

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

In re:

MOLECULAR TEMPLATES, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Joint Administration Requested)

**MOTION OF DEBTORS FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING  
DEBTORS TO CONTINUE INSURANCE PROGRAMS AND PAY ALL OBLIGATIONS  
WITH RESPECT THERETO; AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (the “Debtors”), by and through their undersigned counsel, respectfully move (the “Motion”) as follows:

**RELIEF REQUESTED**

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the “Interim Order”) and **Exhibit B** (the “Final Order” and, together with the Interim Order, the “Proposed Orders”), (i) authorizing the Debtors to continue their Insurance Programs (as defined herein) and honor their Insurance Obligations (as defined herein) in the ordinary course of business during the administration of these chapter 11 cases, including paying any prepetition Insurance Obligations, including amounts owed to the Insurance Service Providers (as defined herein), and (ii) granting related relief. The Debtors also request authority to purchase, continue, increase, renew, or extend their insurance coverage if they determine in their reasonable business judgment that such action is necessary or appropriate. In support of this Motion, the Debtors respectfully represent as follows:

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification numbers, are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101 Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.



### **JURISDICTION AND VENUE**

2. The United States Bankruptcy Court for the District of Delaware (this “Court”) has jurisdiction over these chapter 11 cases and this Motion 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 is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these cases and the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. Pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final order with respect to this Motion if it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

4. The statutory bases for the relief requested in this Motion are sections 105(a), 363, and 503(b) of title 11 of the United States Code (the “Bankruptcy Code”), as supplemented by Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rules 1015-1 and 9013-1(m).

### **BACKGROUND**

5. On April 20, 2025 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors continue to manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committee has been appointed in these cases.

6. Additional detail regarding the Debtors, their business, the events leading to the commencement of these cases, and the facts and circumstances supporting the relief

requested herein is set forth in the *Declaration of Craig Jalbert in Support of Debtors' Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), filed concurrently herewith and incorporated herein by reference.

### **THE INSURANCE PROGRAMS**

7. In the ordinary course of business, the Debtors maintain workers' compensation insurance and third-party liability, property, and other insurance programs (collectively, the "Insurance Programs") and incur certain obligations to pay premiums, deductibles, self-insured retentions, and other obligations related thereto, including, but not limited to, broker or advisor fees, Insurance Service Provider fees (as defined herein), taxes, and other fees (collectively, the "Insurance Obligations"), in accordance with or relating to their respective insurance policies and any related agreements (each, an "Insurance Policy") through several different insurance carriers (the "Carriers"), including, but not limited to, those Insurance Programs and Carriers listed on **Exhibit C** attached hereto (the "Insurance Schedule").<sup>2</sup>

8. The Debtors maintain their several Insurance Policies to help manage and limit various risks associated with preserving their assets, which are essential to the preservation of their value, as well as to comply with regulations, laws, and contracts that govern the Debtors' activities. The Bankruptcy Code reinforces such requirements, as section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public," is "cause" for conversion or dismissal of a chapter 11 case.

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<sup>2</sup> Due to the size and complexity of the Debtors' business, it is possible that certain of the Debtors' Insurance Programs may have been inadvertently omitted from the list of Insurance Programs set forth on **Exhibit C** hereto. Accordingly, **Exhibit C** includes a non-exhaustive list of the Debtors' Insurance Programs. Furthermore, the Debtors may, in the future, enter new Insurance Programs not listed on **Exhibit C**. For the avoidance of doubt, the term "Insurance Programs" shall include all insurance policies for any line of coverage issued to or providing coverage to the Debtors, whether prospective, current or expired, and any agreements related thereto.

9. The Insurance Programs<sup>3</sup> include, but are not limited to, coverage for: (a) workers' compensation and employer's liability (the "Workers' Compensation Program"); (b) liability relating to commercial property (the "Commercial Property Program"); (c) general liability (the "Commercial General Liability Program"); (d) clinical trial liability (the "Product Liability Program"); (e) liability arising from product or service defect of contract performance, among other things (the "Errors & Omissions Liability Program"); (f) the Debtors' operation, use, or maintenance of vehicles (the "Automobile Coverage Program"); (g) general excess and insurance coverage (the "Commercial Umbrella Program"); (h) employee dishonesty, forgery, and illegal acts on the premises (the "Crime Liability Program"); (i) various fiduciary liabilities (the "Fiduciary Liability Program"); (j) liability relating to cyber security and privacy (the "Cyber Coverage Program"); (k) employment-related liability (the "Employment Practices Liability Program"); and (l) liability of the Debtors' directors and officers (the "D&O Liability Program").

