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

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

**FEE EXAMINER'S FINAL REPORT PERTAINING TO INTERIM AND FINAL FEE APPLICATIONS FOR DEBTOR PROFESSIONALS**
**KIRKLAND & ELLIS LLP AND PJT PARTNERS LP**

David M. Klauder (the "Fee Examiner"), the Fee Examiner for the bankruptcy estates (the "Bankruptcy Estates") of Vyaire Medical, Inc., *et al*., (the "Debtors"), hereby submits this Final Report (the "Final Report") pursuant to the Court's *Order Appointing Fee Examiner and Establishing Related Procedures for the Review of Fee Applications of Retained Professionals* [D.I. 690] (the "Fee Examiner Order") in connection with applications for the allowance of compensation and reimbursement of expenses for the interim and final fee period (the "Interim and Final Fee Applications") for two professionals retained by the Debtors – Kirkland & Ellis LLP and PJT Partners LP (the "Retained Professionals"). The summary of the resolutions is listed on **Exhibit A**. In support of this Final Report, the Fee Examiner respectfully represents as follows:

[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.

## BACKGROUND

1. On June 9, 2024 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in this Court.

2. On October 30, 2024, David M. Klauder was appointed as the Fee Examiner in these cases.

3. As noted and set out in detail in the Fee Examiner Order, the Fee Examiner is tasked with reviewing the various fee applications filed by retained professionals in the case and recommending any reductions in fees or expenses sought in the fee applications. The Fee Examiner Order also sets out in detail the process for the Fee Examiner's review, including issuance of initial reports, a consultation period with retained professionals, and the filing of this Final Report, which contains the Fee Examiner final recommendations to this Court with respect to the Interim and Final Fee Applications.

4. The Fee Examiner reviewed the Interim and Final Fee Applications for compliance with sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Bankruptcy Rules"), the *Order Establishing Procedures for Interim Compensations and Reimbursement of Expenses of Professionals*, dated July 9, 2024 [D.I. 218] (the "Interim Compensation Order"), and the Appendix B Guidelines for Reviewing Applications for Compensation & Reimbursement of Expenses filed under United States Code by Attorneys in Large Chapter 11 Cases (78 Fed. Reg. No. 116, page 36248 (June 17, 2013)) (the "UST Guidelines"). In addition, the Fee Examiner reviewed the Interim and Final Fee Applications for general compliance with legal precedent

established by the District Courts and Bankruptcy Court for the District of Delaware, the Third Circuit Court of Appeals, and other applicable precedent.

5. Following that review, the Fee Examiner issued Interim Reports to the Retained Professionals regarding the Interim and Final Fee Applications. The Interim Report set forth the legal and other standards governing the review and raised questions as to certain designated time entries or expenses. The Retained Professionals were invited to respond to the Interim Report, and they did so through email exchange and/or discussions with the Fee Examiner. Resolution was then reached between the Fee Examiner and each of the Retained Professionals as described below.

## THE FEE EXAMINER'S RECOMMENDATIONS AS TO THE INTERIM AND FINAL FEE APPLICATIONS

6. The Fee Examiner makes the following recommendations for the Interim and Final Fee Applications. Attached as Exhibit A is the chart summarizing the fees and expenses sought by the Retained Professionals in the Interim and Final Fee Applications along with the agreed-upon reductions between the Fee Examiner and the Retained Professionals.

**Kirkland & Ellis, LLP**

*Second Interim and Final Fee Application*

7. Kirkland & Ellis, LLP ("K&E") are attorneys for the Debtors. On December 23, 2024, K&E filed its *Second Interim and Final Fee Application* [D.I. 882] (the "K&E Fee Application"). In the K&E Fee Application, K&E requests approval of interim compensation in the amount of $2,995,971.50 and reimbursement of expenses in the amount of $12,355.08 for the interim period of September 1, 2024 through November 14, 2024 and final compensation in the amount of $12,250,591.82 and reimbursement of expenses in the amount of $72,213.15 for the final period of June 9, 2024 through November 14, 2024.

8. The Fee Examiner reviewed the K&E Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner generated an interim report that identified the following general issues with the K&E Fee Application:

a. Transient Timekeepers;
b. Excessive Internal Communications Among Professionals; and
c. Duplicative Entry.

9. In response to the Fee Examiner's interim report, K&E and the Fee Examiner discussed the issues raised by the interim report. As a result of that discussion, K&E and the Fee Examiner have agreed to a recommended reduction of **$30,347.50** in compensation and **$0.00** in expenses. The Fee Examiner has no objection to this Court's approval of the K&E Fee Application, as modified.

**PJT Partners LP**

*Second Interim and Final Fee Application*

10. PJT Partners LP ("PJT") are investment bankers to the Debtors. On December 23, 2024, PJT filed its *First Interim and Final Fee Application* [D.I. 883] (the "PJT Fee Application"). In the PJT Fee Application, PJT requests approval of interim compensation in the amount of $6,906,666.67 and reimbursement of expenses in the amount of $2,108.47 for the interim period of September 1, 2024 through November 14, 2024 and final compensation in the amount of $8,135,000.00 and reimbursement of expenses in the amount of $4,213.43 for the final period of June 9, 2024 through November 14, 2024. The Fee Examiner reviewed the PJT Fee Application to ensure compliance with the applicable rules, orders and guidelines and no issues were noted.

11. The Fee Examiner has no objection to this Court's approval of the PJT Fee Application.

## **CONCLUSION**

Accordingly, the Fee Examiner recommends that the compensation and expenses sought by the Retained Professionals in the Interim and Final Fee Applications be allowed as modified, and for such other relief that this Court deems just and appropriate.

Respectfully submitted,

Dated: January 21, 2025
Wilmington, Delaware

**BIELLI & KLAUDER, LLC**

*/s/ David M. Klauder*
David M. Klauder (No. 5769)
1204 N. King Street
Wilmington, DE 19801
Phone: (302) 806-4600
dklauder@bk-legal.com

*Fee Examiner*