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1 P R O C E E D I N G S

2 (Call to Order of the Court)

3 THE COURT: Okay. Have a seat, everyone. And good
4 morning.

5 We are here in the Aldrich Pump versus Those Parties
6 adversary proceeding. This will be our first hearing in, we've
7 got two matters on the docket pursuant to the agenda, which is
8 No., Docket No. 220, that lays out what's on.

9 But let me just say by way of introduction, we are in
10 the Annex for the first time for this particular case and if we
11 have any tech issues, please bear with us. We have a lot of
12 new technology and we're still sorting through the wiring. In
13 fact, we got some extraneous sounds yesterday in another case
14 that we traced back to someone pulling wires through the
15 ceiling as we were here.

16 So there may be some miscues, but we'll do the best we
17 can. We're also using a brand new teleconferencing or
18 videoconferencing technology as we have moved over from Zoom
19 over to the Teams program and there'll be some differences
20 there that we all have to adjust to as well.

21 And with that in mind, let me simply say that I
22 normally announce your appearances for you, but with this new
23 technology we don't get all of the names and the, the parties,
24 at least the way it's been done so far. So what I'm going to
25 do, instead, today is call upon the lead speaker for each of

1 the constituencies to announce all the attorneys who are going
2 to appear on behalf of that particular party and then we'll
3 pick up any others that wish to announce over and beyond that.

4 So let's start, to that end, with the debtors and
5 announcements of appearances there.

6 Mr. Erens?

7 MR. ERENS: Thank you, your Honor. Brad Erens,
8 E-R-E-N-S, of Jones Day on behalf of the debtors.

9 THE COURT: Uh-huh (indicating an affirmative
10 response). Who else do you have with you?

11 MR. ERENS: Your Honor, we have several parties or
12 several individuals from the firm. We have Robert Hamilton, we
13 have Morgan Hirst, and we have Jim Jones. I think those will
14 be the primary speakers based on what we expect to happen at
15 least today.

16 Before we start, I'll remind your Honor of how we have
17 decided to fill up the three days. And --

18 THE COURT: Right.

19 MR. ERENS: -- I know we announced this at the
20 omnibus, but it's probably a good reminder before we start.
21 I'll also be turning to Mr. Morgan Hirst to provide some other
22 housekeeping matters that we've agreed to with the ACC --

23 THE COURT: Okay.

24 MR. ERENS: -- that your Honor should be aware of
25 before we start.

1 THE COURT: Okay. Thank you. I was planning to do
2 that, but let's see if we can figure out who's going to be
3 participating today.

4 For the ACC, appearances?

5 Ms. Ramsey, you want to lead off?

6 MS. RAMSEY: Certainly, your Honor. Good morning.

7 Natalie Ramsey for the Official Committee of Asbestos
8 Claimants. With us, your Honor, we have my partners from
9 Robinson & Cole, Davis Lee Wright --

10 THE COURT: Uh-huh (indicating an affirmative
11 response).

12 MS. RAMSEY: -- Steve Goldman and Rachel Mauceri.

13 For Caplin & Drysdale, Kevin MacLay, Todd Phillips,
14 Jeffrey Liesemer.

15 THE COURT: Uh-huh (indicating an affirmative
16 response).

17 MS. RAMSEY: And I believe that may be all from Caplin
18 but if I've missed someone, please --

19 THE COURT: Sure.

20 MS. RAMSEY: -- appear.

21 And Rob Cox and Glenn Thompson from Hamilton Steele.

22 THE COURT: Okay.

23 MS. RAMSEY: I believe also on the line is -- I'm
24 sorry. I missed this -- David Neier and Carrie Hardman from
25 Winston & Strawn.

1 THE COURT: Right.

2 Any others on behalf of the ACC?

3 MR. MACLAY: It's Kevin Macclay. Jim Wehner may be
4 going today, although it's more likely he'll be going tomorrow.
5 But just in case, I'll announce him as well.

6 THE COURT: All right. Thank you.

7 Okay. How about for the FCR?

8 MR. GUY: Good morning, your Honor.

9 THE COURT: Mr. Guy.

10 MR. GUY: For the FCR, it's myself. Mr. Grier is also
11 dialed in and I have my colleague, Debbie Felder.

12 THE COURT: Very good.

13 MR. GUY: Thank you, your Honor.

14 THE COURT: All right.

15 For the affiliates?

16 MR. MASCITTI: Good morning, your Honor. Greg
17 Mascitti, McCarter & English.

18 THE COURT: All right.

19 Anyone else, Trane Technologies, Trane U.S.?

20 (No response)

21 THE COURT: Okay.

22 Other appearances? And let's start with the first
23 third of the alphabet, if you will, just to keep the bedlam
24 down.

25 Is Ms. Abel appearing for the BA?

1 MS. ABEL: Good morning, your Honor. Shelley Abel.
2 I'm on the line.

3 THE COURT: All right.

4 Others? "A" through "H" with last names? Anyone
5 else?

6 MS. CORDES: Your Honor, Stacy Cordes on behalf of
7 the, the affiliates as local counsel.

8 THE COURT: Okay.

9 Anyone else?

10 (No response)

11 THE COURT: Let's call out "I" through "M"?

12 (No response)

13 THE COURT: "N" through "Z"?

14 MR. TORBERG: David Torberg from Jones Day on behalf
15 of the debtors. I don't expect to speak today, but later in
16 the week.

17 THE COURT: All right.

18 MR. TORBERG: Thank you, your Honor.

19 THE COURT: Thank you, Mr. Torberg.

20 Anyone else?

21 (No response)

22 THE COURT: Anyone that we've missed? Anyone else
23 needing to announce an appearance as counsel?

24 UNIDENTIFIED SPEAKER: Sorry, your Honor. This --

25 MR. EVERT: Like Mr. Torberg, this is Michael Evert

1 from Evert Weathersby Houff, special asbestos counsel to the
2 debtors. I probably will not be reached today, but expect to
3 speak at some point during the proceedings.

4 THE COURT: Okay, very good.

5 Anyone else? Someone was speaking.

6 MR. RAYBURN: Your Honor, this is Rick Rayburn. Jack
7 Miller and I are, are on. Don't anticipate speaking today.

8 THE COURT: Well, I'm not really concerned whether
9 you're speaking or not. I'm really wanting to know if you feel
10 the need to announce an appearance as if, would you have done
11 it if you were in the courtroom in person. So it's up to you
12 folks as to whether you need to announce or not.

13 Anyone else? Anyone we've missed?

14 (No response)

15 THE COURT: If not, we'll move on.

16 Preliminaries? Matters before we take up the docket?

17 Mr. Erens, you had mentioned something.

18 MR. ERENS: Yes. Your Honor, as a reminder, I think
19 we talked about this at the omnibus hearing last week, but just
20 as a reminder of how the parties have agreed to proceed over
21 the next three days.

22 THE COURT: Uh-huh (indicating an affirmative
23 response).

24 MR. ERENS: We will start with the first hearing,
25 which is the motion for summary judgment. We expect that'll

1 take the morning, don't exactly know how much of the morning,
2 whether it's all the morning or a big part of the morning.
3 We'll see how that goes. Once that motion has been fully
4 argued, the next stage would be to go to openings with respect
5 to the preliminary injunction motion. The parties have agreed
6 that there will be time limits there, 20 minutes for the
7 proponents and 20 minutes for objectors, so. There's only one
8 objector, that's the ACC. So the ACC will have 20 minutes.
9 The debtors and any other party who wants to speak in favor of
10 the motion would have, collectively, 20 minutes to do so.

11 Then we'll move into the evidence, first with the fact
12 witnesses and then with the expert witnesses. Fact witnesses
13 would start today. Expert witnesses will come up whenever they
14 come up through the course of the proceeding. We fully expect
15 fact witnesses to continue until tomorrow. We do have one
16 wrinkle, so to speak, which is we have one fact witness on the
17 debtors' side who is not available until Friday. So whether or
18 not we're done with our other fact witnesses, that one fact
19 witness, which is Chris Kuehn, will go on Friday. The parties
20 have agreed on that.

21 And then once all of the fact witnesses and expert
22 witnesses have done their testimony, we would move into
23 closings, which'll be sometime on Friday.

24 So that's the structure of the three days. We don't
25 know how long it'll go on Friday. We, we appreciate your Honor

1 stating on last week's omnibus hearing that you're available
2 all day. So again, we'll try not to go too late, but we'll see
3 how it goes on Friday.

4 There are some other housekeeping items with respect
5 to the evidence and the like that we've talked to the ACC about
6 over the course of several meet and confers over the last
7 couple days. And I'd like Mr. Hirst on behalf of the debtors
8 to report to your Honor on those developments.

9 THE COURT: Mr. Hirst.

10 MR. HIRST: Good morning, your Honor. How are you
11 this morning?

12 THE COURT: Very good. Thank you.

13 MR. HIRST: Great.

14 We've had some productive calls, I think, basically,
15 every day over the past week with the ACC, and I don't know.
16 Mr. Phillips may pop in as well 'cause he's been my, the
17 primary person I've been communicating with to try and clear
18 some of the brush out for your Honor before the hearing begins.
19 A lot of this will sound similar to what your Honor dealt with
20 in DBMP, but as to exhibits we both offered out list to one
21 another. We both offered some limited objections, or at least
22 preliminary objections. We're going to hold off resolution of
23 those until after the hearing is over in the hopes of, perhaps,
24 we can resolve them amongst ourselves. Everything else that
25 wasn't noted and, and being everything is, is going to be

1 deemed admissible without the need for authentication or
2 sponsoring testimony to simply speed things up for your Honor.
3 And we'll move those exhibits into evidence provisionally at
4 the end of the cases here and deal with any objections
5 posttrial.

6 We'll handle deposition designations in the same
7 manner. We may have some lingering objections and some, some
8 lingering confidentiality issues on some of the deposition
9 designations, but there's no reasons those can't be handled
10 after the hearing.

11 Your Honor raised last week confidentiality and
12 certainly something we were --

13 THE COURT: Uh-huh (indicating an affirmative
14 response).

15 MR. HIRST: -- cognizant of. The good news is,
16 sitting here today, we don't, the debtors and non-debtor
17 affiliates don't see any issues that we're aware of that
18 require court intervention or, or requests to seal or any other
19 kind of remedy to deal with confidentiality. We certainly
20 stand by our, our confidentiality designations and to the
21 extent something comes up in the testimony or in the
22 presentations that we aren't expecting, we will alert your
23 Honor as soon as possible as to what that is and see how we can
24 work it out. But my sincere hope is that we don't have that
25 situation come up.

1 Demonstratives, I think we've agreed to the same thing
2 that happened in DBMP. I think your Honor received, I know
3 from us and I suspect from the Committee, any demonstratives
4 that were planned to be used this morning and then we will
5 exchange with one another immediately before that segment
6 happens in the case of openings or before that witness goes on.

