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)

FEE APPLICATION OF PJT PARTNERS LP AS INVESTMENT BANKER TO THE DEBTORS AND DEBTORS-IN-POSSESSION FOR ALLOWANCE OF CAPITAL RAISING FEE

SUMMARY SHEET

Name of Applicant:	PJT Partners LP
Authorized to Provide Professional Services to:	Debtors
Date of Retention:	Order entered on July 30, 2024 approving the retention of PJT Partners LP effective as of June 9, 2024 [Docket No. 335]
Amount of Compensation sought As Actual, Reasonable, and Necessary:	$750,000.00
Amount of Cash Payment Sought:	$600,000.00

[1] 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.

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PJT Partners LP ("***PJT***"), investment banker to the above-captioned debtors and debtors-in-possession (collectively, the "***Debtors***") respectfully represents as follows:

Background

1. On June 9, 2024 (the "***Petition Date***"), the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as amended (the "***Bankruptcy Code***"). The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On July 9, 2024, this Court entered the *Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and (II) Granting Related Relief* [Docket No. 218] (the "***Procedures Order***") establishing procedures for interim compensation and reimbursement of expenses for professionals.

3. On July 9, 2024, the Debtors filed the *Application of Debtors for Entry of An Order (I) Authorizing the Retention and Employment of PJT Partners LP as Investment Banker to the*

[1] 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.

Debtors and Debtors In Possession Effective as of the Petition Date, (II) Waiving Certain Information Requirements Pursuant to Local Rule 2016-2, and (II) Granting Related Relief [Docket No. 240] (the "***Retention Application***"), pursuant to which the Debtors sought authority to employ and retain PJT as their investment banker pursuant to the terms of an engagement letter (the "***Engagement Letter***") dated April 25, 2024. A copy of the Engagement Letter was attached to the Retention Application.

4. On July 30, 2024, this Court entered the *Order (I) Authorizing the Retention and Employment of PJT Partners LP as Investment Banker to the Debtors and Debtors in Possession Effective as of the Petition Date, (II) Waiving Certain Information Requirements Pursuant to Local Rule 2016-2, and (III) Granting Related Relief* [Docket No. 335] (the "***Retention Order***") approving the Retention Application and authorizing the employment and retention of PJT effective as of the Petition Date, pursuant to the terms of the Engagement Agreement as modified by the Retention Order. The Retention Order provides, among other things, as follows:

> "PJT shall be entitled to seek interim allowance and payment of any Capital Raising Fee and Restructuring Fee by filing and serving an application in respect of each Capital Raising Fee and Restructuring Fee immediately upon the consummation of such Capital Raise and/or Restructuring in accordance with the 'Monthly Fee Application' procedures set forth in [the Procedures Order] and in accordance with the procedures set forth in the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules."

5. In accordance with the Retention Order and the Procedures Order, PJT submits this fee application (the "***Fee Application***") requesting the allowance of PJT's Capital Raising Fee (as defined below) earned for investment banking services rendered to the Debtors.

6. Investment banking services for which compensation is being sought were rendered or incurred on behalf of the Debtors pursuant to chapter 11 of the Bankruptcy Code.

The PJT Engagement

7. Pursuant to the Engagement Letter, PJT was retained to provide the following services to the Debtors:[2]

(a) assist in the evaluation of the Debtors' businesses and prospects;

(b) assist in the development of the Debtors' long-term business plan and related financial projections;

(c) assist in the development of financial data and presentations to the Debtors' board of directors, various creditors and/or third parties;

(d) analyze the Debtors' financial liquidity and evaluate alternatives to improve such liquidity;

(e) analyze various Restructuring scenarios and the potential impact of these scenarios on the recoveries of those stakeholders impacted by the Restructuring;

(f) provide strategic advice with regard to restructuring or refinancing the Debtors' Obligations;

(g) evaluate the Debtors' debt capacity and alternative capital structures;

(h) participate in negotiations among the Debtors and their creditors, suppliers, lessors, and other interested parties and/or potential financing parties;

(i) value securities offered by the Debtors in connection with a Restructuring;

(j) provide financial and valuation advice and assistance to the Debtors in developing and seeking approval of an in-court Restructuring (including a Chapter 11 plan);

(k) advise the Debtors and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;

(l) assist in arranging financing for the Debtors, as requested;

(m) provide expert witness testimony concerning any of the subjects encompassed by the other investment banking services; and

(n) provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a transaction similar to a potential Restructuring and/or Capital Raise, as requested and mutually agreed.

[2] Capitalized terms used but not defined herein shall have the meanings provided thereto in the Engagement Letter.

8. Pursuant to the Engagement Letter, as modified and approved by the Retention Order, the Debtors agreed to pay PJT as follows in consideration for the services rendered:[3]

(a) **Monthly Fee**: The Debtors shall pay a monthly advisory fee (the "***Monthly Fee***") in the amount of $175,000. Fifty percent (50%) of the first $1,050,000 in Monthly Fees paid to PJT under the Engagement Letter and/or the Prior Letter shall be credited, once and without duplication, against any Restructuring and/or Capital Raising Fee, up to a maximum total aggregate credit against all such fees equal to $525,000.

