

**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 Nos. 16, 36

Objection Deadline: November 6, 2024 at 4:00 p.m. (ET)
Final Hearing Date: November 13, 2024 at 1:00 p.m. (ET)

**NOTICE OF ENTRY OF INTERIM ORDER AND FINAL HEARING REGARDING
DEBTOR’S MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I)
AUTHORIZING THE DEBTOR TO (A) PAY PREPETITION EMPLOYEE WAGES,
SALARIES, OTHER COMPENSATION AND REIMBURSABLE EMPLOYEE
EXPENSES AND (B) CONTINUE EMPLOYEE BENEFITS PROGRAMS AND (II)
GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that on October 11, 2024, the above-captioned debtor and debtor in possession (the “Debtor”), filed the *Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* (the “Motion”) [Docket No. 16] with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). A copy of the Motion was previously served on you.

PLEASE TAKE FURTHER NOTICE that the Debtor presented the Motion at a hearing before the Honorable Karen B. Owens at the Bankruptcy Court on October 16, 2024. The Bankruptcy Court granted the relief requested by the Motion on an interim basis and entered the *Interim Order(I) Authorizing the Debtor to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation and Reimbursable Employee Expenses and (B) Continue Employee Benefits*

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.



Programs and (II) Granting Related Relief (the “Interim Order”) [Docket No. 36], attached hereto as **Exhibit 1**.

PLEASE TAKE FURTHER NOTICE that any response or objection to the entry of a final order with respect to the relief sought in the Motion must be filed with the Bankruptcy Court on or before **November 6, 2024 at 4:00 p.m. prevailing Eastern Time**.

PLEASE TAKE FURTHER NOTICE that at the same time, you must also serve a copy of the response or objection upon: (a) proposed counsel to the Debtor, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, PO Box 8705, Wilmington, Delaware 19801, Attn: Debra Grassgreen (dgrassgreen@pszjlaw.com), Malhar S. Pagay (mpagay@pszjlaw.com), John W. Lucas (jlucas@pszjlaw.com) and James E. O’Neill (joneill@pszjlaw.com), (c) the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn.: Timothy Jay Fox, Jr. (timothy.fox@usdoj.gov); and (d) any statutory committee appointed in these chapter 11 cases.

PLEASE TAKE FURTHER NOTICE that copies of the First Day Motions can be obtained for a fee through the Court’s website at www.deb.uscourts.gov, referencing Case No. 24-12305 (KBO), or may be obtained for free by accessing the Debtor’s restructuring website at <https://www.veritaglobal.net/gritstone>.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE FINAL RELIEF REQUESTED BY THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE FINAL RELIEF SOUGHT IN THE MOTION WILL BE HELD ON NOVEMBER 13, 2024 AT 1:00 P.M. PREVAILING EASTERN TIME BEFORE THE HONORABLE KAREN B. OWENS, UNITED STATES BANKRUPTCY COURT JUDGE, AT THE UNITED STATES

BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET,
6TH FLOOR, COURTROOM NO. 3,

Dated: October 17, 2024

PACHULSKI STANG ZIEHL & JONES LLP

/s/ James E. O'Neill

Debra I. Grassgreen, (admitted *pro hac vice*)

John W. Lucas, (admitted *pro hac vice*)

Malhar S. Pagay, (admitted *pro hac vice*)

James E. O'Neill (DE Bar No. 4042)

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Proposed Counsel to the

Debtor and Debtor in Possession

EXHIBIT 1

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)

Related Docket No. 16

**INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO (A) PAY PREPETITION
EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION,
AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE
EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF**

Upon 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”): (a) authorizing the Debtor to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; (b) scheduling a final hearing to consider approval of the Motion on a final basis, and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and upon the Debtor’s representation that the Debtor has sufficient funds to pay the amounts authorized to be paid on account of the Employee Compensation and Benefits; 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

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

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 relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; 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 the statements in support of the relief requested therein at a 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 herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on November 13, 2024, at 1:00 p.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 November 6, 2024:**
 - (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;
 - (iii) counsel to the Prepetition Secured Lender, Cole Schotz P.C., Court Plaza North, 25 Main Street, Hackensack, NJ 07601, Attn: Stuart Komrower (skomrower@coleschotz.com);
 - (iv) co-counsel to the Prepetition Secured Lender, Sheppard Mullin, Four Embarcadero Center, 17th Floor, San Francisco, CA 94111, Attn: Robert Sahyan

(rsahyan@sheppardmullin.com); and (v) counsel for any official committee of unsecured creditors appointed in the Chapter 11 Cases. In the event no objections to entry of the 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 to: (a) continue, modify, change, and discontinue the Employee Compensation and Benefits in the ordinary course of business during this Chapter 11 Case and without the need for further Court approval, subject to applicable law, and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits Programs in the ordinary course of business, up to the amounts set forth in paragraph 4 of this Interim Order; *provided* that pending entry of the Final Order, the Debtor shall not honor any Employee Compensation and Benefits obligations that exceed the priority amounts set forth in sections 507(a)(4) or 507(a)(5) of the Bankruptcy Code. Nothing herein shall be deemed to authorize the payment of any amounts which violate, implicate, or otherwise are subject to section 503(c) of the Bankruptcy Code. The Debtor will seek approval of any insider bonus or incentive programs, if any, under separate motion under section 503(c) of the Bankruptcy Code.
4. Notwithstanding anything to the contrary herein, pending entry of the Final Order, the Debtor is authorized to pay, remit, or reimburse, as applicable, not more than an aggregate amount of \$1,297,296 for the following obligations:

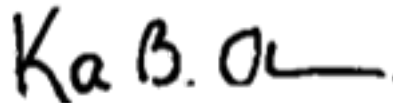
Employee Obligation	Interim Amount
Unpaid Compensation	\$798,721
Withholding Obligations	\$28,634
Payroll Processing Fees	\$5,000
Independent Contractors	\$150,000
Reimbursable Expenses	\$30,000
Employee Compensation	\$1,012,355
Health Benefit Plans	\$196,257
Life and AD&D Insurance	\$40,434
401(k) Plan	\$48,000
Miscellaneous	\$250
Employee Benefits Programs	\$284,941
Total	\$1,297,296

5. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtor is authorized to continue the Workers' Compensation Program in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.
6. The Debtor is authorized to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtor's prepetition policies and practices.
7. The Debtor is authorized to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.
8. The Debtor is authorized to terminate the employee stock purchase program (the "ESPP") and return the accumulated ESPP Deductions to Employees.

9. Nothing herein shall be deemed to authorize the payment of any amounts which violates or implicates section 503(c) of the Bankruptcy Code; *provided* that nothing herein shall prejudice the Debtor's ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.
10. Nothing contained in this Interim Order shall be construed to accelerate payments that are not otherwise due and payable.
11. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity, priority, or amount of any particular claim against the Debtor; (b) a waiver of the Debtor's or any other party-in-interest's right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtor's or any other party-in-interest's rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtor or any other party-in-interest that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid and the Debtor and all other parties-in-interest expressly reserve their rights to contest the extent, validity, or perfection or to seek avoidance of all such liens. Any payment made pursuant to this Interim Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtor's or any other party-in-interest's rights to subsequently dispute such claim.

12. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, 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 without any duty of further inquiry and without liability for following the Debtor's instructions.
13. The Debtor is authorized 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 any Employee Compensation and Benefits Programs.
14. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).
15. 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.
16. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.
17. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.
18. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: October 16th, 2024
Wilmington, Delaware


KAREN B. OWENS
UNITED STATES BANKRUPTCY JUDGE