the termination provisions, fee provisions, rights, benefits, offset rights, and remedies afforded under such agreements shall remain in full force and effect unless otherwise ordered by the Court, and the Debtor and the Bank may without further order of the Court, agree to and implement changes to the Cash Management System and cash management procedures in the ordinary course of business, consistent with historical practices, including, without limitation, the opening and closing of bank accounts, subject to the terms and conditions of this Interim Order.

7. The Debtor's time to comply with section 345(b) of the Bankruptcy Code is hereby extended for a period of thirty (30) days from the date of this Order (the "Extension Period"), provided, however, that such extension is without prejudice to the Debtor's right to request a

further extension of the Extension Period or a final waiver of the requirements of section 345(b) in these Chapter 11 Cases.

8. For the Banks at which the Debtor holds Bank Accounts that are party to a Uniform Depository Agreement with the U.S. Trustee, as soon as practicable after entry of this Interim Order, the Debtor shall: (a) contact such Bank; (b) provide such Bank with each of the Debtor's employer identification numbers; and (c) identify each of its Bank Accounts held at such Bank as being held by a debtor-in-possession in this Chapter 11 Case.

9. For any Bank at which the Debtor holds Bank Accounts that are not party to a Uniform Depository Agreement with the U.S. Trustee, the Debtor shall use their good-faith efforts to cause the Bank to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within thirty (30) days of the date of this Interim Order. The U.S. Trustee's rights to seek further relief from this Court in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

10. All banks maintaining any of the Bank Accounts that are provided with notice of this Interim Order shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date; *provided, however*, that any such bank shall not be found to be in violation of this Interim Order nor liable to the Debtor or its estate should any such bank honor or pay any bank payment: (a) in a good-faith belief that the Court has authorized such payment to be honored; or (b) as the result of a mistake made despite implementation of customary item handling procedures.

11. The Bank is authorized, without further order of the Court, to deduct any applicable fees from the applicable Bank Accounts in the ordinary course of business consistent with historical practices and pursuant to the applicable agreements governing each Bank Account.

12. The Bank is authorized, without further order of the Court, to charge back to the appropriate accounts of the Debtor any amounts resulting from returned checks or other returned items, including returned items that result from ACH transactions, wire transfers, or other electronic transfers of any kind, regardless of whether such returned items were deposited or transferred prepetition or postpetition and regardless of whether the returned items relate to prepetition or postpetition items or transfers, including, without limitation, on account of checks that have been dishonored or returned as a result of insufficient funds in the Bank Accounts, in each case to the same extent that the Debtor was responsible for such items prior to the Petition Date.

13. Subject to the terms set forth herein, any bank, including the Bank, may rely upon the representations of the Debtor with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to any order of the Court, and no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Interim Order: (a) at the direction of the Debtor; (b) in a good-faith belief that the Court has authorized such prepetition check or item to be honored; or (c) as a result of a mistake made despite implementation of reasonable customary handling procedures, shall be deemed to be liable or shall be liable to the Debtor, its estate, or any other party on account of such prepetition check or other item being honored postpetition or otherwise deemed to be in violation of this Interim Order.

14. Any banks, including the Bank, are further authorized to honor the Debtor's directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtor's funds in accordance with the Debtor's instructions; *provided* that the Bank

shall not have any liability to any party for relying on such representations to the extent that such reliance otherwise complies with applicable law.

15. The Debtor and the Banks may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, without limitation, the opening of any new bank accounts, the closing of any existing Bank Accounts, and entrance into ancillary agreements, including new deposit account control agreements related to the foregoing, as the Debtor may deem necessary and appropriate. Any new bank account opened by the Debtor shall be established at an institution that is (a) a party to a UDA with the United States Trustee for the District of Delaware or is willing to immediately execute a UDA, and (b) bound by the terms of this Interim Order. The Debtor shall provide notice within fifteen (15) days to the U.S. Trustee of the opening of such account or closing of any Bank Account; provided, that such opening or closing shall be timely indicated on the Debtor's monthly operating reports.

16. Nothing contained in the Motion or this Interim Order shall be construed to: (a) create or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not exist as of the Petition Date; or (b) alter or impair the validity, priority, enforceability, or perfection of any security interest or lien or setoff right, in favor of any person or entity, that existed as of the Petition Date.