7 THE COURT: All right.

8 MR. HIRST: And then both sides agreed -- this is
9 super housekeeping, at best -- both sides agreed to provide
10 their witnesses copies of the dep transcripts, copies of the
11 other side's exhibits, and then for the experts, their expert
12 report to have handy and, and readily available for cross-
13 examination.

14 And our general understanding, your Honor -- I want to
15 make sure this is correct -- is that your Honor would prefer
16 that we generally not be sharing screens. I know there's
17 probably some instances where we may during presentations with
18 the witnesses, in particular. My understanding is you'd like
19 to see the witnesses more than seeing us flash documents up and
20 that your Honor has the ability to view the documents as we're
21 looking at them.

22 THE COURT: Right.

23 MR. HIRST: So I think --

24 THE COURT: I do, but I may be wall-eyed trying to do
25 it as the screens are in opposition directions. So don't be

1 alarmed if I turn my head away from you. I'm not sleeping, so.

2 MR. HIRST: No worries. No worries. If, if you were
3 one of my kids, your Honor, you would definitely be sleeping,
4 so, when I was talking. So understood, either way.

5 But I think that's everything on the housekeeping side
6 unless Mr. Phillips can identify anything I, I may have
7 forgotten.

8 THE COURT: How about from the FCR and the ACC? Is
9 that all?

10 MR. PHILLIPS: Your Honor?

11 THE COURT: Yes.

12 MR. PHILLIPS: Todd Phillips for the Committee.

13 Mr. Hirst accurately reflected or discussed the
14 agreement between the parties and hopefully, that'll make it
15 easier for your Honor these next three days.

16 THE COURT: Okay.

17 MR. GUY: Your Honor, nothing for the FCR.

18 And I apologize that I'm not on video yet, but we're
19 working through it.

20 Thank you, your Honor.

21 THE COURT: Can you see, though, Mr. Guy, if someone
22 puts up an exhibit?

23 MR. GUY: Yes. I can see everybody else, but --

24 THE COURT: We --

25 MR. GUY: -- I'm sure this is no great loss. No one

1 can see me.

2 THE COURT: Okay. Do we need take, do we need to take
3 a moment and see if my IT people can help yours?

4 MR. GUY: That's fine, your Honor. We're working
5 through it on my end and we'll figure it out at a break, for
6 sure.

7 THE COURT: All right.

8 MR. GUY: Thank you, your Honor.

9 THE COURT: Thank you.

10 Okay. Any other preliminaries?

11 (No response)

12 THE COURT: Ready to go through the opening
13 statements, then? All right. It is, effectively, the debtors'
14 motion for summary judgment. So we'll let the debtor lead off.
15 My IT people are going to be delighted they've got a new toy in
16 this courtroom, which effectively is a timer for, for counsel
17 arguments. So they'll get to employ that, even though I'm not
18 sure any of you will see it. But we'll try to adhere to the
19 20-minute rule.

20 For the debtor, opening statement.

21 UNIDENTIFIED SPEAKER: Your Honor?

22 MR. ERENS: Your Honor, if I may just, I may have
23 created some confusion. So the parties did not come up with
24 time limits with respect to the arguments for summary judgment.
25 The only agreement among the parties was time limits for the

1 openings in connection with the preliminary injunction motion.

2 THE COURT: Oh, I see. So summary judgment, it's all,
3 anything goes?

4 MR. ERENS: Subject to your Honor's direction, that's
5 correct in terms of the agreement among the parties.

6 THE COURT: Well, if we can all try not to argue
7 everything that would be in the injunction hearing by way of
8 opening for the summary judgment, that's fine.

9 I will tell everyone in advance that I have had the
10 chance not just to read your briefs, but go through them a
11 second time. So I know it will be difficult not to do so, but
12 don't feel compelled to repeat everything that you've written,
13 so.

14 MR. ERENS: Okay.

15 THE COURT: All right?

16 MR. ERENS: Thank you, your Honor. I'm going -- I'll
17 turn it over to Mr. Hamilton, who will do the debtors'
18 presentation on the summary judgment motion.

19 THE COURT: Very good.

20 Mr. Hamilton.

21 MR. HAMILTON: Good morning, your Honor. Robert
22 Hamilton of Jones Day on behalf of the debtors. I assure you
23 I'm not going to take more than the 20 minutes, no matter, no
24 matter what the time limit is.

25 We filed our motion for partial summary judgment on

1 Count 2 of the complaint back in January. In that motion we
2 asked the Court to make three declaratory rulings regarding the
3 scope of the automatic stay in these chapter 11 cases. First,
4 we asked the Court to declare that section 362(a)(3)
5 automatically stays the lawsuits by individual asbestos
6 claimants against the non-debtor affiliates, both New Trane and
7 New Trane Technologies, on the ground that pursuing the lawsuit
8 against the affiliate constitutes an act to "exercise control
9 over property of the estate," as that phrase is used in (a)(3).
10 The second declaratory ruling that we asked for is that section
11 362(a)(1) automatically stays lawsuits against the indemnified
12 parties to recover asbestos claims against the debtors on the
13 ground that because a debtor has an obligation to indemnify the
14 third-party defendant with respect to that derivative claim a
15 debtor is treated as the "real party defendant" in that lawsuit
16 for purposes of the automatic stay. And then the third
17 declaratory ruling that we seek is that section 362(a)(3)
18 automatically stays any action against the debtors' insurers to
19 recover asbestos claims against the debtors on the grounds that
20 the insurance coverage provided by this, by those insurers is
21 property of the debtors' estates.

22 As your Honor is now aware, the parties have filed
23 over a hundred pages of briefing on the summary judgment
24 motion. On the third issue, the ACC has conceded that the
25 individual claimant actions against insurers to recover on the

1 debtors' insurance coverage are automatically stayed. On the
2 second issue, the parties have already succinctly briefed
3 whether actions against the indemnified parties are stayed by
4 (a) (1) because under the A. H. Robins decision they are deemed
5 actions against the debtors.

6 Most of the digital ink and all the briefing that the
7 Court has had to read was spilled on the, the first declaratory
8 ruling that we asked for and that is that the lawsuits against
9 New Trane and New Trane Technologies are stayed by 362(a) (3)
10 because they exercise control over claims that are now property
11 of the debtors' estates. It's on that first issue that I want
12 to focus my opening argument this morning. In particular, I
13 want to expand on the points that we made in our reply brief in
14 response to the ACC's primary argument on this issue --

15 THE COURT: Uh-huh (indicating an affirmative
16 response).

17 MR. HAMILTON: -- which is the ACC's argument that the
18 alter ego and successor liability claims against the non-debtor
19 affiliates are not property of the estates because the debtors
20 "fail to allege cognizable injury" from the corporate
21 restructuring on which those claims are based. In order to
22 properly analyze this primary argument by the ACC, I think it's
23 important to emphasize, first, two points that the ACC does not
24 dispute. First, there's no material fact dispute here. The
25 debtors' 362(a) (3) argument is not based on any fact

1 allegations that the ACC disputes. That means there is no
2 reason to deny summary judgment because a trial is needed to
3 determine whether the debtors' fact allegations are true or
4 false.

5 Now to be sure, the debtors do dispute the ACC's
6 suggestion that the divisional mergers were some sort of
7 fraudulent scheme to protect assets from the holders of
8 asbestos claims against Old Trane and Old TTC. Obviously, it
9 is our position that the existence of the funding agreements
10 make this suggestion meritless. But the whole point and
11 purpose of filing the summary judgment motion back in January
12 was to demonstrate that this dispute is not material. In other
13 words, if the automatic stay applies to bar individual
14 claimants from pursuing lawsuits against the affiliates, even
15 if one simply assumes that the ACC is right that the individual
16 claimants do have cognizable alter ego or successor liability
17 claims against those affiliates on the theory that the
18 divisional mergers were somehow an unlawful scheme to defraud
19 them. Thus, for, for purposes of this summary judgment motion,
20 all of the ACC's efforts to paint the debtors and their
21 affiliates with black hats and evil mustaches, all its efforts
22 to use innuendo and e-mail snippets to suggest nefarious
23 motives by corporate executives and their whispering lawyers,
24 it's all simply irrelevant. It's just noise. Because the
25 debtors' summary judgment motion starts with the assumption

1 that individual asbestos claimants do have cognizable alter ego
2 and successor liability claims against the affiliates for
3 whatever reasons the ACC suggests, however dubious they might
4 be in fact.

5 The second point that's not disputed, the individual
6 asbestos claimants allege that the 2020 corporate restructuring
7 impaired the debtors' ability to pay the asbestos claims
8 allocated to them in the divisional mergers. We know from the
9 original Allan Tananbaum declaration that was filed in the
10 first day of this case that over the course of the seven weeks
11 before these bankruptcy cases were filed asbestos claimants
12 sued New Trane and/or New Trane Technologies in at least 65
13 lawsuits alleging that the divisional mergers were fraudulent
14 conveyances and that the affiliates were liable for their
15 asbestos claims on either alter ego or successor liability
16 theories. And incidentally, Judge, we now know that the number
17 of lawsuits filed during this period before the petition date
18 is much higher than 65 and you'll hear that in the PI hearing.
19 But for purposes of summary judgment, the, the affidavit that
20 Mr. Tananbaum submitted on the first day is unrebutted with
21 respect to at least those 65 lawsuits.

22 Now not all those complaints that were filed spell out
23 the factual basis for the alter ego or successor liability
24 claim, but many do and they expressly allege that the corporate
25 restructuring that created the debtors and their affiliates

1 were a fraudulent scheme to hide assets that impaired the
2 debtors' ability to pay the asbestos liabilities allocated to
3 them in the divisional mergers and as we cited in our reply
4 brief, your Honor, the, the Kozlow complaint attached as
5 Exhibit 5 to Allan Tananbaum's supplemental declaration
6 expressly sets forth those allegations on Page 56 and Page 58
7 of that particular complaint.

8 The ACC does not and cannot dispute these facts.
9 Indeed, as, as we demonstrated in our reply, your Honor, an
10 individual claimant must allege that the debtors' ability to
11 pay their asbestos claims was impaired in order for them to
12 state a cognizable alter ego or successor liability claim under
13 state law, whether it be North Carolina or Texas or Delaware or
14 New Jersey. The ACC has identified no other injury on which an
15 individual claimant can base a cognizable alter ego or
16 successor liability claim against New Trane or New Trane
17 Technologies. The allegations in these individual claimant
18 lawsuits against these affiliates that the restructuring
19 impaired a debtor's ability to pay their asbestos claims are
20 sufficient under North Carolina law to support a state law
21 claim by the same debtor against that same affiliate on the
22 same legal theory of either alter ego or successor liability.

