IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
VYAIRE MEDICAL, INC., *et al.*,[1]	)	Case No. 24-11217 (BLS)
Debtors.	)	(Jointly Administered)

DECLARATION OF MICHAEL SCHLAPPIG
IN CONNECTION WITH THE PROPOSED SALE ORDERS

I, Michael Schlappig, declare under penalty of perjury:

1. I am a Managing Director in the Restructuring and Special Situations Group at PJT Partners LP ("PJT"), a leading investment banking firm listed on the New York Stock Exchange with its principal offices at 280 Park Avenue, New York, New York 10017. On July 30, 2024, the Bankruptcy Court approved the retention of PJT as the investment banker for the above-captioned debtors and debtors in possession (collectively, the "Debtors") in these chapter 11 cases.

2. I submit this declaration (this "Declaration") in support of (a) the proposed *Order (I) Approving the Zoll Asset Purchase Agreement and Authorizing the Sale of Certain Ventilation Assets of the Debtors Outside the Ordinary Course of Business, (II) Authorizing the Sale of Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances, (III) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection Therewith, and (IV) Granting Related Relief* [Docket No. 399] (as may be modified or supplemented, the "Vents Sale Order") and (b) the proposed *Order (I) Approving the Trudell Asset*

[1] The last four digits of Debtor Vyaire Medical, Inc.'s federal tax identification number are 6495. A complete list of each of the Debtors in these chapter 11 cases and each such Debtor's federal tax identification number may be obtained on the website of the Debtors' claims and noticing agent at https://omniagentsolutions.com/Vyaire. The location of Debtor Vyaire Medical, Inc.'s principal place of business and the Debtors' service address in these chapter 11 cases is 26125 North Riverwoods Boulevard, Mettawa, Illinois, USA 60045.

Purchase Agreement and Authorizing the Sale of Certain Respiratory Diagnostics Assets of the Debtors Outside the Ordinary Course of Business, (II) Authorizing the Sale of Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances, (III) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection Therewith, and (IV) Granting Related Relief [Docket No. 401] (as may be modified or supplemented, the "RDx Sale Order," and together with the Vents Sale Order, the "Sale Orders").[2]

3. On July 8, 2024, I submitted a declaration in support of the entry of the Bidding Procedures Order [Docket No. 158] (the "Bidding Procedures Declaration"), which is incorporated by reference herein.

4. Except as otherwise indicated, all statements set forth in this Declaration are based upon (a) my personal knowledge, (b) information provided by the other members of the PJT team, the Debtors' management team, and/or the Debtors' other advisors, (c) my review of relevant documents and information concerning the Debtors' operations, financial affairs, and restructuring initiatives, or (d) my opinions based upon my experience and knowledge. If called as a witness, I could and would testify competently to the statements set forth in this Declaration. I am not being specifically compensated for this testimony other than through payments received by PJT as a professional retained by the Debtors.[3] I am over the age of 18 years and authorized to submit this Declaration on behalf of the Debtors.

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[2] Capitalized terms used but not otherwise defined shall have the meaning ascribed to them in the Sale Orders, the Zoll APA (as defined herein), the Trudell APA (as defined herein), and the *Order (I) Approving Bidding Procedures in Connection with the Sale of Substantially All of the Debtors' Assets, (II) Authorizing the Debtors to Enter Into a Stalking Horse Agreement and Provide Bid Protections, (III) Approving the Form and Manner of Notice Thereof, (IV) Scheduling an Auction and Sale Hearing, (V) Approving Procedures for the Assumption and Assignment of Contracts, (VI) Approving the Sale of the Debtors' Assets Free and Clear, and (VII) Granting Related Relief* [Docket No. 249] (the "Bidding Procedures Order"), as applicable.

[3] Pursuant to PJT's engagement letter with the Debtors, PJT will be entitled to receive certain fees in connection with the transactions described herein.

