IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
VYAIRE MEDICAL, INC.,[1]	)	Case No. 24-11217 (BLS)
Liquidating Debtor.	)	

FIRST STIPULATION OF FACTS BETWEEN THE
PLAN ADMINISTRATOR AND HARTFORD FIRE INSURANCE COMPANY

This stipulation (this "Stipulation") is entered into as of this 17th day of November, 2025 by and between (i) David M. Barse, solely in his capacity as the Plan Administrator (the "Plan Administrator") of Vyaire Medical, Inc., *et al*. (collectively, the "Debtors"), and (ii) Hartford Fire Insurance Company (individually and collectively "Hartford", each a "Party" and, together with the Plan Administrator, the "Parties"), by and through their respective undersigned counsel. The Parties stipulate and agree as follows:

[1] This chapter 11 case is now being administered by the Plan Administrator pursuant to the terms of the *Findings of Fact, Conclusions of Law, and Order Approving the Debtors' Disclosure Statement for, and Confirming the Second Amended Joint Chapter 11 Plan of Vyaire Medical, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 745] (the "Confirmation Order"). The Plan Administrator's mailing address is Vyaire Medical, Inc., Attn: David M. Barse, Plan Administrator, c/o Cole Schotz P.C., 500 Delaware Avenue, Suite 600, Wilmington, DE 19801

WHEREAS, on June 9, 2024 (the "Petition Date"), the Debtors each commenced a voluntary case under title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") with the Bankruptcy Court for the District of Delaware (the "Court");

WHEREAS, on November 14, 2024, the Court entered the Confirmation Order approving the *Second Amended Joint Chapter 11 Plan of Vyaire Medical, Inc. and Its Debtor Affiliates* [Docket No. 719] (the "Plan").

WHEREAS, On November 27, 2024 (the "Effective Date"), the Plan became effective in accordance with its terms [Docket No. 810].

WHEREAS, on the Effective Date, David M. Barse, in his capacity as Plan Administrator, became the sole representative of the Debtors' estates for the purpose of, *inter alia*, reconciling claims filed against the Debtors' estates and facilitating distributions in accordance with the Plan. *See* Plan, Art. IV.E, VII.

WHEREAS, on December 23, 2024, Hartford filed the *Request by Hartford Fire Insurance Company to Allow and Require Payment of an Administrative Expense Claim* [Docket No. 851] (the "Motion").

WHEREAS, on August 8, 2025, the Plan Administrator filed the *Plan Administrator's Omnibus Objection to (I) Request by Hartford Fire Insurance Company to Allow and Require Payment of Administrative Expense Claim and (II) Proofs of Claim Filed by Hartford Insurance Company* [Docket No. 1123] (the "Plan Administrator's Objection").

WHEREAS, on September 15, 2025, Hartford filed the *Response by Harford Fire Insurance Company to the Plan Administrator's Omnibus Objection to Allow and Require Payment of Administrative Expense Claim and Proofs of Claim* [Docket No. 1125] (the "Response").

WHEREAS, the Bankruptcy Court has scheduled a hearing on November 19, 2025, at 2:30 p.m. (prevailing Eastern Time) (the "Hearing") for argument on the Motion, Plan Administrator's Objection, and Response;

WHEREAS, the Parties have met and conferred and have agreed to stipulate to certain facts in advance of the Hearing.

NOW, THEREFORE, IT IS STIPULATED AND AGREED, AS FOLLOWS:

1. The WHEREAS clauses set forth above are incorporated herein by reference as if set forth in their entirety.

2. Prior to the Petition Date, Hartford issued four (4) surety bonds (the "Bonds") on behalf of certain of the Debtors and their non-debtor affiliates, which were still active on the petition date.

Principal	Hartford Bond No.	Obligee	Nature of Bond	Face Amount of Bond
Vyaire Medical, Inc. and Vyaire Medical 211, Inc.	20BSBAA2688	California State Board of Pharmacy	Pharmaceutical Bond	$100,000.00
Vyaire Medical, Inc. and Vyaire Medical 211, Inc.	20BSBIL8800	Nevada State Board of Pharmacy	Pharmaceutical Bond	$100,000.00
Vyaire Medical, Inc.	20BSBAA2687	Maryland Board of Pharmacy	Pharmaceutical Bond	$100,000.00
Vyaire Medical, Inc.	22C000T8M	Bureau of Customs and Border Protection	Custom Duty	$400,000.00
			Total:	**$700,000.00**

3. On April 9, 2018, Vyaire Medical Inc. executed that certain Indemnity Agreement in connection with certain of the Bonds (the "2018 Indemnity Agreement") in favor of Hartford. *See* Motion Ex. A.

4. On December 15, 2020, Vyaire Medical Inc. executed that certain General Indemnity Agreement Commercial in connection with certain of the Bonds (the "2020 Indemnity Agreement" and collectively, with the 2018 Indemnity Agreement, the "Indemnity Agreements") in favor of Hartford. *See* Motion Ex. B.

