IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11
VYAIRE MEDICAL, INC., *et al.*,[1]	)	24-11217 (BLS)
Debtors.	)	(Jointly Administered)

FIRST INTERIM APPLICATION OF PJT PARTNERS LP AS INVESTMENT BANKER TO THE DEBTORS AND DEBTORS-IN-POSSESSION FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR THE REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES INCURRED FOR THE PERIOD OF JUNE 9, 2024 THROUGH AUGUST 31, 2024

SUMMARY SHEET

Name of Applicant:	PJT Partners LP
Authorized to Provide Professional Services to:	Debtors
Date of Retention Order:	Order entered on July 30, 2024 approving the retention of PJT Partners LP effective as of June 9, 2024 [Docket No. 335]
Period for which Compensation And Reimbursement is sought:	June 9, 2024 through August 31, 2024
Amount of Compensation sought as actual, reasonable, and necessary:	$1,228,333.33
Amount of Expense Reimbursement sought as actual, reasonable, and necessary:	$2,104.96
Amount of Cash Payment Sought:	$348,478.33

This is a ___ monthly __x__ interim ____ final application

[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.

Prior Monthly Fee Statements Filed:

		Requested		Approved		
Date Filed [Docket Number	**Period Covered**	**Fees**	**Expenses**	**Fees**	**Expenses**	**Amount Paid**
08/02/24 [Docket No. 349][1]	-	$750,000.00	$0.00	$600,000.00	$0.00	$600,000.00
08/15/24 [Docket No. 389][2]	06/09/24 – 06/30/24	$128,333.33	$145.00	$102,666.67	$145.00	$0.00
08/30/24 [Docket No. 486][3]	07/01/24 – 07/31/24	$175,000.00	$1,026.85	$140,000.00	$1,026.85	$141,026.85
09/26/24 [Docket No. 572][4]	08/01/24 – 08/31/24	$175,000.00	$933.11	$140,000.00	$933.11	$140,933.11

[1] Certificate of No Objection filed on 08/30/24 [Docket No. 486].
[2] Certificate of No Objection filed on 09/06/24 [Docket No. 511].
[3] Certificate of No Objection filed on 09/23/24 [Docket No. 538].
[4] Certificate of No Objection filed on 10/18/24 [Docket No. 643].

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VYAIRE MEDICAL, INC., *et al.*,[1]	)	24-11217 (BLS)
Debtors.	)	(Jointly Administered)

FIRST INTERIM APPLICATION OF PJT PARTNERS LP AS INVESTMENT BANKER TO THE DEBTORS AND DEBTORS-IN-POSSESSION FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR THE REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES INCURRED FOR THE PERIOD OF JUNE 9, 2024 THROUGH AUGUST 31, 2024

PJT Partners LP ("***PJT***"), investment banker to the above-captioned debtors and debtors-in-possession (collectively, the "***Debtors***"), hereby submits its first interim fee application (the "***First Interim Fee Application***") for the period of June 9, 2024 through August 31, 2024 (the "***First Interim Period***"). By this First Interim Fee Application, PJT seeks payment of professional fees in the amount of $1,228,333.33 and the reimbursement of out-of-pocket expenses incurred in the amount of $2,104.96. PJT 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.

[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.

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 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 June 9, 2024, pursuant to the terms of the Engagement Letter, as modified by the Retention Order.

5. PJT submits this First Interim Fee Application requesting: (i) the allowance of Monthly Fees (as defined below) earned for investment banking services rendered to the Debtors during the First Interim Period, (ii) the Capital Raising Fee (as defined below), and (iii) the reimbursement of out-of-pocket expenses incurred during the First Interim Period.

The PJT Engagement

6. 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.