17. Nothing contained in the Motion or this Interim Order, and no action taken pursuant to the relief requested or granted (including any payment made in accordance with this Interim Order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtor under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtor's or any other party in interest's right to dispute

any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission, or finding that any particular claim is an administrative expense claim, other priority claim, or otherwise of a type specified or defined in the Motion or this Interim Order; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtor's estate; or (g) a waiver or limitation of any claims, causes of action, or other rights of the Debtor or any other party in interest against any person or entity under the Bankruptcy Code or other applicable nonbankruptcy law.

18. The Debtor is authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with the relief granted herein.

19. Nothing in this Interim Order authorizes the Debtor to accelerate any payments not otherwise due.

20. The Debtor has demonstrated that the requested relief is "necessary to avoid immediate and irreparable harm" as contemplated by Bankruptcy Rule 6003.

21. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

22. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

23. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

24. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

EXHIBIT B

Proposed Final Order

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

In re:

GRITSTONE BIO, INC.,¹

Debtor.

Chapter 11

Case No. 24-12305 (KBO)

Re Docket No. ____

**FINAL ORDER (I) AUTHORIZING THE DEBTOR TO (A) CONTINUE OPERATING
CASH MANAGEMENT SYSTEM, (B) HONOR AND PAY BANK FEES, (C) MAINTAIN
EXISTING BUSINESS FORMS, AND (II) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)² of the above-captioned debtor and debtor-in-possession (the “Debtor”), for the entry of a final order (this “Final Order”), pursuant to sections 105, 345, and 363 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2: (i) authorizing the Debtor to (a) continue operating the Cash Management System, (b) honor and pay the Bank Fees in the normal course, including any prepetition Bank Fees, and (c) maintain existing business forms; and (ii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 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; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtor’s notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard

¹ The Debtor’s mailing address is 4698 Willow Road, Pleasanton, CA 94588, and the last four digits of the Debtor’s federal tax identification number is 9534.

² A capitalized term used but not defined herein have the meaning ascribed to it in the Motion.

the statements in support of the relief requested therein at an interim hearing before this Court (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation 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 Debtor is authorized, but not directed to: (a) continue operating the Cash Management System, substantially as identified on Exhibit C to the Motion and as described in the Motion; (b) honor its prepetition obligations related thereto; (c) use, in their present form, all preprinted correspondence and Business Forms (including letterhead) without reference to the Debtor’s status as debtor-in-possession, *provided* that once the Debtor’s existing supply of checks has been exhausted, the Debtor shall, when reordering (or with respect to checks the Debtor or its agents print themselves, within 15 days hereof) require or print, as applicable, the “Debtor in Possession” legend and corresponding bankruptcy case number on all such items; (d) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date; (e) treat the Debtor Bank Accounts for all purposes as accounts of the Debtor as debtor-in-possession; (f) deposit funds into and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; and (g) pay the Bank Fees, including any prepetition amounts and any ordinary course Bank Fees incurred in connection with the Bank Accounts, and otherwise to perform its obligations under the documents governing the Bank Accounts; *provided* that in the case of each of (a) through (g), such action is taken in the ordinary course of business and consistent with historical practices.

3. The Bank is authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtor as debtor-in-possession, without interruption and in the ordinary course of business consistent with historical practices, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be, and all such banks and financial institutions are authorized to rely on the Debtor's designation of any particular check or electronic payment request as approved by this Final Order; *provided* that the Debtor shall only instruct or request the Bank to pay or honor any check, draft, or other payment item issued on a Bank Account prior to the Petition Date but presented to such Bank for payment after the Petition Date as authorized by an order of the Court.

4. The Bank is authorized to debit the Debtor's accounts in the ordinary course of business, consistent with historical practices, without the need for further order of this Court for: (a) all checks drawn on the Debtor's accounts that are cashed at such Bank's counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (b) all checks or other items deposited in the Debtor's accounts with such Bank prior to the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent that the Debtor was responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to the Bank as service charges for the maintenance of the Cash Management System.