10. Pursuant to the Insurance Policies, the Debtors pay premiums based upon a fixed rate established and billed by each Carrier (collectively, the "Insurance Premiums"). While the Debtors do not believe that as of the Petition Date they owe any amounts on account of prepetition Insurance Obligations, they file this Motion out of an abundance of caution. The Insurance Programs are discussed below.

#### **I. Workers' Compensation Program**

11. The Workers' Compensation Program provides coverage for liability arising from accidents, disability, death, or disease sustained by employees in the course of their

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<sup>3</sup> For the avoidance of doubt, each specifically defined insurance "Program" shall include all insurance policies for that specific line of coverage issued to or providing coverage to the Debtors, whether prospective, current or expired.

employment with the Debtor. The current Carrier under the Workers' Compensation Program is Federal Insurance Company.

12. The coverage period is July 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Workers' Compensation Program as of the Petition Date.

## **II. Commercial Property Program**

13. The Commercial Property Program provides coverage for liability arising from or in connection with product or service defects, contract performance, cyber-attacks, intellectual property, privacy, and reputation disparagement, among others. The current Carrier under the Commercial Property Program is Federal Insurance Company.

14. The coverage period is August 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Commercial Property Program as of the Petition Date.

## **III. Commercial General Liability Program**

15. The Commercial General Liability Program provides coverage for liability arising from personal injury, medical expense, and property damage. The current Carrier under the Commercial General Liability Program is Federal Insurance Company.

16. The coverage period is July 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Commercial Property Program as of the Petition Date.

## **IV. Product Liability Program**

17. The Product Liability Program provides coverage for liability arising from the Debtors' clinical trials. The Debtors do not have any ongoing clinical trials, but the policies remain intact.

18. The current Carrier under the Product Liability Program is Federal Insurance Company. The coverage period is July 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Product Liability Program as of the Petition Date.

#### **V. Errors & Omissions Liability Program**

19. The Errors & Omissions Liability Program provides coverage for liability arising from product or service defect of contract performance, cyber-attacks, unauthorized access or use of software or data, and intellectual infringements, property violations, or reputation disparagement.

20. The current Carrier under the Errors & Omissions Liability Program is Federal Insurance Company. The coverage period is July 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Errors & Omissions Liability Program as of the Petition Date.

#### **VI. Automobile Coverage Program**

21. The Automobile Coverage Program provides coverage for liability to third parties arising from or in connection with the Debtors' operation, use, or maintenance of vehicles. The current Carrier for the Automobile Coverage Program is Great Northern Insurance Company. The coverage period is August 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Errors & Omissions Liability Program as of the Petition Date.

#### **VII. Commercial Umbrella Program**

22. The Commercial Umbrella Program consists of two insurance policies providing for: (a) general excess coverage, (b) umbrella coverage, and (c) advertising injury and personal injury coverage. The current Carriers under the Commercial Umbrella Program are Federal Insurance Company and CNA/Continental Insurance Company. The coverage period is

July 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Commercial Umbrella Program as of the Petition Date.

#### **VIII. Crime Liability Policy**

23. The Crime Liability Policy provides the Debtors coverage for liability arising from or in connection with acts of employee dishonesty, forgery, illegal acts on the premises, computer hacking, and other illegal activities. The current Carrier under the Crime Liability Policy is Great American Insurance Company. The coverage period is August 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Crime Liability Program as of the Petition Date.

#### **IX. Fiduciary Liability Program**

24. The Fiduciary Liability Program provides coverage for liability arising from or in connection with various fiduciary liabilities. The current Carrier under the Fiduciary Liability Program is Federal Insurance Company. The coverage period is August 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Fiduciary Liability Program as of the Petition Date.

#### **X. Cyber Coverage Program**

25. The Cyber Coverage Program provides coverage for damages arising from or in connection with cyber security and privacy, privacy regulatory defense, and property damage, among others. The current Carrier under the Cyber Coverage Program is Houston Casualty Company. The coverage period is August 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Cyber Coverage Program as of the Petition Date.