7. Pursuant to the Engagement Letter, as 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.

Services Provided by PJT During the First Interim Period

8. PJT has rendered professional services to the Debtors as requested and in furtherance of the interests of the Debtors and the Debtors' estate. The variety and complexity of the issues in this chapter 11 case and the need to act or respond to such issues on an expedited basis have required the expenditure of substantial time by PJT personnel. PJT respectfully submits that the professional services that it rendered on behalf of the Debtors were necessary and appropriate, and have directly contributed to the effective administration of this chapter 11 case. The following summary of services rendered during the First Interim Period is not intended to be an exhaustive description of the work performed; rather, it is merely an attempt to highlight certain of those areas in which PJT rendered services to the Debtors:

(a) evaluating the Debtors' businesses and prospects;

(b) assisting in the development of materials for the Debtors' Special Committee of the Board (the "***Special Committee***");

(c) participating in meeting(s) with the Special Committee;

(d) conducting the post-petition sale process, including, among other activities, management meetings and extensive due diligence;

(e) analyzing non-binding bids received in connection with the sale process;

(f) negotiating bids received in connection with the sale process;

(g) conducting the auction for the Ventilation Assets;

(h) participating in the Sale Hearings;

(i) preparing and filing various declarations, including (i) in support of the DIP financing, (ii) in support of the Bid Procedures, and (iii) in connection with the Proposed Sale Orders;

(j) participating in discussions among the Debtors, their other advisors and the Debtors' various creditors, including the 1L Ad Hoc Group and the Official Committee of Unsecured Creditors; and

(k) providing support to counsel with regards to various matters.

<u>The PJT Team</u>

9. The investment banking services set forth above were performed primarily by: Jamie Baird, Partner; Rakesh Patel, Partner; Michael Schlappig, Managing Director; Amit Sharma, Managing Director; Avi Raval, Managing Director; Sammy Lamali, Director; Dylan Friesner, Vice President; May Li, Associate; Ahmad Choudhry, Analyst; Raymond Mason, Analyst; and other PJT professionals as needed. Details of the background and experience of the professionals currently employed at PJT are provided in ***Appendix A***.

<u>PJT's Request for Allowance of Compensation and Reimbursement of Out-of-Pocket Expenses</u>

10. For the First Interim Period, PJT seeks (a) allowance of Monthly Fees in the amount of $478,333.33, and (b) reimbursement of out-of-pocket expenses incurred in the amount of $2,104.96. Out-of-pocket expenses incurred by PJT during the First Interim Period but not yet processed due to timing, will be submitted at a later date. Although every effort has been made to include all expenses incurred during the First Interim Period, some expenses might not be included in this First Interim Fee Application due to delays caused in connection with the accounting and

processing of such expenses. Accordingly, PJT reserves the right to make further application to this Court for allowance of such expenses incurred during the First Interim Period but not included herein.

PJT's Request for Allowance of the Capital Raising Fee

11. In addition to the Monthly Fees earned and out-of-pocket expenses incurred during the First Interim Period, PJT earned a Capital Raising Fee during the First Interim Period pursuant to the terms of the Engagement Letter.

12. 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 $180 million.

13. 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 allowance and payment of 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.

14. Invoices detailing the fees earned and out-of-pocket expenses incurred during the First Interim Period is attached hereto as ***Appendix B***. A summary of the fees earned and out-of-pocket expenses incurred during the First Interim Period is provided below:

First Interim Period	Fees	Out-Of-Pocket Expenses	Payment Received	Amount(s) Due
June 9 – 30, 2024[4]	$128,333.33	145.00	$-	**$128,478.33**
July 1 – 31, 2024	175,000.00	1,026.85	(141,026.85)	**35,000.00**
August 1 – 31, 2024	175,000.00	933.11	(140,933.11)	**35,000.00**
Capital Raising Fee	750,000.00	-	(600,000.00)	**150,000.00**
Total	**$1,228,333.33**	**$2,104.96**	**($881,959.96)**	**$348,478.33**

15. PJT respectfully submits that the compensation requested for the services rendered by PJT to the Debtors during the First Interim Period 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.

16. 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.