5. Any existing agreements between or among the Debtor, the Bank, and other parties shall continue to govern the postpetition cash management relationship between the Debtor and the Bank, and all of the provisions of such agreements, including, without limitation, the termination provisions, fee provisions, rights, benefits, offset rights, and remedies afforded under

such agreements shall remain in full force and effect unless otherwise ordered by the Court, and the Debtor and the Bank may, without further order of the Court, agree to and implement changes to the Cash Management System and cash management procedures in the ordinary course of business, consistent with historical practices, including, without limitation, the opening and closing of bank accounts, subject to the terms and conditions of this Final Order.

6. The Debtor's time to comply with section 345(b) of the Bankruptcy Code is hereby extended for a period of thirty (30) days from the date of this Order (the "Extension Period"), provided, however, that such extension is without prejudice to the Debtor's right to request a further extension of the Extension Period or a final waiver of the requirements of section 345(b) in these Chapter 11 Cases.

7. For the Banks at which the Debtor holds Bank Accounts that are party to a Uniform Depository Agreement with the U.S. Trustee, as soon as practicable after entry of this Final Order, the Debtor shall: (a) contact such Bank; (b) provide such Bank with the Debtor's employer identification number; and (c) identify its Bank Accounts held at such Bank as being held by a debtor-in-possession in this Chapter 11 Case.

8. For any Bank at which the Debtor holds Bank Accounts that are not party to a Uniform Depository Agreement with the U.S. Trustee, the Debtor shall use its good-faith efforts to cause the Bank to execute a Uniform Depository agreement in a form prescribed by the U.S. Trustee within thirty (30) days of the date of this Final Order. The U.S. Trustee's rights to seek further relief from this Court in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

9. All banks maintaining any of the Bank Accounts that are provided with notice of this Final Order shall not honor or pay any bank payments drawn on the listed Bank Accounts or

otherwise issued before the Petition Date; *provided, however*, that any such bank shall not be found to be in violation of this Final Order nor liable to the Debtor or its estate should any such bank honor or pay any bank payment: (a) in a good-faith belief that the Court has authorized such payment to be honored; or (b) as the result of a mistake made despite implementation of customary item handling procedures.

10. The Bank is authorized, without further order of the Court, to deduct any applicable fees from the applicable Bank Accounts in the ordinary course of business consistent with historical practices and pursuant to the applicable agreements governing each Bank Account.

11. The Bank is authorized, without further order of the Court, to charge back to the appropriate accounts of the Debtor any amounts resulting from returned checks or other returned items, including returned items that result from ACH transactions, wire transfers, or other electronic transfers of any kind, regardless of whether such returned items were deposited or transferred prepetition or postpetition and regardless of whether the returned items relate to prepetition or postpetition items or transfers, including, without limitation, on account of checks that have been dishonored or returned as a result of insufficient funds in the Bank Accounts, in each case to the same extent that the Debtor was responsible for such items prior to the Petition Date.

12. Subject to the terms set forth herein, any bank, including the Bank, may rely upon the representations of the Debtor with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to any order of the Court, and no bank that honors a prepetition check or other item drawn on any account that is the subject of this Final Order: (a) at the direction of the Debtor; (b) in a good-faith belief that the Court has authorized such prepetition check or item to be honored; or (c) as a result of a mistake

made despite implementation of reasonable customary handling procedures, shall be deemed to be liable or shall be liable to the Debtor, its estate, or any other party on account of such prepetition check or other item being honored postpetition, or otherwise deemed to be in violation of this Final Order.

13. Any banks, including the Bank, are further authorized to honor the Debtor's directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtor's funds in accordance with the Debtor's instructions; *provided* that the Bank shall not have any liability to any party for relying on such representations to the extent that such reliance otherwise complies with applicable law.

14. The Debtor and the Banks may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, consistent with historical practice, including, without limitation, the opening of any new bank accounts, the closing of any existing Bank Accounts, and entrance into ancillary agreements, including new deposit account control agreements related to the foregoing, as the Debtor may deem necessary and appropriate. Any new bank account opened by the Debtor shall be established at an institution that is (a) a party to a UDA with the United States Trustee for the District of Delaware or is willing to immediately execute a UDA, and (b) bound by the terms of this Interim Order. The Debtor shall provide notice within fifteen (15) days to the U.S. Trustee of the opening of such account or closing of any Bank Account; provided, that such opening or closing shall be timely indicated on the Debtor's monthly operating reports.