## **XI. Employment Practices Liability Program**

26. The Employment Practices Liability Program provides coverage for liability of the Debtors arising from or in connection with various employment-related claims, including allegations of wrongful termination, discrimination, workplace harassment, and retaliation, among others.

27. The current Carrier under the Employment Practices Liability Program is Beazley Insurance Company, Inc. The coverage period is August 1, 2024 through July 1, 2025. The Debtors do not believe that they owe any amounts on account of the Employment Practices Liability Program as of the Petition Date.

## **XII. D&O Liability Program**

28. The D&O Liability Program provides primary coverage (the “Primary D&O Liability Policy”) for liability arising from or in connection with the decisions and actions taken by the Debtors’ directors and officers within the scope of their duties.

29. The Debtors’ primary Carrier under the D&O Liability Program is National Union Fire Insurance Company of Pittsburgh, PA. The coverage period is August 1, 2024 through August 1, 2025. The Debtors do not believe that they owe any amounts on account of the Primary D&O Liability Policy as of the Petition Date.

30. The D&O Liability Program also provides excess coverage (the “Excess D&O Liability Policy”) for liability arising from or in connection with the decisions and actions taken by the Debtors’ directors and officers within the scope of their duties.

31. The Debtors’ excess Carrier under the D&O Liability Program is Berkshire Hathaway Specialty Insurance Company. The Debtors do not believe that they owe any amounts on account of the Excess D&O Liability Policy as of the Petition Date.



**INSURANCE SERVICE BROKERS**

32. In connection with the Insurance Programs, in the ordinary course of business, the Debtors engage certain insurance service providers to help them procure, negotiate, and evaluate the Insurance Programs and process claims related thereto.

33. The Debtors utilize Chubb & Son Inc., Marsh McLennan Agency, and Arthur J. Gallagher & Co. as their insurance brokers (together, the “Insurance Brokers”) to assist with the procurement and negotiation of certain Insurance Policies and, in certain circumstances, to remit payment to the Carriers on behalf of the Debtors. The Insurance Brokers are essential to the Debtors’ ability to secure insurance coverage, as the Insurance Brokers obtain and manage their Insurance Policies in a reasonable and prudent manner and enable the Debtors to realize considerable savings in the procurement of the Insurance Policies. The Debtors do not have access to certain key markets unless represented by the Insurance Brokers.

34. For broker-related services, the Debtors pay the Insurance Brokers consulting fees for advising the Debtors on optimizing their portfolio of Insurance Policies (together with any other *de minimis* incidental or supplemental compensation paid to the Insurance Brokers, the “Broker Fees”). The Debtors do not believe that they owe any amounts on account of the Broker Fees as of the Petition Date.

35. The Debtors request to continue honoring their obligations to the Insurance Service Brokers in the ordinary course of business, including the authority to pay any fees that come due and owing to the Insurance Service Brokers.

**BASIS FOR RELIEF REQUESTED**

36. The Debtors believe that continued participation in the Insurance Programs and the payment of any Insurance Obligations are in the ordinary course of business and are, therefore, authorized pursuant to section 363(c)(1) of the Bankruptcy Code. Specifically, section

363(c)(1) of the Bankruptcy Code provides that a debtor may use property of the estate in the ordinary course of business without notice or a hearing. 11 U.S.C. § 363(c)(1). The maintenance of the Insurance Programs, and honoring of the obligations arising thereunder, including undertaking renewals of the Insurance Programs as they expire or entering into new insurance arrangements, are each the type of ordinary course transaction contemplated by the foregoing provision.

37. To the extent that the Court believes that any such actions are not transactions in the ordinary course of the Debtors' business, including the payment of any prepetition Insurance Obligations, the Debtors respectfully request that the Court authorize the Debtors to take such actions pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code.

**I. Sections 105(a), 363(b), and 503(b) of the Bankruptcy Code Support the Maintenance of the Insurance Programs and the Surety Bond Program and the Payment of all Related Obligations.**

38. Section 503(b)(1) of the Bankruptcy Code provides that, “[a]fter notice and a hearing, there shall be allowed, administrative expenses. . . including —. . . the actual, necessary costs and expenses of preserving the estate.” 11 U.S.C. § 503(b)(1)(A). The Court, therefore, can authorize the Debtors to use estate funds to pay any Insurance Obligations arising or relating to the period after the Petition Date.