5. The 2020 Indemnity Agreement provides:

> "Indemnitor" or "Indemnitors" means all person or entities executing this Agreement, their direct and indirect subsidiaries and affiliates and their respective heirs, successors, assigns and co-ventures, whether now existing or hereafter created.
>
> "Loss" means any and all payments and interest thereon from the date of payment, including but not limited to, attorney fees, court costs, and all other fees or costs, made by Hartford: (i) in the belief that it was or may be liable as a consequence of Underwriting any Bond;
> (ii) because of the failure of any Indemnitor or Principal to discharge its obligations under any Bond; (iii) in investigating and responding to any notice, demand, claim, suit, regulatory proceeding or request received by or made to Hartford; or (iv) in enforcing the terms and obligations of this Agreement.
>
> * * *
> Indemnitors shall indemnify, hold harmless and exonerate Hartford from and against any and all Loss claims, demands, liabilities, expenses, suits, orders, judgments, or causes of action arising out of or related to the underwriting of any Bond.

See Motion, Ex. A.

6. The 2018 Indemnity Agreement, among other provisions, provides:

> Indemnitor(s) agree to indemnify Hartford and save it harmless from any and all loss and expense of whatsoever kind or nature, including, but not limited to interest, court costs, attorney fees, incurred by Hartford in connection with or by reason of furnishing any bond hereunder. The undersigned Indemnitor(s) hereby agree to deposit upon demand with Hartford an amount sufficient to discharge any claim or any such bond, which deposit may be held by Hartford as collateral security against any loss or cost on this bond.

See Motion, Ex. B.

7. On September 27, 2024, Hartford filed Claim No. 25 asserting a secured claim against Debtor Vyaire Medical 211, Inc. for a contingent/unliquidated claim in an unknown amount. *See* Plan Administrator's Objection Ex. 1. Also on September 27, 2024, Hartford filed Claim No. 184 asserting a secured claim against Debtor Vyaire Medical, Inc. for a contingent/unliquidated claim in an unknown amount. *See* Plan Administrator's Objection Ex. 2.

8. For purposes of this Stipulation, the parties agree Hartford does not have a secured claim.

9. Based on proof of claim number 209 filed by U.S. Customs and Border Protection ("US Customs"), as of the Petition Date, there were approximately 1,200 customs entries for processing. On July 25, 2025, U.S. Customs and Border Protection filed an amended proof of claim indicating that the customs entries had been reduced to less than 100. The Plan Administrator represents that, since the filing of said amended claim, US Customs has, formally or informally, amended its claims to provide that all remaining customs entries were liquidated and are now subject to a 90-day waiting period for reopening the entry. Notwithstanding the foregoing and while preserving all defenses to any claim on a bond, Hartford contends that the foregoing does not independently preclude a claim on any of the Bonds by US Customs.

10. Attached hereto as "**Exhibit A**" is a copy of documents relating to a claim/demand under the Bonds. U.S. Customs has not asserted any amounts against the Debtors in connection with "**Exhibit A**" in any claims or amended claims filed in these bankruptcy cases. The Plan Administrator contends that the claim/demand set forth on "**Exhibit A**" cannot be pursued against the Debtors pursuant to (i) this Court's *Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Under Section 503(b)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner for Filing Proofs of Claim, Including*

Section 503(b)(9) Requests, and (IV) Approving Form and Manner of Notice Thereof [Docket No. 227] establishing December 9, 2024 as the deadline for governmental un units to file a claim and (ii) the confirmed Plan which automatically disallows any untimely claims and enjoins any parties from asserting such claims against the Debtors. The Plan Administrator further contends that no other claims have been asserted or preserved against the Debtors' estates and any such claim against the Debtors is now time-barred absent further order of the Bankruptcy Court. Hartford contends it has asserted multiple claims against the Debtors' estate for sums that it pays US Customs and that it will be paying the claim asserted in **Exhibit A**. Hartford has not received releases in its favor under any of the Bonds.

11. The Debtors paid the premiums for the Bonds through at least the Effective Date.

12. On December 23, 2024, Hartford filed the Motion seeking allowance and payment of an alleged administrative claim in the amount of $28,206.83 for asserted attorneys' fees incurred by Hartford between the Petition Date and Effective Date. The Motion also requests allowance of a potential contingent and unliquidated administrative claim if any claims were or are made against the Bonds arising during and/or pertaining to the period between the Petition Date and the Effective Date.

13. The Confirmation Order provides, in relevant part:

> "Notwithstanding anything to the contrary in the Plan or the Confirmation Order and any related documents, on the Effective Date, any rights, claims and obligations, including without limitation, trust and/or subrogation rights arising under any surety bonds issued by Hartford Fire Insurance Company (the "Surety") shall continue in full force and effect including, to the extent applicable, the following: (a) any indemnity agreement or related instruments issued and/or executed on behalf of or at the request of any of the Debtors in favor of Surety; (b) any funds the Surety or any bond beneficiary is holding and/or that are being held for or for the benefit of the Surety or any bond beneficiary presently or in the future, whether in trust, as security, or otherwise; (c) any substitutions or replacements of said funds including accretions to and interest earned on said funds; (d) any collateral being held by any bond beneficiary or letter of credit, related to any

> indemnity, collateral trust, bond, arrangement, contract or other agreements between or involving the Surety and any of the Debtors; (e) any rights, remedies and/or defenses the Surety may now or in the future have with respect to any and all bonds and/or related instruments issued and/or executed by the Surety on behalf of any of the Debtors; and (f) current or future setoff and/or recoupment rights and/or lien rights and/or trust fund claims of the Surety or any party to whose rights the Surety has or may be subrogated, and/or any existing or future subrogation or other common law rights of the Surety."