23 These fact allegations, thus, present the ACC with a
24 dilemma. On the one hand, if the ACC endorses the allegations
25 made by the individual claimants in these lawsuits, then it has

1 no basis on which to argue that state law did not afford the
2 debtors the right to assert claims against that same non-debtor
3 affiliate on the same alter ego and successor liability
4 theories. On the other hand, if the ACC contradicts those
5 allegations and affirmatively takes the position that the
6 debtors' ability to pay asbestos claims was not impaired by the
7 2020 corporate restructuring, the ACC would effectively be
8 arguing that individual asbestos claimants do not have
9 cognizable alter ego or successor liability claims against the
10 affiliates under state law.

11 Now to avoid this dilemma the ACC, the ACC tries a
12 creative head fake. Rather than take and defend a position on
13 whether the debtors were, in fact, injured by the corporate
14 restructuring, the ACC, instead, asks the Court to focus not on
15 what the individual asbestos claimants allege, but instead,
16 only on the position taken by the debtors in defending the pre-
17 petition transactions, our position that they were not
18 fraudulent and nobody was harmed by them, including the
19 debtors. Based on this head fake, the ACC trots out a
20 bucketful of inapposite case law, all for the basic proposition
21 that a pre-petition debtor, like any other plaintiff, must have
22 suffered an injury in order to have a cognizable claim against
23 the defendant.

24 In short, your Honor, the ACC is proposing a rule of
25 law for applying section 362(a)(3) as follows: They want the

1 Court to say that this is the law, even if a creditor's fact
2 allegations stating a cognizable claim against a third-party
3 defendant are sufficient under state law to also state a claim
4 by the pre-petition debtor on behalf of all its other creditors
5 against the same defendant. The debtor's pre-petition claim
6 does not become property of the estate unless the debtor, after
7 it files its bankruptcy petition endorses the creditor's fact
8 allegations and states its intention to file such a lawsuit on
9 behalf of the estate. Your Honor, the Court should reject that
10 proposed rule of law by the ACC for three reasons.

11 First, the ACC's proposed rule of law is legally
12 flawed. It's flawed because it is the creditor's allegations
13 which a court assumes to be true pursuant to Rule, Federal Rule
14 of Civil Procedure 12(b)(6) that determine whether state law
15 also authorizes a debtor to sue the same third-party defendant
16 on the same legal theory in order to hold it responsible for
17 the debtor's obligations. The views of the debtor or, for that
18 matter, any other party or even the views of the court on the
19 merits of the creditor's fact allegations are irrelevant as the
20 allegations are assumed to be true under Rule 12(b)(6) in order
21 to determine whether they state cognizable claims for relief on
22 which relief can be granted. If they are sufficient and
23 they're sufficient to also state a claim by the debtor against
24 the same defendant on the same theory, then the debtor's claim
25 becomes a cause of action that is part of the estate regardless

1 of what position the debtor eventually takes on the merits of
2 the allegations on which the cause of action is based.

3 The second reason you should reject the ACC's proposed
4 rule is that it would be hopelessly impractical and -- to --
5 and if you tried to implement it, it would defeat the purpose
6 of the automatic stay. First, the Court should ask how does it
7 go about making the determination that the ACC suggests. Who
8 do they -- do they ask the debtor after the case is filed -- in
9 what context do you ask the debtor, "Are you planning on
10 bringing this, this claim?" And if the debtor responds, "We
11 don't know. It's under investigation," is that sufficient to
12 make it property of the estate? More fundamentally, whose
13 position should the Court consider and when? Should it be the
14 position of the debtor in possession when the case is initially
15 filed or should the Court wait to see if a trustee is appointed
16 either right off the bat or at the request of the creditors'
17 committee? And then should you wait and ask the trustee what
18 his position is? It is very typical in many, many chapter 11
19 cases for the, the Official Unsecured Creditors' Committee to
20 negotiate a budget and a, and a DIP, and a DIP loan for a, for
21 a chapter 11 debtor, a budget to investigate claims on behalf
22 of the estate to determine whether or not they have any
23 cognizable claims that are viable and should be pursued and
24 they have to negotiate that budget with the provider of the DIP
25 loan and then they take, take weeks or months investigating the

1 claims either through 2004 discovery or informal discovery to
2 decide whether there were any claims that should be pursued on
3 behalf of the estate. Do you ask the Unsecured Creditors'
4 Committee what their position is and when do you ask them, at
5 the beginning of the investigation or at the end? And then, as
6 your Honor knows, it's often typical for the estate not to
7 pursue causes of action during the bankruptcy, but then, but
8 instead, as part of the, a confirmed plan to, to assign those
9 causes of action to a litigation trustee who then, after the,
10 after the case is closed, makes a determination or after the
11 plan is confirmed, I mean, the litigation trustee then makes a
12 determination whether or not they're going to pursue the claim
13 or not.

14 All I'm suggesting, your Honor, is is that it's
15 unclear how the courts could make a determination as to whether
16 or not an estate representative and which estate representative
17 is going to pursue a claim against a third-party defendant on
18 behalf of the estate and it would defeat the purpose of the
19 automatic stay if you delayed a determination as to whether the
20 stay applies until months after you file the case.

21 I'd also point out, your Honor, that it's unclear how
22 state courts would apply this rule of law in response to a
23 suggestion of stay. As, as your Honor knows, every state court
24 that has an action in front of it has jurisdiction to determine
25 whether or not a bankruptcy filing against a party stays the

1 action that's in front of that court at that time. It's
2 concurrent jurisdiction with the bankruptcy court to decide
3 whether the stay applies. And in some cases, like this one
4 where you, you, theoretically, have dozens, if not, in some
5 cases, hundreds, of individual lawsuits against the debtor or
6 its affiliates in courts all across the country, one could
7 conceive that there could be dozens of state courts or other
8 courts across the country that have to decide whether the stay
9 applies. Who do they ask to determine whether or not an estate
10 representative is planning on, on bringing an action against
11 the third-party defendant and when do they ask that?

12 The purpose of the automatic stay is to provide a
13 breathing spell for the debtor and for the court to permit a
14 orderly administration of estate property allowing creditors to
15 exercise control over potential estate claims until the
16 bankruptcy court or some other court can determine whether an
17 estate representative intends to pursue them defeats that
18 purpose of the stay. You need to be able to decide whether the
19 stay imposed by Congress by statute applies on the first day
20 the bankruptcy is filed.

21 The third reason that the ACC's proposed rule of law
22 is, should be rejected by the Court is that it's barred by
23 controlling and binding precedent. The Fourth Circuit's
24 decision in Steyr-Daimler-Puch v. Pappas back in 1988, 33 years
25 ago, in that case the chapter 11 trustee sued -- or it might

1 have been a 7. I'm not sure which. It was, it was a
2 trustee -- sued the officer, the debtor's officer and an
3 affiliate for breach of fiduciary duty, but did not sue that
4 officer, Mr., Mr. Pappas, or the affiliate on an alter ego
5 theory to hold them responsible for all of the debtor's debts.
6 Instead, it just filed a claim for breach of duty for damages.
7 The trustee then during the course of the bankruptcy settled
8 that breach of duty claim against the affiliate and, and their
9 corporate officer for -- not -- a very -- not -- not very large
10 amount, your Honor, and then it gave a general release of, of
11 estate claims to the officer and the affiliate. After that
12 happened, an individual creditor later sued the debtor's
13 officer and the affiliate on an alter, alter ego theory. The
14 lower court, the district court trial court, found that the
15 alter ego claim was within the scope of the general release
16 that the trustee had given to the officer and affiliate when he
17 settled the breach of duty claim. The Fourth Circuit on appeal
18 affirmed but on a different ground. The Fourth Circuit said,
19 "We don't need to reach the issue of whether or not the alter
20 ego claim was within the scope of the release that the trustee
21 gave the officer and affiliate when it settled its breach of
22 duty claim." Instead, the Fourth Circuit said, "We hold that
23 the alter ego claim that the creditors are now asserting became
24 property of the debtor's estate when the bankruptcy case was
25 filed," and it held that two consequences followed from that

1 finding. One, it said the, the automatic stay of 362(a)(3)
2 applied on the first day of the case. And second, it said the
3 creditor cannot pursue the claim, the alter ego claim, unless
4 the trustee abandons the claim in the course of the bankruptcy.
5 In other words, the scope of the release in that case was
6 immaterial because the trustee, regardless of whether or not he
7 had released it in the general release as part of the
8 settlement, the trustee had not abandoned the claim. As your
9 Honor knows, there's a special process in the Bankruptcy --

10 THE COURT: Uh-huh (indicating an affirmative
11 response).

12 MR. HAMILTON: -- under the Bankruptcy Code to abandon
13 a claim that is property of the estate.

14 The, the successor liability claims and alter ego
15 claims in this case that the individual claimants are, are
16 asserting against New Trane and New Trane Technologies will
17 undoubtedly be resolved in the negotiations of the trust
18 because we all know that the non-debtor affiliates pursuant to
19 the funding agreements are going to contribute to whatever the
20 final number is for funding the trust and in the negotiations
21 of, of funding that trust it is undoubtedly going to be the
22 case that there will be a settlement and release of the alter
23 ego and successor liability claims against the non-debtor
24 affiliates as part of the funding of that trust, which is
25 essentially what happened in the Fourth Circuit case of Steyr-

1 Daimler-Puch v. Pappas. The estates here are not going to
2 abandon alter ego or successor liability claims against the
3 non-debtor affiliates prior to the negotiation of that trust.
4 Therefore, under the controlling and binding precedent of the
5 Fourth Circuit case in Steyr-Daimler-Puch v. Pappas you can't
6 adopt the, the proposition of law that the ACC is arguing for
7 in its opposition to the motion for summary judgment.

8 Based on that argument as well as all the other
9 arguments your Honor has read in our motion for summary
10 judgment and in our reply brief, we ask the Court to grant the
11 motion and, and, and make the three declaratory rulings that I
12 described at the outset of this, of this argument.

13 Thank you, your Honor.

14 THE COURT: Thank you.

15 Since the FCR joined in the, the motion, I, I guess we
16 ought to hear them first and then get the cleanup from the
17 ACC/FCR. ACC, excuse me.

18 MR. GUY: Thank you, your Honor.

19 THE COURT: I'm about to go into the DBMP case, so.

20 MR. GUY: Thank you, your Honor. Jonathan Guy for the
21 FCR.

22 I will first share a humbling moment. The reason you
23 couldn't see me is because when I cleaned the lens on my
24 computer I slid the privacy button to the left. I didn't even
25 know I had a privacy button. So, so there you go. The, the IT

1 Department were very gracious about it.

2 Your Honor, our joinder was very brief. We know what
3 the automatic stay says. We know what causes of action it
4 applies to. We know that these are the debtors' causes of
5 action. I think that's it, black and white.