39. Additionally, pursuant to section 363(b) of the Bankruptcy Code, a debtor, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b). Under this section, a court may authorize a debtor to pay certain claims as long as a sound business purpose exists for the transaction. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (finding that the debtor sustained its burden of articulating sound business reasons for its decision to pay pre-petition wages). To

evaluate whether a sound business purpose justifies the use, sale, or lease of property under section 363(b) of the Bankruptcy Code, “courts consider a variety of factors, which essentially represent a business judgment test.” *Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999). Once a debtor articulates a reasonable basis for its business decisions, “courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). There is a presumption that “in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *In re Integrated Res., Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)).

40. Furthermore, pursuant to section 105(a) of the Bankruptcy Code, “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Under section 105(a) and the doctrine of necessity, the bankruptcy court may exercise its broad grant of equitable powers to permit the payment of prepetition obligations when such payment is essential to the preservation of the debtor’s business and assets. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 824-25 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code provides a statutory basis for the payment of prepetition claims under the doctrine of necessity and noting that “[t]he Supreme Court, the Third Circuit and the District of Delaware all recognize the court’s power to authorize payment of pre-petition claims when such payment is necessary for the debtor’s survival during chapter 11”); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (confirming that the doctrine of necessity

is the standard in the Third Circuit for enabling a court to authorize the payment of prepetition claims prior to the confirmation of a reorganization plan).

41. Bankruptcy courts regularly rely on their authority under section 105(a) and the doctrine of necessity to grant debtors the discretionary authority to pay certain prepetition claims “where the payment is necessary to permit the effectuation of the rehabilitative purposes of the Bankruptcy Code.” *Pension Benefit Guar. Corp. v. Sharon Steel Corp. (In re Sharon Steel Corp.)*, 159 B.R. 730, 736 (Bankr. W.D. Penn. 1993); *see also In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to continued operation of the debtor); *In re Ionosphere Clubs, Inc.*, 98 B.R. at 175 (“The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.”).

42. The rationale for making payments to prepetition creditors under the doctrine of necessity is consistent with the paramount goal of chapter 11: the continued operation and rehabilitation of the debtor. *See In re Ionosphere Clubs, Inc.*, 98 B.R. at 176 (“[F]acilitating the continued operation and rehabilitation of the debtor . . . is also a paramount goal of Chapter 11.”). To that end, approval of such payments benefits, rather than harms, the Debtors’ other creditors. *See, e.g., In re Sharon Steel*, 159 B.R. at 737 (approving payments of certain prepetition wages under the doctrine of necessity where doing so would maximize the value of the Debtors’ assets and noting that payments made pursuant to the doctrine of necessity “must not only be in the best interest of the debtor but also in the best interest of its other creditors”). Moreover, Bankruptcy Rule 6003 itself implies that the payment of prepetition obligations may be permissible

within the first twenty-one (21) days of a case where doing so is “necessary to avoid immediate and irreparable harm.”

43. The nature of the Debtors’ business and their assets makes it essential for the Debtors to maintain the Insurance Programs and pay all Insurance Obligations on an ongoing and uninterrupted basis. Without authority to maintain and pay amounts owing in connection with the Insurance Programs, the ability of the Debtors to conduct their ongoing ordinary course affairs would come to a halt to the detriment and prejudice of all parties in interest. Moreover, the process of establishing new programs would be burdensome and costly to the Debtors. Failure to pay the Insurance Obligations could result in the cancellation of the Insurance Programs, which would expose the Debtors to significant liability and fines under various applicable federal and state laws and regulations, including state laws mandating that the Debtors maintain workers’ compensation coverage for their employees and other regulations specific to the life sciences industry. Such exposure would have a materially adverse impact on the Debtors’ ability to continue to work to maximize the value of their assets and, thus, would jeopardize the success of these chapter 11 cases. Furthermore, the Debtors are required to maintain most of the Insurance Programs to comply with the guidelines established by the Office of the United States Trustee for Region 3. Therefore, the continuation of the Insurance Programs and the payment of all Insurance Obligations are essential to preserve value for the Debtors’ estates and all parties in interest.

44. Based on the foregoing, the Debtors respectfully submit that the maintenance and continuation of the Insurance Programs and the payment of any prepetition obligations arising therefrom should be authorized under sections 105(a), 363(b), and 503(b) of the Bankruptcy Code to the extent such actions are deemed outside the ordinary course of the Debtors’ business.