Confirmation Order ⁋ 113.

14. The Plan Administrator represents that the Debtors ceased operations related to the Bonds following the closing of the sale of its respiratory diagnostics business on November 12, 2024 to Trudell Medical Limited ("Trudell"). The four bonds were still active on the Effective Date of the Plan.

15. Between the Effective Date and December 3, 2024, counsel for the Plan Administrator informed counsel for Hartford that the Plan Administrator did not need the Bonds, and the purchasers of the Debtors' assets may want to engage in a direct relationship with Hartford in connection with the Bonds and/or surety relationship involving Hartford and some or all of the purchasers. On December 3, 2024, counsel for the Plan Administrator sent an email to counsel for Hartford following that discussion. A true and correct copy of the December 3, 2024 email is attached hereto as **"Exhibit B."**

16. On December 3, 2024, counsel for Trudell emailed counsel for Hartford to discuss a resolution for continuing the Bonds. A true and correct copy of the December 3, 2024 email, along with other emails as part of that email chain, are attached hereto as **"Exhibit C."**

17. On December 9, 2024, counsel for Trudell sent an additional email to counsel for Hartford. A true and correct copy of the December 9, 2024 email is included as part of an email chain attached hereto as "**Exhibit C"**. The email states "I am reaching out to confirm that Trudell

has agreed in principle with the steps outlined below and has asked that you share your form of indemnity agreement for our review and consideration."

18. Attached hereto as "**Exhibit D**," is a redacted copy of the bills of counsel for Hartford in connection with this matter from the Petition Date to June 2025. These bills total $55,268.53, not including any time spent in connection with the negotiation of an indemnity agreement with Trudell and/or the use of Bonds in connection with Trudell. These entries are indicated by an asterisk. These bills continue to accrue. Hartford contends that in addition to Hartford's right to be reimbursed its fees and costs through the Effective Date pursuant to among other things, the Indemnity Agreements and the terms of the Confirmation Order, Hartford is entitled to reimbursement of post-Effective Date losses, costs plus expenses, including fees, relating to the Debtors' bankruptcy case, and/or incurred in connection with the issuance and execution of bonds, including the Bonds, and including Hartford's claims for attorneys' fees and costs. The Plan Administrator contends that Hartford is not entitled to seek any post-Effective Date fees. The Plan Administrator further contends that all legal fees incurred by Hartford are not "reasonable."

19. One of the Debtors' first-day motions indicates the Bonds were needed for the ongoing operation of the Debtors' business. Hartford contends that the Bonds provide a benefit to the estate. [ECF Doc. 9]. The Plan Administrator contends that the Hartford's legal fees in connection with the Bonds provided no benefit to the Debtors' estates. Hartford disputes this contention, and it further asserts that its claims for indemnification and reimbursement for all losses, costs, and expenses, including legal fees, are subject to applicable surety law and not a "reasonableness" standard. Hartford also contends that the Indemnity Agreement and Bond are integrated contracts.

20. The undersigned counsel who execute this Stipulation by or on behalf of each respective Party represents and warrants that he or she has been duly authorized and empowered to execute and deliver this Stipulation on behalf of such Party.

[*Signature Page Follows*]

Dated: November 17, 2025
Wilmington, Delaware

<u>/s/ Gary D. Bressler</u>
McELROY, DEUTSCH, MULVANEY & CARPENTER, LLP
Gary D. Bressler (No. 5544)
300 Delaware Avenue, Suite 1014
Wilmington, DE 19801
Telephone: 302-200-4510
Facsimile: 302-654-1031
Email: gbressler@mdmc-law.com

Michael R. Morano (Admitted *Pro Hac Vice*)
1300 Mount Kemble Ave.
Morristown, NJ 07962
Telephone: 973-993-8100
Facsimile: 973-425-0161
Email: mmorano@mdmc-law.com

Attorneys to Hartford Fire Insurance Company

<u>/s/ Melissa M. Hartlipp</u>
COLE SCHOTZ P.C.
Patrick J. Reilley (No. 4451)
Stacy L. Newman (No. 5044)
Melissa M. Hartlipp (No. 7063)
500 Delaware Avenue, Suite 600
Wilmington, DE 19801
Telephone: (302) 652-3131
Facsimile: (302) 652-3117
Email: preilley@coleschotz.com
snewman@coleschotz.com
mhartlipp@coleschotz.com

- and -

Matteo Percontino (Admitted *Pro Hac Vice*)
Court Plaza North, 25 Main Street
Hackensack, NJ 07601
Telephone: (201) 489-3000
Facsimile: (201) 489-1536
Email: mpercontino@coleschotz.com

Counsel to David M. Barse, solely in his capacity as the Plan Administrator of Vyaire Medical, Inc., et al.