6 We have nothing further to add. Thank you, your
7 Honor.

8 THE COURT: Thank you.

9 All right. ACC.

10 Oh. I don't recall. Were there any affiliate
11 joinders on this motion? Maybe I'm, I'm jumping ahead.

12 MR. MASCITTI: No, your Honor. We do not take a
13 position on this motion.

14 THE COURT: Okay, very good.

15 All right, then. Let's hear from the ACC.

16 MS. RAMSEY: Good morning, your Honor. Natalie Ramsey
17 on behalf of the ACC.

18 Your Honor, I, I'd like to, first of all, make sure
19 that the Court has in front of it the slide deck that the ACC
20 has provided in connection with this argument.

21 THE COURT: Let's see what I have. If you mean by
22 slide deck, the, the demonstrative, is that what you're talking
23 about?

24 MS. RAMSEY: That's correct, your Honor.

25 THE COURT: Okay. Yes, I do.

1 MS. RAMSEY: Okay. It also should be broadcasting on
2 the screen. Everyone should be receiving it in your e-mails.
3 If you do not receive it and would like a copy, please send a,
4 an e-mail to Davis Wright and he'll get it to you.

5 THE COURT: Well, you --

6 MS. RAMSEY: Your Honor --

7 THE COURT: Before you start, let's make sure everyone
8 that needs it, has it.

9 Does anyone -- is anyone lacking that, that document?

10 (No response)

11 THE COURT: Ready to go? Okay.

12 Go ahead, Ms. Ramsey. Sorry to interrupt.

13 MS. RAMSEY: No, not at all, your Honor. Thank you.

14 Your Honor, our argument is going to be a little bit
15 more lengthy than the debtors' and certainly than the FCR's
16 because we think that what is happening here is that the debtor
17 has used defined terms and, and general concepts to sort of
18 conflate the relief that it's, it's seeking and avoid a deeper
19 dive into exactly what it's asking and the breadth of what it's
20 asking.

21 So I would like to start --

22 Next slide.

23 -- by taking the Court back to the very, very
24 fundamentals here. The debtors are seeking to enjoin Aldrich
25 with a term "Aldrich/Murray Asbestos Claims." If you look at

1 the defined term, your Honor, that means:

2 "All asbestos-related claims against either debtor,
3 including all claims relating in any way to asbestos
4 or asbestos-containing materials asserted against or
5 that could have been asserted against Old IRNJ or Old
6 Trane. For the avoidance of doubt, those claims
7 include all personal injury claims and other asbestos-
8 related claims allocated to Aldrich or Murray."

9 The debtors are masters of misdirection. This is --
10 it's, it's a very clever term that they are using here because
11 we all know that what we're talking about are not Aldrich and
12 Murray asbestos claims. What we're talking about are asbestos
13 claims that are, were the responsibility of Ingersoll-Rand and
14 Trane. Those were the tortfeasors.

15 THE COURT: Uh-huh (indicating an affirmative
16 response).

17 MS. RAMSEY: Pausing just a moment, one might be
18 surprised at how the debtors so embrace the liabilities that
19 they were allocated that they renamed them, but the debtors use
20 that phrase so often that it's easy to forget that what we're
21 actually talking about are liabilities that the debtors have
22 because they were assigned those liabilities. And that's an
23 important distinction I'd like to keep in mind and we'll come
24 back to.

25 The second fundamental here is who are the debtors

1 trying to protect.

2 Next slide.

3 The protected parties are the real parties in
4 interest. They are the actual tortfeasors and they are the
5 monied parties who have the real financial interest in this
6 case. We heard Mr. Hamilton say again this morning that the
7 funding agreement is, you know, ironclad and makes all the, the
8 difference in the world. It's a full backstop and that is the
9 way that the debtors would contend this is structured and if
10 you accept that, then the party who really, really cares
11 whether this litigation goes forward against any of the
12 protected parties are the monied successors. That is what has
13 been termed New TTC and New Trane.

14 So with that backdrop -- and as I said, we'll come
15 back to that a little bit -- but I'd like to move to the
16 standard for summary judgment. As the Court well knows, it's
17 only appropriate if there's no genuine issue of material fact
18 and the movant is entitled to judgment as a matter of law. The
19 burden is on the debtor and all inferences must be properly
20 drawn in the light most favorable to, in this instance, the
21 personal injury claimants.

22 Turning to the next slide.

23 The debtor says that we've conceded all material facts
24 or not, this is not a factual disagreement here. That is not
25 correct. There are two very significant material facts that we

1 disagree with. The first is that we dispute the debtors'
2 assertion that the claims to recover from another party for
3 personal injury caused by asbestos are derivative claims that
4 belong to the debtors' bankruptcy estate. The second is that
5 we dispute the divisive merger transactions were effected in
6 making the debtors solely responsible for all asbestos
7 liability claims based on Old IR, Old TTC, and Old Trane
8 liabilities.

9 In addition --

10 Next slide.

11 -- the law doesn't support the relief sought. The
12 debtor has relied on section 362(a)(1) which, by its express
13 terms, applies only to a debtor. And here, we have the debtor
14 contending that claims that are asserted against a nondebtor
15 are stayed under section 362(a)(1) despite the fact,
16 particularly in this circumstance, that the parties that are
17 sought to be protected, at least with respect to the, the
18 debtors' affiliates, are all entities that went out of their
19 way and took truly extraordinary action to avoid being a
20 debtor.

21 In addition, the debtor relies in its motion on
22 section 362(a)(3) and with respect to 362(a)(3), it stays only
23 claims that because of the filing of the bankruptcy cases now
24 belong to the debtors' estate. This is where Mr. Hamilton
25 spent a fair amount of his argument --

1 THE COURT: Uh-huh (indicating an affirmative
2 response).

3 MS. RAMSEY: -- and I, again, want to sort of take a
4 step back. Because the debtor would have that once the debtors
5 filed for bankruptcy, any possible claim that could be asserted
6 are now derivative and the debtor says to the Court, "Look, the
7 only possible claims" -- I think, I think that was actually a
8 quote -- "the only possible claims that could be, that could be
9 made by a claimant is based on an inability to collect from the
10 debtors," but that's not correct. As a proposition of
11 pleading, that is not correct. As a, as a proposition of what
12 kinds of claims exist, that is not correct. The debtor has
13 attached five complaints to its reply which were attached to
14 Mr. Starczewski's declaration and that -- I'm sorry. Is it --
15 I've got the wrong declarant. I'm sorry. Mr. Tananbaum's
16 declaration. I'm also in DBMP. Sorry about that, your Honor.

17 -- to the declaration, but the, but the five
18 complaints, there were three of them that have more developed
19 sort of statements of the nature of the actions they're
20 bringing. There are two that are completely notice pleading
21 and they identify by name by use of the word "successor" or
22 "alter ego" claims that they have asserted against other
23 parties, but they don't expand on the bases or the arguments by
24 which they would seek to bring those kinds of claims.

25 I don't think that the Court can make and give the

1 debtors an advisory opinion that every single type of claim
2 that can be asserted by a personal injury claimant against
3 anyone else in the universe and, in particular, the affiliates,
4 including the New TTC and New Trane, the other non-debtor
5 affiliates, the insurers, and the indemnitees, again whose
6 obligations by assignment the debtor now embraces as its own,
7 none of those entities can, can the Court say today all of the
8 possible theories, all of the possible causes of action that
9 could be brought against those entities based on a claim to
10 recover for personal injury. These are direct claims that
11 could be asserted against other of these entities for the
12 personal injury, not because of, of an inability to collect on
13 that personal injury from the debtor. Old TTC and Old Trane
14 were the tortfeasors.

15 So personal injury claims that seek to hold those
16 entities liable for causing a victim's injuries, those are not
17 estate claims. New TTC and New Trane are successors to Old TTC
18 and Old Trane. The debtors really don't dispute that. They,
19 they divide in two the old entities. There are two successors.
20 Personal injury claims that seek to hold those entities liable
21 for the injury based upon their relationship to Old TTC or Old
22 Trane, those are not estate claims. Whether or not those
23 claims would ultimately be successful if brought and pursued is
24 not before the Court. As Mr. Hamilton said, the merits are
25 irrelevant. The point is what does section 362 stay. It does

1 not stay litigation simply because the debtor thinks that that
2 litigation would be unsuccessful. Only claims that could be
3 brought by the debtors' estates are stayed under section 362
4 and we certainly acknowledge that there are certain claims that
5 now are estate claims, but the Court should not be put in the
6 position of giving the debtor an advisory opinion with the
7 breadth and the scope that the debtors are seeking here.

8 So with that introduction, your Honor, I'm going to go
9 back and I will try to move through, through some of this
10 quickly because I know that the Court has heard a lot of this
11 before and has read the papers.

12 Next slide.

13 The Court will recall just briefly -- and, and this
14 becomes important because it's the foundation to what we
15 believe is the house of cards that the debtor is trying to
16 build here -- the corporate restructuring here took place very
17 quickly. In literally a matter of two hours, there was a short
18 trip to Texas and 49 days later, what used to be Trane
19 Technologies now is partially Aldrich Pump with all of the
20 asbestos liability and it files in this Court 49 days later.

21 Next slide.

22 Identical transaction takes place by Trane U.S. Inc.
23 and 49 days later, Murray Boiler files for bankruptcy in this
24 court.

25 Next slide.

1 This is the third time, as the Court knows, we've seen
2 this round trip to Texas with the filings in North Carolina.
3 The reason that we believe that that is important to review --

4 Next slide.

5 -- is that it is our contention and remains our
6 contention that Trane conducted the 2020 corporate
7 restructuring exclusively for the purpose of placing the
8 asbestos liabilities of Ingersoll-Rand and Trane into
9 bankruptcy while avoiding a bankruptcy filing themselves.

10 So --

11 Next slide.

12 Trane, Trane has clung to this narrative throughout --
13 and by that I mean, both Trane entities -- that the -- that the
14 bankruptcy -- the -- the bankruptcy was, or that the divisive
15 merger was to provide flexibility or optionality for the boards
16 and, and on the screen the Court will see certain deposition
17 testimony that, you know, again, many, many of the witnesses
18 have come forward and said, "Yeah, it was for, for ultimate
19 flexibility, including a bankruptcy, but the bankruptcy really
20 was not preordained."