**II. Applicable Financial Institutions Should Be Authorized and Directed to Receive, Process, Honor, and Pay Checks Issued and Transfers Requested to Pay Insurance Obligations.**

45. The Debtors further request that the Court authorize and direct applicable financial institutions (the “Banks”) to receive, process, honor, and pay any and all checks issued or to be issued, and electronic funds transfers requested or to be requested, by the Debtors relating to the Insurance Obligations to the extent that sufficient funds are on deposit in applicable bank accounts to cover such payments. The Debtors also request authority to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or fund transfer requests on account of prepetition Insurance Obligations that were dishonored or rejected as a result of the Debtors’ commencement of these chapter 11 cases.

**THE REQUIREMENTS OF BANKRUPTCY RULE 6003 ARE SATISFIED**

46. Bankruptcy Rule 6003 empowers the Court to issue an order, within 21 days after the Petition Date, granting a motion to “use . . . property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” if such requested relief “is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003(b). For the reasons discussed above, entry of an interim order granting this Motion is integral to the Debtors’ ability to successfully transition into chapter 11. As described above, any lapse in insurance coverage could subject the Debtors to significant disruption to the Debtors’ ordinary course affairs, violation of applicable guidelines set forth by the Office of the United States Trustee, violation of applicable laws and regulations, and loss of the value of the Debtors’ assets, thereby causing immediate and irreparable harm to the Debtors’ estates and, consequently, other interested parties. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

**WAIVER OF BANKRUPTCY RULE 6004(a) AND 6004(h)**

47. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[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.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

48. To implement the foregoing immediately, the Debtors respectfully request a waiver of the notice requirements of Bankruptcy Rule 6004(a) to the extent they are deemed to apply.

**RESERVATION OF RIGHTS**

49. Nothing contained herein or in the Proposed Orders is intended or shall be construed as: (i) an admission as to the validity, amount or priority of any claim against the Debtors; (ii) a waiver of the Debtors’ rights to dispute any claim; (iii) a promise or requirement to pay any claim; (iv) a waiver of any claim or cause of action of the Debtors that exists against any entity; (v) a ratification or assumption of any agreement, contract or lease under section 365 of the Bankruptcy Code; (vi) a waiver of limitation of the Debtors’ rights under the Bankruptcy Code, any other applicable law, or any agreement; or (vii) an admission or concession by the Debtors that any lien acknowledged or satisfied under this Motion is valid, and the Debtors expressly reserve and preserve their rights to contest the extent, validity, or perfection, or seek avoidance of, any such lien.

**NOTICE**

50. Notice of this Motion will be provided to: (a) the Office of the United States Trustee (Attn: Jane M. Leamy, jane.m.leafy@usdoj.gov); (b) counsel to K2 HealthVentures LLC; (c) the Internal Revenue Service; (d) the parties included on the Debtors' consolidated list of their 30 largest unsecured creditors; (e) the United States Attorney's Office for the District of Delaware; (f) the Securities and Exchange Commission; (i); the Insurance Brokers and Carriers; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002. As this Motion is seeking first-day relief, the Debtors will serve copies of this Motion and any order entered in respect of this Motion as required by Local Rule 9013-1(m). The Debtors respectfully submit that no further notice of this Motion is required under the circumstances.

*[Remainder of page intentionally left blank]*



**CONCLUSION**

WHEREFORE, the Debtors request that the Court enter the Proposed Orders, granting the relief requested herein and such other and further relief as is just and proper.

Dated: April 21, 2025  
Wilmington, Delaware

**MORRIS, NICHOLS, ARSHT & TUNNELL LLP**

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*Proposed Counsel to the Debtors and Debtors in Possession*

**Exhibit A**

**Proposed Interim Order**

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

In re:

MOLECULAR TEMPLATES, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Joint Administration Requested)

**Re: D.I. \_\_\_\_**

**INTERIM ORDER (I) AUTHORIZING DEBTORS TO CONTINUE INSURANCE  
PROGRAMS AND PAY ALL OBLIGATIONS WITH RESPECT THERETO;  
AND (II) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (the “Debtors”) for entry of interim and final orders, pursuant to sections 105(a), 363, 503(b), and 507(a) of the Bankruptcy Code, (i) authorizing the Debtors to continue maintaining their Insurance Programs and honor their Insurance Obligations in the ordinary course of business during the administration of these chapter 11 cases, including payment of any prepetition Insurance Obligations; and (ii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction to consider the Motion in accordance with 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 as of February 29, 2012; and having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification numbers, are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101 Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.