(b) **Capital Raising Fee**: The Debtors shall pay a capital raising fee (the "***Capital Raising Fee***") for any Capital Raise, earned and payable upon the earlier of the receipt of a binding commitment letter and the closing of such Capital Raise. If access to the financing is limited by orders of the bankruptcy court, a proportionate fee shall be payable with respect to each available commitment (irrespective of availability blocks, borrowing base, or other similar restrictions). The Capital Raising Fee will be calculated as:

- **Senior Debt (other than Structured Financing)**: One-and-a-half percent (1.5%) of the total issuance and/or committed amount of senior debt financing, excluding senior debt financing that is or may (or is anticipated in the future to) constitute a Structured Financing,

- **Junior Debt (and Structured Financing)**: Three-percent (3.0%) of the total issuance and/or committed amount of (A) Structured Financing, (B) junior debt financing, or (C) unsecured debt financing (including, without limitation, financing that is junior in right of payment, second lien, subordinated (structurally or otherwise) and unsecured debt), and

- **Equity Financing**: Five-percent (5.0%) of the issuance and/or committed amount of equity financing,

in each case, including by means of a back-stop commitment; provided that, (x) the minimum Capital Raise Fee in respect of any Capital Raise shall be $750,000, and (y) if any portion of the debt or equity financing is raised from Apax Partners, LLP or its affiliates (collectively, the "***Sponsor***"), then PJT Partners shall be entitled to receive 50% of the Capital Raising Fee (the "***Sponsor Capital Raising Fee***") to which it otherwise would have been entitled in respect of any debt or equity financing raised from the Sponsor.

(c) ***Restructuring Fee***: The Debtors shall pay a fee in respect of a Restructuring (the "***Restructuring Fee***") equal to $7,000,000, earned and payable upon the consummation of a Restructuring.

[3] This description of PJT's compensation structure is for summary and illustrative purposes only. The terms of the Engagement Letter, as modified and approved by the Retention Order, shall apply to any such compensation awarded to PJT.

(d) ***Expense Reimbursements***: In addition to the fees described above, the Debtors agree to reimburse PJT for all reasonable and documented out-of-pocket expenses incurred during PJT's engagement, including, but not limited to, travel and lodging, direct identifiable data processing, document production, publishing services and communication charges, courier services, working meals, reasonable and documented fees and expenses of PJT's outside counsel (without the requirement that the retention of such counsel be approved by the court in any bankruptcy case), and other necessary expenditures, payable upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses Further, in connection with the reimbursement, contribution and indemnification provisions set forth in the Engagement Letter and Attachment A to the Engagement Letter (the "***Indemnification Agreement***"), which is incorporated therein by reference and addressed further below, the Debtors agree to reimburse each PJT Party, for its legal and other expenses (including the cost of any investigation and preparation) as they are incurred in connection with any matter in any way relating to or referred to in the Engagement Letter or arising out of the matters contemplated by the Engagement Letter (including, without limitation, in enforcing the Engagement Letter), subject to certain exceptions, limitations, and requirements set forth in the Indemnification Agreement.

PJT's Request for Payment of a Capital Raising Fee

9. On July 11, 2024, this Court entered the *Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, and (VI) Granting Related Relief* [Docket No. 248] authorizing, among other relief, the Debtors to obtain debtor-in-possession post-petition financing (the "***DIP Financing***") in the aggregate amount of up to $135 million.

10. The Engagement Letter provides, in pertinent part, that PJT shall earn a Capital Raising Fee equal to "1.5% of the total issuance and/or committed amount of senior debt financing. . . provided that, the minimum Capital Raise Fee in respect of any Capital Raise shall be $750,000 . . ." PJT is only seeking to be paid a Capital Raising Fee in respect to the "new money" portion of the DIP Financing of $45 million which would equate to a $675,000 fee (i.e., $45 million x 1.5%). However, given the minimum Capital Raising Fee payable to PJT pursuant to the terms of

the Engagement Letter, PJT earned a Capital Raising Fee in respect of the "new money" portion of the DIP Financing in an amount equal to $750,000.

11. In accordance with the Procedures Order, PJT hereby request payment of 80% of the Capital Raising Fee earned which equals $600,000.

12. An invoice detailing the Capital Raising Fee earned by PJT in respect of the DIP Financing is attached hereto as Appendix A.

13. PJT respectfully submits that the compensation requested for the services rendered by PJT to the Debtors is fully justified and reasonable based upon (a) the complexity of the issues presented, (b) the skill necessary to perform the financial advisory services properly, (c) the preclusion of other employment, (d) the customary fees charged to clients in non-bankruptcy situations for similar services rendered, (e) time constraints required by the exigencies of the case, and (f) the experience, reputation and ability of the professionals rendering services.

14. PJT respectfully submits that the services it has rendered to the Debtors have been necessary and in the best interests of the Debtors and the Debtors' estate. PJT respectfully submits that under the criteria normally examined in chapter 11 reorganization cases, the compensation requested by PJT is reasonable in light of the work performed by PJT during these chapter 11 cases.

15. All services for which PJT requests compensation were performed for and on behalf of the Debtors and not on behalf of any other person or stakeholder.

16. No agreement or understanding exists between PJT and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with this proceeding.

Certificate of Compliance and Waiver

17. Finally, the undersigned representative of PJT certifies that PJT has reviewed the requirements of Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "***Local Rules***") and that this Fee Application substantially complies with that Local Rule. To the extent that this Fee Application does not comply in all respects with the requirements of Local Rule 2016-2, PJT believes that such deviations are not material and respectfully requests that any such requirement be waived.

Requested Relief

WHEREFORE, PJT requests that the Court:

(a) grant interim allowance of PJT's Capital Raising Fee in the amount of $750,000 earned;

(b) authorize and direct the Debtors to pay PJT's allowed and unpaid Capital Raising Fee earned as follows:

Monthly Fees	$750,000.00
Less: Holdback @ 20%	(150,000.00)
Amount Due PJT	**$600,000.00**

and

(c) grant such other and further relief as the Court deems just and proper.

Dated: August 2, 2024

PJT Partners LP
Investment Banker to the Debtors

By: /s/ *James H. Baird*
James H. Baird
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