The Marketing and Sale Process

5. Based on my experience and involvement with the marketing and sale process ("Marketing and Sale Process"), I believe the Debtors conducted, in good faith, a thorough, fair, and transparent Marketing and Sale Process.

6. Prior to the Petition Date, PJT worked extensively with the Debtors to prepare for and launch a comprehensive Marketing and Sale Process to solicit proposals for any and all of the Debtors' assets (the "Assets"), including certain of the Assets associated with the Debtors' ventilation and respiratory diagnostics businesses (the "Ventilation Assets" and "Respiratory Diagnostics Assets," respectively, and together, the "Sale Assets"). As described in greater detail in the Bidding Procedures Declaration, during the Marketing and Sale Process, the Debtors and their advisors dedicated substantial time and effort to conducting outreach to a group of strategic and financial investors. The Debtors, with the assistance of PJT, reached out to over 100 potential parties, which resulted in 55 parties signing non-disclosure agreements and receiving due diligence regarding the Assets, including the Debtors' go-forward business plans.

7. Pursuant to the Bidding Procedures Order, the Marketing and Sale Process involved extensive efforts by the Debtors and their advisors, including arm's-length negotiations with multiple potential purchasers. Despite their efforts, the Debtors ultimately did not designate a Stalking Horse Bidder. However, based on the multiple indications of interest received and ongoing due diligence by potential bidders, the Debtors determined that the best path forward was to allow parties time to conduct their due diligence and submit fulsome bids by the Bid Deadline.

8. Ultimately, the Debtors received several actionable offers for the Ventilation Assets. The Debtors, with the consent of the Required DIP Lenders and in consultation with the Committee, identified three Qualified Bids for the Ventilation Assets. In accordance with the Bidding Procedures, on August 12, 2024, the Debtors commenced an auction ("the Auction") for

the Ventilation Assets. After three days of competitive and arm's-length bidding—culminating in a total of 10 rounds and a final bid that included cash consideration that was $30 million greater than the cash consideration of the starting leading bid—the Debtors selected Zoll Medical Corporation ("Zoll") as the Successful Bidder for the Ventilation Assets (the "Vents Successful Bidder").

9. Zoll's final bid was selected by the Debtors as the highest or otherwise best bid of all bids submitted at the Auction. The Zoll bid was selected after all other Qualified Bidders were offered the opportunity to overbid and declined to do so. Zoll's bid contemplates a going-concern transaction and provides greater consideration than any other bid received by the Debtors.

10. The Debtors and their advisors similarly engaged with a number of parties with respect to the Respiratory Diagnostics Assets. While a number of parties expressed interest in the Respiratory Diagnostics Assets, the Debtors received a single actionable offer from Trudell Medical Limited ("Trudell"). Over the past several weeks, the Debtors and their advisors have engaged Trudell in extensive, arm's-length negotiations. Following these discussions, on August 20, 2024, the Debtors selected Trudell as the Successful Bidder for the Respiratory Diagnostics Assets (the "RDx Successful Bidder," and the RDx Successful Bidder and the Vents Successful Bidder, the "Successful Bidders"). As memorialized in the Trudell APA (as defined below), the Successful Bid for the Respiratory Diagnostics Assets contemplates a going-concern sale of the Debtors' respiratory diagnostics business in exchange for approximately $53.5 million in cash and certain non-cash consideration. Accordingly, I believe Trudell's Successful Bid, as memorialized in the Trudell APA represents the highest or otherwise best offer for the Respiratory Diagnostics Assets currently available under the circumstances.

11. Based on my involvement in the Marketing and Sale Process and my experience as an investment banker, I believe that the Marketing and Sale Process and Bidding Procedures provided the Debtors with a reasonable amount of time to solicit, identify, and evaluate the bids for the Sale Assets and, similarly, afforded interested parties a reasonable opportunity to conduct due diligence prior to submitting their proposals or bids. Moreover, I believe that the Marketing and Sale Process was comprehensive and transparent, and was conducted in good faith in accordance with the Court-approved Bidding Procedures.