<sup>2</sup> Capitalized terms used but not defined in this Interim Order are defined in the Motion.

determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; 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 Debtors are authorized, but not directed, to maintain their Insurance Policies and to pay the Insurance Obligations arising under or in connection with the Insurance Policies in the ordinary course of business as such obligations become due, without regard to whether such Insurance Policies are listed in Exhibit C to the Motion and without regard to whether such obligations relate to the period before or after the Petition Date.
3. The Debtors are authorized, but not directed, to renew the Insurance Programs in the ordinary course of business and consistent with past practices, and to revise, extend, supplement, endorse, or otherwise modify their insurance coverage as needed, including through the purchase, renewal, or replacement of new or existing Insurance Programs and to take all appropriate actions in connection therewith; provided, that the Debtors will (a) consult with the DIP Lender; and (b) notify the U.S. Trustee and counsel to any statutory committee appointed in these chapter 11 cases if the Debtors increase or decrease existing insurance, change Carriers, or purchase additional insurance coverage.
4. All applicable banks and other financial institutions are hereby authorized and required to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors under this Interim Order whether presented prior to or after the Petition Date; *provided*, that sufficient funds are on deposit in the applicable accounts to cover such payments. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Interim Order.

5. A final hearing on the relief sought in the Motion shall be conducted on \_\_\_\_\_, 2025 at \_\_\_\_\_ (ET) (the “**Final Hearing**”). Any party in interest objecting to the relief sought at the Final Hearing or entry of the Proposed Final Order shall file and serve a written objection, which objection shall be served upon (i) the Debtors, Molecular Templates, Inc., 124 Washington Street, Suite 101, Foxboro, MA 02035, Attn: Craig Jalbert (CJalbert@vlpc.com); (ii) proposed counsel for the Debtors, Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899, Attn: Eric D. Schwartz, Esq. (eschwartz@morrisnichols.com), Andrew R. Remming, Esq. (aremming@morrisnichols.com) and Austin T. Park, Esq. (apark@morrisnichols.com); (iii) counsel to K2 HealthVentures LLC, (a) Sidley Austin LLP, 1999 Avenue of the Stars, Floor 17, Los Angeles CA 90067, Attn: Sam Newman (sam.newman@sidley.com) and (b) Polsinelli, 222 Delaware Avenue, Suite 1101, Wilmington, DE 19801, Attn: Christopher A. Ward (cward@polsinelli.com); (iv) counsel to any official committee appointed in these chapter 11 cases; and (v) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Room 2207, Wilmington, DE 19801, Attn: Jane M. Leamy (jane.m.leafy@usdoj.gov), in each case no later than [\_\_\_\_\_, 2025 at 4:00 p.m. (ET)]. If no objections to the entry of the Proposed Final Order are timely filed, this Court may enter the Proposed Final Order without further notice or a hearing.

6. Nothing herein or in the Motion (a) alters, amends or modifies the terms and conditions of the Insurance Programs; (b) relieves the Debtors of any of their obligations under the Insurance Programs; (c) creates or permits a direct right of action against a Carrier or third party administrator; or (d) precludes or limits, in any way, the rights of any Carrier to contest

and/or litigate the existence, primacy and/or scope of available coverage under the Insurance Programs.

7. Nothing contained in the Motion or this Interim Order, nor any payment made pursuant to the authority granted by this Interim Order, is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver 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 the Debtors' rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (d) an agreement or obligation to pay any claims, (e) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (f) an admission as to the validity of any liens satisfied pursuant to this Motion, or (g) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code.