17. The amount of the compensation sought in this First Interim Fee Application and PJT's billing practices are consistent with market practices in a bankruptcy context. PJT has never billed its clients based on the number of hours expended by its professionals. Accordingly, PJT does not have hourly rates for its professionals, and PJT's professionals generally do not maintain detailed time records of the work performed for its clients. However, PJT has maintained contemporaneous time records in this case in one-half hour increments. Time records of the

[4] Monthly Fee calculated as follows: 22 days out of 30 days multiplied by $175,000.

1,512.0 hours expended by PJT professionals in providing investment banking services to the Debtors during the First Interim Period are provided in ***Appendix C***.

18. A summary of hours expended by PJT professionals during the First Interim Period is provided below:

Hours Expended By Professional

Professional	June 9 – 30, 2024	July 2024	August 2024	Total
Jamie Baird	17.0	33.5	68.0	118.5
Rakesh Patel	2.0	-	-	2.0
Michael Schlappig	41.5	68.0	142.5	252.0
Avi Raval	-	0.5	-	0.5
Amit Sharma	2.0	-	-	2.0
Sammy Lamali	2.0	-	-	2.0
Dylan Friesner	110.5	197.0	181.5	489.0
May Li	2.0		-	2.0
Ahmad Choudhry	121.0	217.5	235.0	573.5
Raymond Mason	70.5		-	70.5
Total	**368.5**	**516.5**	**627.0**	**1,512.0**

19. Out-of-pocket expenses incurred by PJT are charged to a client if out-of-pocket expenses are incurred for the client or are otherwise necessary in connection with services rendered for such particular client. PJT does not factor general overhead expenses into any disbursements charged to its clients in connection with chapter 11 cases. PJT has followed its general internal policies with respect to out-of-pocket expenses billed as set forth below, with any exceptions specifically explained.

(a) All cross-country airfare charges are based upon coach class rates.

(b) With respect to local travel, PJT's general policy enables employees to travel by taxi or, in certain circumstances private car service, to and from meetings while rendering services to a client on a client related matter, for which the client is charged. Further, and primarily for safety reasons, employees are permitted to charge to a client the cost of transportation home if an employee is required to work past 9:00 p.m. on weekdays on client specific matters.

(c) PJT's general policy permits its professionals to charge in-office dinner meals to a client after working 3 hours beyond their regularly scheduled workday if an employee is required to provide services to the client during such dinnertime, and to charge in-office meals on the weekend if an employee is required to provide services to a client on the weekend and spends at least 4 hours in the office.

(d) The External Research category of expenses includes charges from outside computer/electronic service companies that supply, for a fee, research and/or financial documents to PJT. The services provided by these companies primarily consist of the retrieval of financial documents from regulatory agencies and/or the retrieval of research that would not otherwise be available to PJT. The Internal Research category of expenses are the charges for time spent by PJT research staff in operating the computer/electronic terminals related to these computer/electronic service companies.

(e) The Publishing Services category of expenses includes charges for the production of text-based publications such as research reports and presentations, and printing and binding services.

20. 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.

21. 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

22. Finally, the undersigned representative of PJT certifies that PJT has reviewed the requirements of Local Bankruptcy Rule 2016-2 and that this First Interim Fee Application substantially complies with that Local Bankruptcy Rule. To the extent that this First Interim Fee Application does not comply in all respects with the requirements of Local Bankruptcy 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) allow on an interim basis (i) PJT's Monthly Fees in the amount of $478,333.33; (ii) PJT's Capital Raising Fee in the amount of $750,000.00, and (iii) the reimbursement of PJT's out-of-pocket expenses in the amount of $2,104.96;

(b) authorize and direct the Debtors to pay PJT's allowed and unpaid Monthly Fees, DIP Financing Fee and out-of-pocket expenses incurred during the First Interim Period as follows:

Monthly Fees	$478,333.33
Capital Raising Fee	750,000.00
Out-of-Pocket Expenses	2,104.96
Less: Payment Received	(881,959.96)
Amount Due PJT	**$348,478.33**

and

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

Dated: November 12, 2024

PJT Partners LP
Investment Banker to the Debtors

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