21 Next slide.

22 But from the beginning we believe that the bankruptcy
23 was part and parcel of the divisive merger. It was intended to
24 exploit the benefits of bankruptcy without taking on the
25 obligations. And the exhibit here, your Honor, Exhibit 190, is

1 a really important exhibit for the Court to focus on because
2 this memo back, as the Court can see, on March the 5th before
3 the divisive merger recites about -- the, the intention is to
4 "isolate the asbestos liabilities into standalone entities and
5 take the entities bankrupt." That was part and parcel of what
6 the goal was from the beginning and that is important overlay
7 for the Court to understand.

8 Next slide.

9 We also have additional support in the documents --
10 and we seem to have an IT issue.

11 THE COURT: Take a moment.

12 MS. RAMSEY: Thank you.

13 (Pause)

14 MS. RAMSEY: There we go. All right.

15 This slide is, as well, your Honor, is extremely
16 interesting because this is a slide that demonstrates that the
17 cases were all about protecting the stakeholders. That was the
18 objective of these transactions, that the goal was to allow the
19 non-bankrupt entities to provide funding agreements that would
20 supplement cash and cover asbestos liabilities, but they, they
21 weren't going to have to do anything by way of affecting the
22 ongoing business of the entities. They, and that at the end of
23 all of this they were going to be merged back in. So this was
24 all just a detour to jettison the asbestos liabilities.

25 Next slide.

1 Trane has also testified that it believed that filing
2 its own bankruptcy would have been "a very devastating result
3 for us." And finally, Trane wanted to put, avoid putting their
4 entire business before this Court. The Court has seen a
5 declaration to that effect, read it in the informational brief,
6 and Mr. Tananbaum at his deposition repeated that fact. So --

7 Next slide.

8 -- the liabilities of the debtors exist only because
9 those liabilities were assigned to them as part of this
10 divisive merger. The debtors didn't exist at the time that
11 Trane planned the 2020 restructuring. The plans of divisional
12 merger purport to make Aldrich and Murray each the, quote
13 unquote, sole obligor for the liabilities that were assigned to
14 them and the schedules to the plans of merger and the debtors,
15 all liabilities related in any way to asbestos or asbestos-
16 containing materials were assigned.

17 Imagine this. You're the debtor and you wake up the
18 day after the divisional merger and you see that you have all
19 of these asbestos liabilities and you see what your assets are.
20 Oh, and you've also got this indemnification that runs through
21 a couple of agreements to your non-debtor affiliates. And, and
22 that's a lot of liability and, and then you turn around and you
23 look at your assets and you see this funding agreement. And
24 the funding agreement, at least as the debtors would have it,
25 says to you, "Don't worry. You're covered. Whatever money you

1 need is available. So no biggie. Just," you know, "be, be
2 calm because everything is fine." And what you decide to do is
3 file for bankruptcy. You embrace those liabilities. You even
4 rename them as your own. You accept this indemnification as
5 though that's your own and all of the other indemnification
6 obligations that have now been assigned to you and you say,
7 "Well," you know, "okay. Between the insurance and the funding
8 agreement," you know, "I've, I've got, I've got a source, a
9 recovery source." As the debtor would have it, nonetheless, it
10 files for bankruptcy. That makes no sense. We think the
11 debtors, the only logical conclusion has to be that the debtors
12 were created for the purpose of entering bankruptcy to obtain
13 bankruptcy relief for the benefit of nondebtors.

14 So the first thing they do, literally the first thing
15 they do is on the petition date they file a complaint for
16 injunctive relief and a motion for a TRO to cover all of those
17 entities. Then a little bit later in January, the debtors file
18 this motion for partial summary judgment contending that all of
19 the non-debtor protected parties are automatically stayed from
20 pursuit of any asbestos claim as a result of the filing. And
21 it's clear and we heard it again today, Mr. Hamilton said, "Oh,
22 we know." And, and I wish that if he has a crystal ball, I, I
23 would like it 'cause I, my crystal ball says that what he
24 knows, we don't. We don't know that this case will ever end in
25 a trust, but it's clear that if it does, the debtors intend to

1 seek a permanent injunction for the benefit of new debtor
2 affiliates, New Trane and New TTC, and really significantly in
3 this case, the funding agreement requires them to obtain a
4 permanent injunction for the benefit of the nondebtors as part
5 of any plan. So can they get there? We don't think they can,
6 but this is the design of this case.

7 So let's turn to the allegations in the motion.

8 Next slide.

9 The first thing the debtors say is none of the
10 protected parties ever manufactured or distributed the products
11 here. As a result, as a result, any action seeking to hold a
12 protected party liable is necessarily based on indirect
13 liability theories, such as alter ego or successor. Those two
14 things don't go together. First of all, not only did none of
15 the protected parties ever manufacture or distribute the
16 products, neither did Aldrich or Murray. So as a result, any
17 action seeking to hold a protected party liable is not
18 necessarily based, if it is, based on some sort of direct or --
19 first of all, we, we dispute that's indirect liability theories
20 because if you accept the construct and Old Trane and Old TTC
21 are gone and you have new entities, then we believe that
22 claimants could legitimately bring an action direct, for direct
23 liability against both successor entities.

24 But as a result, any action seeking to hold a
25 protected party liable is intended to mean that it goes through

1 the debtors. It's, it's based somehow derivatively on the
2 debtors' liability. That is not a correct statement. There
3 are theories of liability that could be asserted, including
4 indirect successor liability, including an alter ego action
5 against one of the New Trane entities as being the alter ego of
6 the Old Trane entity that have nothing whatsoever to do with
7 the debtor or any assertion that the debtor doesn't have the
8 resources to pay.

9 Next slide.

10 As a result of the -- this is another section of the,
11 the motion. This is Paragraphs 4 and 6. As a result of the
12 divisional merger, the old entity ceased to exist and its
13 assets and liabilities were allocated. So that brings us back
14 to this is all a decision by Old TTC and Old Trane to structure
15 it this way. This is a contrivance. This has all been
16 structured so that there was this attempted allocation.
17 Whether that allocation will hold up under scrutiny or can be
18 challenged is an open question, but it's an open question that
19 is not stayed by the automatic stay unless section, unless it's
20 a claim against the debtor or unless it's a claim that the
21 debtor now owns.

22 Next slide.

23 Under the express terms of the divisional mergers they
24 say Aldrich is solely responsible. Murray is solely
25 responsible. And again, they repeat this -- no -- the new

1 entities never produced anything and under the express terms,
2 they don't have responsibility. That is their contention.
3 Again, if the claimants seek to challenge that through an
4 action that has nothing to do with the debtor, it would be very
5 similar and analogous to a guaranty situation. In a guaranty
6 situation, the guarantor can be pursued. That claim is, is not
7 stayed by the automatic stay. This is -- in a, in a situation
8 where there is co-liability the claimants should not be
9 prevented from pursuing those claims and determining whether
10 that challenge can be successful.

11 Next slide.

12 The motion seeks a declaration that the automatic stay
13 enjoins the prosecution or commencement of a variety of types
14 of actions, fraudulent conveyance claims, successor liability
15 claims, alter ego claims, and any other claims to recover or
16 prosecute claims for recovery against a protected party. Facts
17 matter, the details of what is alleged matters, and whether the
18 debtor is in the mix of the claim matters. The broad relief
19 that the debtors request is not supported by the facts and the
20 law. And I'm going to go through this just a little bit more
21 slowly, but I will try to keep it moving because I know the
22 Court has, is aware of this.

23 So section 362(a)(1), as we said, applies only to
24 debtors. The Fourth Circuit has long maintained that the stay
25 does not shield non-debtor codefendants from lawsuits, but

1 affiliates here are analogous to non-debtor codefendants.

2 Because the debtor says they can't succeed, the structure won't
3 let them succeed, that does not equate to a stay.

4 Moving then to 362(a)(1) and the Robins decision, the
5 Robins decision is a, a difficult decision because, frankly,
6 it's, it's not a model of clarity, but reading it, as we
7 believe the court intended, what it was doing was using
8 362(a)(1) and (3) as an anchor for using 105 to say that there
9 were unusual circumstances which could result in an extension
10 of the stay to nondebtors. And as the Court knows, that court
11 was focused on the risk of depletion of the debtor's insurance
12 policies and, therefore, concluded that unusual circumstances
13 existed to expand the stay. We believe that really properly
14 read Robins is a decision that was not decided exclusively or
15 based on 362(a)(1).

16 Next slide.

17 But with respect to even factually here, the, the
18 issues are, are not relevant. New Trane and New TTC have
19 stipulated that they have no rights to the debtors' insurance.
20 So that's not an issue. The insurance coverage in Robins, of
21 course, was shared with non-debtor parties. The debtors have
22 not identified any direct action claims pending against the
23 insurers and so our contention is not that we have conceded
24 that the insurance is stayed. What we've said is the debtors
25 are seeking an advisory opinion with respect to the insurers.

1 That issue is not ripe and if anyone were to take some sort of
2 action, that issue could be raised at an appropriate time.

3 Next slide.

4 Further, and again importantly, all of the
5 indemnification obligations here are completely contrived.
6 They were assigned to the debtors as part of the divisional
7 mergers. The obligations under support agreements run, of
8 course, to all of the non-debtor affiliates, but the debtors'
9 reliance on the indemnifications puts it in a circumstance
10 where you're talking about entirely circular obligations. The
11 funding agreements prevent the debtors from ever suffering harm
12 if you accept the construct that the debtors would have you
13 accept.

14 Next slide.

15 Essentially, if Aldrich and Pump, you know, if Trane
16 comes to Aldrich and Pump and says, "Gee," you know, "you have
17 to indemnify us," Aldrich and Pump says, "Okay. Give me the
18 money and I'll give it back to you." That, that's what happens
19 or they transfer the money and then it comes right back in and
20 funds to replenish it. It is a complete and utter contrivance
21 and construct and it has no purpose other than to try to use as
22 a hook to obtain bankruptcy relief that otherwise it wouldn't
23 be entitled to.

24 Beyond that --

25 Next slide.

1 -- indemnification obligations are not enough for
2 declaratory relief. There's no reasonable basis here to prefer
3 an indemnity over an injured victim. There's no risk. The
4 debtors say it very directly, no risk that the debtors will be
5 unable to pay their asbestos-related claims. So
6 hypothetically, if a action against one of the indemnitees --
7 and now I'm sort of talking about the contractual indemnitees
8 that the debtor has -- if someone successfully sues them for
9 the personal injury claims suffered by that claimant and the
10 indemnitee turns around and makes a claim over, first of all,
11 it's going to be an unsecured pre-petition claim. It's going
12 to be just another claim in the estate, which is going to be
13 paid, and these are all -- these parties should not be
14 protected and, and can't be protected really through 362(a)(1)
15 or (a)(3).