8. Notwithstanding entry of this Interim 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.

9. The Debtors are authorized to take any and all actions necessary to effectuate the relief granted herein.

10. The requirements of Bankruptcy Rule 6003(b) have been satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

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

12. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

**Exhibit B**

**Proposed Final Order**

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

In re:

MOLECULAR TEMPLATES, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Joint Administration Requested)

**Re: D.I. \_\_\_\_**

**FINAL ORDER (I) AUTHORIZING DEBTORS TO CONTINUE INSURANCE  
PROGRAMS AND PAY ALL OBLIGATIONS WITH RESPECT THERETO;  
AND (II) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (the “Debtors”) for the entry of interim and final orders, pursuant to sections 105(a), 363, 503(b), and 507(a) of the Bankruptcy Code, (i) authorizing the Debtors to continue maintaining their Insurance Programs and honor their Insurance Obligations in the ordinary course of business during the administration of these chapter 11 cases, including payment of any prepetition Insurance Obligations; and (ii) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction to consider the Motion in accordance with 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 as of February 29, 2012; and having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification numbers, are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101 Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.

<sup>2</sup> Capitalized terms used but not defined in this Final Order are defined in the Motion.



determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; 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 herein.
2. The Debtors are authorized, but not directed, to maintain their Insurance Policies and to pay the Insurance Obligations arising under or in connection with the Insurance Policies in the ordinary course of business as such obligations become due, without regard to whether such Insurance Policies are listed in Exhibit C to the Motion and without regard to whether such obligations relate to the period before or after the Petition Date.
3. The Debtors are authorized, but not directed, to renew the Insurance Programs in the ordinary course of business and consistent with past practices, and to revise, extend, supplement, endorse, or otherwise modify their insurance coverage as needed, including through the purchase, renewal, or replacement of new or existing Insurance Programs and to take all appropriate actions in connection therewith; *provided*, that the Debtors will (a) consult with the DIP Lender; and (b) notify the U.S. Trustee and counsel to any statutory committee appointed in these chapter 11 cases if the Debtors increase or decrease existing insurance, change Carriers, or purchase additional insurance coverage.
4. All applicable banks and other financial institutions are hereby authorized and required to receive, process, honor, and pay any and all checks and transfer requests evidencing amounts paid by the Debtors under this Final Order whether presented prior to or after the Petition Date; provided, that sufficient funds are on deposit in the applicable accounts to cover such payments. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Final Order.

5. Nothing herein or in the Motion (a) alters, amends or modifies the terms and conditions of the Insurance Programs; (b) relieves the Debtors of any of their obligations under the Insurance Programs; (c) creates or permits a direct right of action against a Carrier or third party administrator; or (d) precludes or limits, in any way, the rights of any Carrier to contest and/or litigate the existence, primacy and/or scope of available coverage under the Insurance Programs.

6. Nothing contained in the Motion, the Interim Order or this Final Order, nor any payment made pursuant to the authority granted by the Interim Order or this Final Order, is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver 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 the Debtors' rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (d) an agreement or obligation to pay any claims, (e) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (f) an admission as to the validity of any liens satisfied pursuant to this Motion, or, (g) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code.

7. Notwithstanding entry of the Interim Order or 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.

8. The Debtors are authorized to take any and all actions necessary to effectuate the relief granted herein.

9. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be effective and enforceable immediately upon its entry.

10. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Final Order.

**Exhibit C****Insurance Policies**

<b>Type of Coverage</b>	<b>Insurance Carrier(s)</b>	<b>Policy Number(s)</b>
Workers' Compensation	Federal Insurance Company	000071748651
Commercial Property (CustomARQ Package)	Federal Insurance Company	000036025484
Clinical Trial Product Liability	Federal Insurance Company	9949-54-10
Commercial General Liability (CustomARQ General Liability)	Federal Insurance Company	000099495410
Automobile Liability	Great Northern Insurance Company	000073585504
Commercial Umbrella (Primary)	Federal Insurance Company / CNA/Continental Insurance Company	000079895713 / 6081463098
Commercial Umbrella (Excess)	Federal Insurance Company / CNA/Continental Insurance Company	000079895713 / 6081463098
Errors & Omissions Liability	Federal Insurance Company	36079289ATL
Fiduciary Liability	Federal Insurance Company	J06028408
Employment Practices Liability	Beazley Insurance Company, Inc.	V2FCF5240401
Crime Liability	Great American Insurance Company	SAAE7448360300
Cyber Coverage	Houston Casualty Company	H24NGP20977403
Primary D&O Liability—Side A (Runoff)	National Union Fire Insurance Company of Pittsburgh, PA	01-426-31-75
Primary D&O Liability—Side A	National Union Fire Insurance Company of Pittsburgh, PA	01-426-31-75
Excess D&O Liability	Berkshire Hathaway Specialty Insurance Company	47-EPC-322505-01