The Asset Purchase Agreements

12. Through the Sale Orders, the Debtors seek (a) approval of the asset purchase agreements, (i) substantially in the form attached to the Vents Sale Order as Exhibit A (the "Zoll APA"), between and among Vyaire Medical, Inc. (the "Vents Seller") and Zoll and (ii) substantially in the form attached to the RDx Sale Order as Exhibit A (the "Trudell APA," and the Trudell APA and the Zoll APA, the "APAs"), between and among Vyaire Holding Company (the "RDx Seller") and Trudell, (b) authorization of the sale of the Sale Assets to the Successful Bidders and other transactions contemplated by the APAs free and clear of all claims, encumbrances, liabilities, and interests (other than the Permitted Encumbrances and Assumed Liabilities, each as defined and as set forth in the Zoll APA and Trudell APA, as applicable), and (c) approval of the assumption and assignment of certain executory contracts and unexpired leases.

13. Pursuant to the Zoll APA, the Vents Seller and Zoll have agreed to a sale of the Ventilation Assets, on the terms set forth therein. The Zoll APA provides for a purchase price of $37 million in cash, plus additional non-cash consideration, such as the payment of certain cure costs and the assumption of liabilities arising out of ownership of the Ventilation Assets, subject to certain terms and conditions, in exchange for the Ventilation Assets.

14. Pursuant to the Trudell APA, the RDx Seller and Trudell have agreed to a sale of the Respiratory Diagnostics Assets, on the terms set forth therein. The Trudell APA provides for a purchase price of $53.5 million in cash, plus additional non-cash consideration, including the payment of certain cure costs and the assumption of liabilities arising out of ownership of the RDx Assets, subject to certain terms and conditions, in exchange for the Respiratory Diagnostics Assets.

15. The APAs each contemplate the sale of their respective Sale Assets, free and clear of any liens or encumbrances (excluding the Permitted Encumbrances) and the assumption of certain liabilities associated with such Sale Assets. The APAs also contemplate the assumption and assignment to the Successful Bidders of certain Assumed Contracts as set forth on their respective Assumed Contracts Exhibits, which are attached as Exhibit 2 to the Vents Sale Order and RDx Sale Order, as applicable, with the cure costs listed on the Assumed Contracts Exhibit to be borne by the Successful Bidders pursuant to the terms of the APAs.

16. Based on the extensive marketing efforts described above for the Assets, the Auction, and my experience as a restructuring professional, I believe that (x) the terms of the Zoll APA, taken as a whole, represent the highest or best offer for the Ventilation Assets currently available under the circumstances and (y) the terms of the Trudell APA, taken as a whole, represent the highest or best offer for the Respiratory Diagnostics Assets currently available under the circumstances. Additionally, based upon my observations during the Marketing and Sale Process, I believe that the Debtors selected both Successful Bidders in good faith and without collusion or fraud. Based on my observations, knowledge, and interactions during the Marketing and Sale Process, I believe that each Successful Bidder has transacted with the Debtors in good faith throughout this process.

Conclusion

17. I believe that (i) the Debtors engaged in a robust Marketing and Sale Process, (ii) the terms of the Zoll APA, taken as a whole, reflect the highest or otherwise best offer for the Ventilation Assets currently available under the circumstances of these chapter 11 cases, (iii) the terms of the Trudell APA, taken as a whole, reflect the highest or otherwise best offer for the Respiratory Diagnostics Assets currently available under the circumstances of these chapter 11 cases, and (iv) entry into the APAs is in the best interest of the Debtors' estates. Accordingly, and given the details described above and based on my experience as a restructuring professional, I believe that the Court should enter the Sale Order and approve the sales to Zoll and Trudell on the terms and conditions set forth in the APAs.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the facts set forth in the foregoing declaration are true and correct to the best of my knowledge, information, and belief.

Dated: August 21, 2024

/s/ *Michael Schlappig*
Michael Schlappig
Managing Director
PJT Partners LP