16 Moving on to the next slide.

17 The debtors have not shown that all of these claims,
18 all possible, quote unquote, Aldrich/Murray Asbestos Claims,
19 belong to the estate. There can be simultaneous liability and
20 the really critical point we think conceptually in terms of
21 analyzing this is an asbestos claimant's personal injury action
22 against one or more of the protected parties is not property of
23 the estate. That's litigation against two nondebtors and that
24 is why there are arguments about issues like related to
25 jurisdiction and decisions on the extent to which a bankruptcy

1 court can look at those. Those are not at issue in connection
2 with 362(a) or (a)(3). What, what we're talking about with
3 respect to (a)(1) is an action against the debtor. There are
4 plenty of Aldrich and Murray asbestos claims that could be
5 asserted that are not against the debtor and, moreover, are not
6 claims that are claims that belong to the debtors' estate. The
7 claims that belong to the debtors' estate are claims for injury
8 to the debtor and to the extent that a claimant says, "I have
9 injury because the debtor has injury," that is a claim that the
10 Court could decide is now an estate claim. To the extent that
11 a claimant says, "I have an injury and I have another source of
12 recovery," that is not an automatic stay claim.

13 Moving to the next slide.

14 Alter ego and successor liability claims, at least
15 certain of those claims are not debtor claims. The debtors
16 cite numerous cases that stand for the proposition that those
17 claims constitute estate property, but in each of those claims
18 or in those cases there are scenarios where the tortfeasors
19 committed harm that damaged the debtor. That's not what we're
20 talking about here.

21 Your Honor, these cases are novel. This is -- the,
22 the Texas Divisive Merger Act has, as far as we can tell --

23 Next slide.

24 -- never been tested. It's never been used this way.
25 It's never been tested. The debtors struggle to make this fact

1 pattern fit in the box with other cases and they use terms like
2 successor liability and alter ego without drilling down on what
3 the actual nature of those actions are and that assumes too
4 much. Claimants have the right to test whether they can
5 recover against the non-debtor affiliates. If they lose, they
6 lose. If they win, they win, but those claims are not estate
7 claims.

8 Next slide.

9 Due process precludes the divisional merger from
10 cleansing New TTC and Trane and, and this is, comes to the
11 issue, your Honor, particularly, TTC and Trane's liability
12 directly for these claims as a result of the divisional merger.
13 It's beyond dispute that one company's transferred assets to
14 another under circumstances resulting in the transferee
15 becoming responsible for tort liabilities by agreement does not
16 relieve the transferor of those same obligations. That is
17 black letter law.

18 Next slide.

19 Similarly, the unilateral assignment of liabilities to
20 a new entity does not relieve the, the liability of the entity
21 that held that liability. So the right of an injured party can
22 elect to go against a defunct operation. It can -- it can --
23 the claimant can go against a successor. No matter how that is
24 allocated, those actions, those causes of action exist.

25 Next slide.

1 Claims against New Trane and New TTC as successors to
2 IRNJ and Old Trane are not estate claims. They're personal
3 injury claims. They have nothing to do with the debtor.

4 Next slide.

5 The claimants could also proceed, we believe, on the
6 basis of conflict, federal conflict preemption. Here, we
7 have --

8 Next slide.

9 -- Trane's attempted use of the Texas divisive merger
10 action to relitigate all of their liabilities to -- to -- and
11 to delegate those liabilities all to the debtor presents an
12 obstacle to the accomplishment and execution of 524(g). We
13 think that there is a very strong argument that the claimants
14 can make that the supremacy clause has eliminated the ability
15 of the divisive merger to effectively cleanse the liability of
16 New Trane.

17 And while we're sort of talking about that, it again
18 brings us back to the fact that we're in bankruptcy seeking to
19 protect those parties from being sued for liabilities that the
20 debtor says they don't have and that they've written into a
21 funding agreement a requirement of getting 524(g) relief in
22 this case, if there is to be a 524(g) plan, even though they
23 contend they don't have any liability in the first place.
24 Again, the, the fact that the debtor says it is so does not
25 make it so. The use of the statute as proposed by the debtors

1 and the New Trane entities to argue that the New Trane entities
2 are now absolved of all of their liability for asbestos claims,
3 which are unique and which Congress has specifically addressed
4 through section 524(g), is that they're, is preempted, our
5 argument is that the claimants could make a successful as
6 applied conflict preemption claim.

7 Moving to the next slide. And actually, if you can
8 jump to Slide 41.

9 The Court heard quite a bit of this, I know, during
10 the DBMP argument. We do want to make the points here in a
11 slightly different context because these are claims that a
12 claimant could seek to pursue in trying to recover against the
13 other successor. The other argument would be federal field
14 preemption applies here. The Texas divisive merger statute was
15 never meant to address Congress' purposes, as reflected in
16 section 524(g), with respect to the unique challenges presented
17 by asbestos disease. And by attempting to use this statute in
18 the way that the Trane entities are looking to use it, again,
19 we believe, is clearly an argument that the claimants could
20 pursue under, under law to attempt to hold the other
21 successors, the New Trane entities liable.

22 You could skip to Slide 45.

23 As I said, the debtors identify in their response five
24 different cases that, where they say actions were asserted
25 which, to them, clearly demonstrate that the plaintiffs have

1 alleged that they suffered injury because of some underfunding
2 or fraudulent scheme that resulted in the debtor not being able
3 to satisfy the liabilities. It's important to note a couple of
4 things.

5 No. 1, these claims were pre-bankruptcy claims. So at
6 that time those were claims that, that the plaintiffs were
7 asserting which were designed to challenge the divisive merger
8 in a, in a way that, you know, even named the plaintiffs, as
9 you see. So the plaintiffs them, or the debtors themselves
10 were, were named here by the plaintiffs. Things are, are
11 different now, though, because, because you do have -- and I
12 think Mr. Hamilton mentioned the Kozlow case. The Kozlow case
13 alleged, in part, some harm to the debtor as part of the claims
14 that it was asserting, but not, that's not the whole story.
15 Mr. Kozlow sought to hold Gardner Denver liable individually as
16 well as an, as an alter ego of Aldrich and also, Gardner Denver
17 liable as an alter ego of Trane Technologies Co. and Trane U.S.
18 Those claims are different and distinct and the debtors are
19 looking for a broad brush. The automatic stay stays
20 everything, all these claims, any claim that you could possibly
21 think of for personal injury. That simply is not supportable
22 under the law. The Court is going to, unfortunately, or the
23 debtor will, take a, have to look at what the claims are that
24 are asserted and make some distinctions with respect to which
25 of those claims are based on injury to the debtor and which of

1 those claims are based on direct causes of action to recover
2 for personal injury.

3 Next slide.

4 Returning, again, your Honor, to the funding
5 agreement, the funding agreement contains the following
6 definition. I've referenced it a few times:

7 "A plan of reorganization for the payee" -- that's the
8 debtors -- "confirmed by a final, non-appealable order
9 of the bankruptcy court and district court providing
10 the payors, Trane Technologies and Trane U.S., and the
11 payees with all the protections."

12 The goal of these cases is to obtain non-debtor
13 relief. The debtors -- you wonder why are they even concerned
14 with this. There's no harm they're going to ever suffer,
15 according to them. So why are they working so hard to put
16 their hands in the air and say, "We're the only ones with
17 liability"? It simply makes no sense except in the broader
18 context of why this case was filed.

19 Next slide.

20 Ultimately, this bankruptcy case was designed to
21 deliver the benefits of the stay, including the automatic stay
22 to protect the parties because the debtors constructed an
23 argument by use of defined terms, by use of concepts without an
24 analysis of how they apply, where they apply, whether they
25 apply. The only harms that the debtor could ever have are the

1 result of the manner in which this transaction has been
2 intentionally structured. They are self-inflicted harms.

3 Further, your Honor, the debtors have an obligation to
4 act in the best interest of their creditors. The debtors are
5 here and they seem to solely be focused on trying to injure the
6 creditors further, prevent them from other sources of recovery,
7 attack them, as the informational brief has made clear they
8 would like to do. This is not -- and everything they have done
9 so far has been in the greater goal of protecting the non-
10 debtor affiliates either directly through this preliminary
11 injunction or trying to find a way to try to argue that the
12 asbestos liabilities are overstated so that the funding
13 agreement has to pay less. It simply doesn't make sense.

14 But returning to what is before the Court with respect
15 to this motion, we're talking about 362(a)(1). We're talking
16 about 362(a)(3). While it is certainly, again, the case that
17 section 362(a)(3) would stay a action that belongs to the
18 debtor -- and there are certainly some of those actions and
19 362(a)(1) certainly stays actions against the debtor -- the
20 request here that the debtor has made for broad-brush ruling
21 that all asbestos claims, as they have defined them, should be
22 stayed from bringing them against any of the protected parties
23 is both premature and unsupported by the statute.

24 Unless the Court has any questions, that's the end of
25 my presentation.

1 THE COURT: All right.

2 Anyone else who's not had an opening? Anyone?

3 (No response)

4 THE COURT: We are about ten minutes till 11:00. It
5 might be an appropriate time for a mid-morning break, to take
6 ten minutes and allow -- I assume the debtors are going first
7 on the fact witness testimony. So you can prepare for that.

8 And we'll pick up again at, let's try to make it as
9 close to 11:00 Eastern as we can, all right?

10 (Recess from 10:52 a.m., until 11:04 a.m.)

11 AFTER RECESS

12 (Call to Order of the Court)

13 THE COURT: All right. Have a seat, everyone.

14 Do we have everyone?

15 It occurred to me walking out of the room what we just
16 said, what I just said made no sense, whatsoever, that, taking
17 evidence in a summary judgment motion.

18 May I presume that y'all were talking about witness
19 testimony for the preliminary injunction, not the summary
20 judgment?

21 MR. HAMILTON: That's correct, your Honor.

22 THE COURT: Okay.

23 Were there any rebuttal arguments on the summary
24 judgment?

25 MR. HAMILTON: Yes, your Honor, just very briefly. I

1 won't take much of your time on it. I just wanted to respond,
2 basically, to two points that Ms. Ramsey made that I think are
3 important to respond to.

4 First, she brought up a slide that quoted from the
5 Kozlow complaint on allegations against Gardner --

6 THE COURT: Right.

7 MR. HAMILTON: -- which is an indemnified party.
8 That's not a non-debtor affiliate that we're, that we're
9 talking about. And so I wanted just to point that out because
10 if you, as your Honor knows, the declaration we're seeking is a
11 declaration on, with respect to indemnified parties, only that
12 the assertion of what we've defined as Aldrich or Murray
13 Asbestos Claims against an indemnified party would be
14 automatically stayed under (a)(1). If a -- if a -- if a, the
15 individual claimant has a direct individual claim against an
16 indemnified party, that wouldn't be covered by the automatic
17 stay and that's not what we're asking the Court to declare.