15. Nothing contained in the Motion or this Final Order shall be construed to: (a) create or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not exist as of the Petition Date; or (b) alter or impair the validity, priority, enforceability, or perfection of any

security interest or lien or setoff right, in favor of any person or entity, that existed as of the Petition Date.

16. Nothing contained in the Motion or this Final Order, and no action taken pursuant to the relief requested or granted (including any payment made in accordance with this Final Order), is intended as or shall be construed or deemed to be: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtor under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication, admission, or finding that any particular claim is an administrative expense claim, other priority claim, or otherwise of a type specified or defined in the Motion or this Final Order; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtor's estate; or (g) a waiver or limitation of any claims, causes of action, or other rights of the Debtor or any other party in interest against any person or entity under the Bankruptcy Code or other applicable nonbankruptcy law.

17. The Debtor is authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Chapter 11 Case with respect to prepetition amounts owed in connection with the relief granted herein.

18. Nothing in this Final Order authorizes the Debtor to accelerate any payments not otherwise due.

19. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

20. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

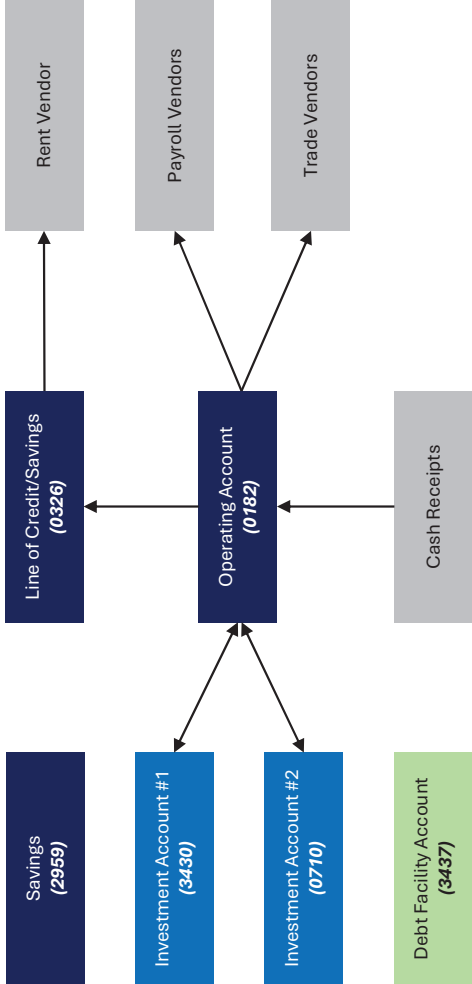
21. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

22. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

EXHIBIT C

Cash Management Schematic

Cash Management – All Accounts and Flow of Funds



Account Summary

Operating Account (0182)
Line of Credit/Savings (0326)
Savings (2959)
Investment Account #1 (3430)
Investment Account #2 (0710)
Debt Facility Account (3437)

Bank Account Notes

Operating Account (0182) – All funding the Company receives from grants or receipts is deposited into the Operating Account and then allocated to the Investment Accounts or paid to third-party payees such as trade vendors and payroll vendors.

Line of Credit/Savings (0326) – This account was created for the lease in Cambridge, MA. The lessor draws monthly rent payments upon approval.

Investment Account #1 (3430) – This account is managed by Capital Advisor Group in accordance with the Company’s *Investment Policy Guidelines*. Its purpose is to obtain interest and market gains, and then to transfer funds to the Operating Account as needed.

Investment Account #2 (0710) – This account is managed by Goldman Sachs in accordance with the Company’s *Investment Policy Guidelines*. Its purpose is to obtain interest and market gains, and then to transfer funds to the Operating Account as needed.

Debt Facility Account (3437) – This account was created in connection with, and required by, Silicon Valley Bank. There are no scheduled transfers from this account.

Legend

JP Morgan Chase Bank
US Bank
Silicon Valley Bank