18 As you recall, the, the definition, as Ms. Ramsey
19 showed the slide, the definition of an Aldrich/Murray Asbestos
20 Claim is a claim that, that the individual claimant had against
21 Old Trane or Old IRNJ, which became Old Trane Technologies
22 right before the divisional mergers. So if, if they have a
23 claim against one of the Old Trane entities, then they, then we
24 are asking for a declaratory ruling that the automatic stay
25 precludes them from seeking to recover on that claim either

1 from an indemnified party on (a)(1) --

2 THE COURT: Uh-huh (indicating an affirmative
3 response).

4 MR. HAMILTON: -- or from the non-debtor affiliates --

5 THE COURT: Right.

6 MR. HAMILTON: -- under (a)(3).

7 The second point on -- and it's related to what we
8 just talked about this this -- Ms. Ramsey said that -- that she
9 -- that the ACC disputes whether these claims against the non-
10 debtor affiliates are derivative or not, suggesting that's a
11 factual dispute that requires a trial. I believe that is
12 incorrect because the -- we're getting hung up on the
13 definition, legal definition of the word "derivative." And
14 whether you call it direct or indirect or derivative or
15 nonderivative, the underlying facts here are not disputed. The
16 underlying facts are we are only seeking a declaration
17 regarding the assertion of asbestos claims that a claimant had
18 against Old Trane or Old IRNJ. That's not disputed. That's
19 all we're asking for. There's no dispute that Old IRNJ and Old
20 Trane no longer exist. You can't assert claims against an
21 entity that no longer exists. You have to find somebody that
22 exists to assert claims against them.

23 Whether you call it derivative or direct or indirect,
24 the only way they can assert a claim that they could have
25 asserted against Old Trane that no longer exists or Old Trane

1 Technologies, which no longer exists, the only way they can
2 assert that against New Trane or New Trane Technologies is
3 either, as she acknowledged also in her argument, on, on a
4 successor liability theory or as an alter ego theory. Because
5 the reason that's the case is that neither New Trane nor New
6 Trane Technologies existed at the time that the claims arose
7 against the older entities that no longer exist.

8 And that's essentially what the Second Circuit
9 explained in great detail in Tronox, which is why we briefed
10 it --

11 THE COURT: Uh-huh (indicating an affirmative
12 response).

13 MR. HAMILTON: -- for you in both our, our motion and
14 in our reply brief, that these are, at least as the Second
15 Circuit uses the term, are derivative claims against the non-
16 debtor affiliates. They have to be by definition because the
17 non-debtor affiliates did not exist at the time the claims
18 arose.

19 And then the last thing that I would say, your Honor,
20 is that we're not asking for an advisory opinion on any
21 possible claim that an individual claimant might be able to
22 assert against any party. Our point is is that the only way
23 they can assert an asbestos claim that they had against Old
24 Trane or Old IRNJ against some other party, the only way they
25 can do that is to assert it either as in the context of a

1 successor liability claim or an alter ego claim. There is no
2 other basis on which to sue other entities for those claims by
3 definition. Ms. Ramsey and the ACC does not dispute that
4 argument, nor did they identify any other type of claim or
5 cause of action that would, that's separate from a successor
6 liability or alter ego claim and based on all the case law
7 that's developed over the past 25 years, including cases your
8 Honor has decided in the, in the, in the Creative Entertainment
9 case, those claims are estate claims that are protected by
10 (a) (3).

11 That's my, that's my rebuttal, your Honor.

12 THE COURT: That last point, but for the bankruptcy
13 they could have also attempted a fraudulent conveyance claim,
14 could they not?

15 MR. HAMILTON: Absolutely.

16 THE COURT: Right.

17 MR. HAMILTON: Absolutely.

18 THE COURT: In addition to alter ego and -- okay.

19 MR. HAMILTON: That's right. All three of those
20 claims. And, as the courts have held. And -- and -- and I'm
21 not saying that the, that these transactions should not be
22 subjected to scrutiny. What I'm say --

23 THE COURT: Uh-huh (indicating an affirmative
24 response).

25 MR. HAMILTON: What we're saying is what, basically,

1 the court said, the district court said in Alvarez --

2 THE COURT: Right.

3 MR. HAMILTON: -- in the, which he says, "All the
4 creditors, not just the plaintiffs, have an interest in
5 exposing the transactions if they were, in fact, unlawful,"
6 right? "And therefore, they should be brought by the trustee
7 as an estate cause of action."

8 That's what we're saying, your Honor.

9 THE COURT: Okay.

10 MR. HAMILTON: That's it.

11 THE COURT: Anything else on this motion?

12 Mr. Guy?

13 MR. GUY: Yes. Thank you, your Honor.

14 I, I think the key here is that we understand the
15 automatic stay applies and we understand that if any individual
16 were to bring a cause of action related to the debtors'
17 asbestos liabilities outside of this bankruptcy court against
18 any non-debtor entity, they would need to come to this Court
19 for relief from the stay.

20 THE COURT: Okay.

21 MR. GUY: What is really happening here is the
22 debtors, the ACC, they're opposed to the corporate
23 restructuring. We've heard that and we're going to hear a lot
24 more about that. It's just the arguments against it were
25 arguments that could be properly made in a motion to dismiss

1 that hasn't been brought.

2 But the bottom line, if the Committee believes that
3 there are strong creditor claims here to be asserted, they
4 should ask the Court for relief from the stay for the Committee
5 to pursue those claims.

6 So I think we're in the wrong procedural posture right
7 now. I think the ACC understands the automatic stay applies,
8 but they don't want to ask for relief from the stay to pursue
9 those causes of actions on behalf of the Committee and asbestos
10 creditors. We, to the extent they want to pursue that and they
11 can make that argument, that's fine. What the FCR resists is
12 the notion that there will be piecemeal litigation across the
13 country by individuals resulting in disparate results. The
14 right answer here is if they think the corporate restructuring
15 gives rise to a fraudulent transfer or any sort of other claim
16 such as that, they should seek relief from the stay to pursue
17 those causes of actions through the Committee.

18 Thank you, your Honor.

19 THE COURT: Okay.

20 Anyone else?

21 Ms. Ramsey, you need one more?

22 MS. RAMSEY: I need one more, your Honor.

23 If I could -- and I will confine my response just to
24 the issues that were raised on rebuttal.

25 THE COURT: Okay.

1 MS. RAMSEY: With respect to the argument that Old
2 Trane no longer exists and, therefore, can't be sued, that's
3 not entirely correct. There are provisions under various state
4 laws to revive an old entity. There are causes of action that
5 could be asserted and those are not stayed by the automatic
6 stay. Those don't belong to, to the estate. They belong to
7 the individual claimant who is pursuing a claim for their own
8 personal injury.

9 And the distinction, again, your Honor, I think there
10 are two analytical distinctions. There's a personal injury
11 claim that someone is seeking to recover on from someone not
12 the debtor. That is the, the same situation that every other
13 co-debtor for asbestos claims is in. That's -- pick an entity,
14 GM, out there. They're -- they could -- that litigation
15 between the two nondebtors, the personal injury claimant, and
16 that entity could only be stayed in a way other than 362.
17 Could the Court expand the stay? It could and those are issues
18 that are going to be addressed in the upcoming argument. Under
19 362, an action between two nondebtors is not covered by the
20 stay and the case law is expansive on that, including, as I
21 mentioned before, the analogy to a guarantor, but also to the
22 jurisprudence around related to jurisdiction.

23 With respect to Gardner Denver, I, what I would say is
24 that Gardner Denver is listed on Exhibit B, the revised Exhibit
25 B, to the list of protected parties in the injunction. So I

1 think Gardner Denver is, in fact, a party that would be
2 proposed to be protected here. But Gardner Denver, regardless
3 of that, what we're really talking about, again, is the nature
4 of an action.

5 That brings me back to this whole, the, quote unquote,
6 only kinds of actions that the claimants could bring sound in
7 successor or alter ego. Successor claims and alter ego claims,
8 as they normally exist in a bankruptcy, are claims that the
9 debtor has to recover money so that it can satisfy its
10 liabilities. That's not what we're talking about. To the
11 extent that a personal injury claimant is bringing a cause of
12 action against a nondebtor based upon a theory, including
13 successor liability to Old Trane, not to the debtor, or alter
14 ego to, let's say, Old Trane, not the debtor, those are not
15 claims that are stayed by 362.

16 And the Tronox case does not stand for a different
17 proposition. If you examine the facts of Tronox, it was what
18 was called during the trial a "double dummy Reverse Morris," a
19 "double dummy reverse merger transaction" where the, a new
20 entity was created and, and placed on top of the, the corporate
21 family. But in any event, in the context of that case the, the
22 derivative claims were those of the entity, the, the debtor
23 entity. They were not talking about claims against another
24 entity that were being brought by a nondebtor. So it's, it's a
25 very different case.

1 With respect, as I said before -- I just wanted to end
2 here, again -- there are clearly claims that now belong to the
3 estate, but Mr. Guy is wrong. We don't agree that the
4 automatic stay covers these claims. Mr. Guy said, "I'm opposed
5 to piecemeal litigation." Mr. Guy represents future claimants
6 against these debtor entities and litigation by the current
7 claimants against other potentially responsible parties is,
8 frankly, not something that Mr. Guy has, we believe, a
9 statutory interest in.

10 So he may oppose claimants collecting from other
11 sources, but that's -- that's really not -- that's -- that's
12 not part and parcel of this case.

13 With that, your Honor, I would conclude.

14 THE COURT: All right.

15 All right. Are we done? Anyone else?

16 (No response)

17 THE COURT: I wish I was astute enough to make a
18 ruling on this before we go into the rest of the proceeding,
19 but even if I were inclined to grant the motion I would save
20 you more, having to go more than one time to the Court of
21 Appeals, which I think you're headed to unless a settlement
22 breaks out.

23 So my inclination would be to, to take the matter
24 under advisement and then allow you to go ahead and argue the,
25 and present the preliminary injunction hearing as well and then

1 we'll try to craft a ruling on both motions after the fact.

2 MR. HAMILTON: Thank you, your Honor. That's what we
3 were expecting.

4 THE COURT: Okay, very good.

5 Do we need a break or you're ready to proceed?

6 MR. JONES: Your Honor, Jim Jones for the debtors.
7 We're ready to proceed, if the folks are otherwise so inclined.

8 THE COURT: Everyone good to go into the preliminary
9 injunction at this point, opening statements?

10 (No response)

11 THE COURT: Okay.

12 All right. Again, we will start with the debtors,
13 since they have the burden of proof.

14 MR. JONES: Thank you, your Honor. Jim Jones of Jones
15 Day for the debtors.

16 And, Jon, if you could bring up the slides for this
17 segment, the very few that we will present. Thank you. That
18 looks like it.

19 Good morning, all.

20 Your Honor, I am here to give you a very brief
21 introduction to the enterprises about which you will hear and
22 the witnesses, I guess, from whom you, about which you will
23 hear and from the witnesses from whom you will hear in the next
24 day and a half or two. Consider this your program, if you
25 will, for the testimony and the evidence we are about to

1 present.

2 What I would ask next is for Jon to flash up just
3 quickly the first substantive slide which gives you a, sort of
4 pictorial view of the enterprises I just mentioned.

5 On the Aldrich side -- and knowing that you have read
6 the papers and that you have heard argument for the better part
7 of the morning in which these companies' names were mentioned,
8 I will make this very short.

9 THE COURT: Uh-huh (indicating an affirmative
10 response).

11 MR. JONES: But for purposes of definitionally setting
12 the table, we refer frequently in our papers and now will in
13 our testimony to Old IRNJ as the enterprise that underwent the
14 divisional merger on May 1, 2020. That formed, ceased to exist
15 at the time and then the divisional merger then formed Aldrich
16 Pump, the debtor, and Trane Technologies Company LLC, New Trane
17 Technology.

18 So that is the Aldrich side of the house. As you have
19 seen in the papers and will hear from the witnesses, Aldrich,
20 then, through the result of that divisional merger was
21 allocated a number of assets, including cash, interest in an
22 operating subsidiary, and rights and benefits under the funding
23 agreement and the asbestos liabilities about which we are all
24 here convened.

25 So if Jon would jump to the next slide, we'll give you

1 the working enterprise definitions for the Murray side of these
2 proceedings.

3 Again, on May 1, 2020, Trane U.S. Inc., what we refer
4 to as Old Trane, underwent a divisional merger and ceased to
5 exist, having allocated its assets and liabilities to Murray
6 Boiler, which we refer to often as just Murray, and to Trane
7 U.S. Inc., New Trane. Murray Boiler, again, a North Carolina
8 limited liability company, as is Aldrich, was allocated cash,
9 interest in an operating subsidiary, other assets, including
10 rights and benefits under the funding agreement, and the
11 asbestos liabilities that we are discussing for the better part
12 of the next 2-1/2 days, and Trane U.S. Inc., New Trane, was
13 allocated other, and the remaining, assets and liabilities and
14 the obligations under the funding agreement for the benefit of
15 Murray.

16 So those, your Honor, very quickly and pictorially, if
17 that's an adverb, are the enterprises about which you will hear
18 most in the next couple days. So let's, then, continue with
19 presenting the program and go to the witnesses from whom you
20 will hear.

21 Not in this order because of the scheduling conflict
22 that you heard about from either Mr. Erens or Mr. Hirst, but in
23 the order that they would be presented, generally, in a hearing
24 of this nature we will ask to take the stand virtually Mr.
25 Allan Tananbaum, the Chief Legal Officer and Secretary of both

1 debtors. We will then call Ms. Amy Roeder, who is the Chief
2 Financial Officer, member, Treasurer, and a member of the
3 boards of managers of Aldrich and Murray. Mr. Kuehn, who will
4 go Friday instead of following Ms. Roeder, as the last fact
5 witness, but, nonetheless, a fact witness, will, is the Chief,
6 rather, Financial Officer and Senior Vice President of Trane
7 Technologies, and you will hear briefly from him as well to
8 present fact testimony.

9 Our two experts will be presented, I believe in this
10 order, Laureen M. Ryan at Alvarez & Marsal and then Mr. Charles
11 Mullin, one of, the Managing Partner, rather, at Bates White.
12 I assume that they don't have more than one.

13 We will then ask Jon to bring up the next slide and
14 briefly give you what I expect these witnesses will testify
15 about. I will not read these slides to you, your Honor.

16 But Mr. Tananbaum, first up, will discuss,
17 fundamentally, the burden imposed by the historical and
18 projected defense and resolution of the asbestos claims about
19 which you have heard in the tort system. He will talk at some
20 length, though not at great length, about Project Omega, which
21 preceded the corporate restructuring that we depicted on the
22 opening slides that occurred on May 1, 2020. He will go into
23 debtors' decisions to file these chapter 11 cases because he,
24 after all, was the Chief Legal Officer of the restructured
25 enterprises, Aldrich and Murray, before that decision was made.

1 And he will discuss the, the debtors' goals in these cases and,
2 generally, their capacity to achieve them. And last, he will
3 discuss the harm that the debtors will incur and the threat to
4 the reorganization that will be imposed, in the debtors' view,
5 if the preliminary injunction is not extended.

6 In the batter's box will be Ms. Roeder, who will step
7 in, rather, in the on deck circle who will step into the
8 batter's box after Mr. Tananbaum is Ms. Roeder. She, as I
9 mentioned, is the Chief Financial Officer and a member of the
10 board of managers of both debtors. She will discuss,
11 generally, their financial performance and condition. From the
12 boards' perspective, she will share how and why the decision to
13 try to resolve their current and future asbestos liabilities
14 in, in this proceeding was arrived at. And last, she, too,
15 will share from the boards' perspective the goals to resolve
16 those liabilities fairly and finally in this proceeding through
17 the formation of a section 524(g) trust. And she will also
18 discuss briefly the financial capacity for that to occur both
19 through the assets of the debtors and through resources
20 available to the debtors through the two funding agreements.

21 Mr. Kuehn, next in order, if the fact witnesses were
22 taken in that order, would share, your Honor, and, rather, will
23 share, your Honor, I believe, his view of the Project Omega
24 purpose, how the 2020 corporate restructuring effected it or
25 accomplished it, and the New Trane Technologies and New Trane

1 commitments, as evidenced in their funding agreements,
2 respective funding agreements, and the capacity to meet the
3 obligations set forth in those funding agreements.

4 That will be all of the fact testimony we expect to
5 present to you through live witnesses virtually joining us,
6 your Honor, and then we will move to the expert testimony.

7 Ms. Ryan at Alvarez & Marsal will share with you,
8 premised upon her experience set forth on the slide, three
9 summary, three opinions, a summary of which I set forth on the
10 slide with the help of those who type better than I and work in
11 PowerPoint far better than I. She will opine that including
12 Old IRNJ, as we defined it for you, and Old Trane in a
13 bankruptcy filing was not feasible nor in the interest of
14 stakeholders. She will opine, we expect, that a hypothetical
15 broader bankruptcy filing would have increased costs and risks
16 and offered no material additional benefit to claimants. And
17 last, she will opine that the '22 [sic] corporate restructuring
18 is, indeed, notable for not limiting the assets available to
19 pay asbestos claims, all of those opinions we expect to elicit
20 from Ms. Ryan.

21 And that will leave, then, Mr. Mullin, rather,
22 Dr. Mullin.

23 THE COURT: Uh-huh (indicating an affirmative
24 response).

25 MR. JONES: And Dr. Mullin will, based on his, again,

1 more than two decades of experience in matters not dissimilar
2 from this in relevant ways, offer up, fundamentally, two
3 summary, two opinions. The summaries are there on the slide.
4 He will testify that potential or any potential delay in
5 payment to the claimants here would not be economically
6 material, given the other resources of recovery of, rather,
7 other sources of recovery available to these claimants and to
8 any typical asbestos claimant. He will then offer an opinion
9 to the effect that a bankruptcy reorganization resulting in a
10 trust, the kind of which the debtors seek to form, fund, and
11 administer here or, or let others administer at some later
12 time, rather, but at least to form and fund here is an
13 economically more efficient and fair, more equitable way to
14 compensate claimants than asbestos litigation in the tort
15 system.

16 Your Honor, the next slide merely says thank you and
17 we'll say it out loud as well as show it to you, but we do
18 expect to do this relatively quickly. We expect the direct
19 examinations to go relatively quickly. I know "relatively" is
20 a broad adverb, but we expect it, nonetheless, and we hope to
21 get through it ahead of schedule.

22 So that is our opening statement of the evidence we
23 expect to present, both fact and expert, your Honor.

24 THE COURT: All right.

25 How about for the FCR?

1 MR. GUY: We have nothing to add, your Honor. Thank
2 you.

3 THE COURT: Thank you.

4 Ready to hear from the ACC.

5 MR. MACLAY: Good morning, your Honor.

6 THE COURT: Mr. MacLay.

7 MR. MACLAY: Kevin MacLay for the ACC.

8 Your Honor, we're here today because of Project Omega,
9 a bankruptcy stratagem authored by lawyers to protect the Trane
10 enterprise from its asbestos liabilities without having to file
11 for bankruptcy. To do that, Trane and Ingersoll-Rand first
12 purported to take advantage of a corporate restructuring
13 procedure with which your Honor is familiar under Texas law to
14 pack all of its asbestos liabilities into one company and
15 virtually all of its assets and all its other liabilities into
16 another. As shown from a March 5, 2020 corporate
17 restructuring, pre-corporate restructuring communications plan,
18 your Honor, "We," Ingersoll-Rand, and Trane, "will isolate the
19 asbestos liabilities into standalone entities and will take the
20 entities bankrupt." That's ACC Exhibit 192. Then, they put
21 the companies with the asbestos liabilities, the debtors here,
22 Aldrich and Murray, into bankruptcy while the asset-rich
23 companies, New Trane and TTC, simply continued business as
24 usual.

25 But for this scheme to work, your Honor, New Trane and

1 TTC must successfully convince this Court to protect them and
2 another 399 other companies through this preliminary
3 injunction. The protected parties, your Honor, are 204
4 affiliates of the debtors, 15 unaffiliated entities, and 182
5 insurance companies. Now if, if this injunction were to be
6 granted, your Honor, New Trane, TTC, and the other so-called
7 protected parties would receive a key benefit of bankruptcy, an
8 indefinite litigation stay without ever having to enter
9 bankruptcy themselves, and this would be inconsistent with the
10 fundamental structure and well-recognized practice of both the
11 Bankruptcy Code, in general, and with asbestos bankruptcies, in
12 particular. This would leave New Trane and TTC free to
13 upstream hundreds of millions of dollars, if not billions, to
14 parent companies and continue paying non-asbestos creditors in
15 full without court oversight while asbestos creditors, on the
16 other hand, would be stayed from proceeding against and
17 recovering from the debtors and New Trane and TTC.
18 Specifically, if a preliminary injunction were granted, all
19 asbestos litigation against these entities would be stayed
20 indefinitely and the so-called protected parties would bear
21 none of the burdens of bankruptcy and while New Trane and TTC
22 would have to make certain payments to fund the bankruptcy,
23 that would actually be a substantial financial benefit compared
24 to the many millions they were paying each year prepetition
25 defending against and paying asbestos victims in the tort

1 system or their predecessor. And that has been the goal since
2 relatively early on in Project Omega, your Honor, to put
3 asbestos liabilities into bankruptcy and have the asset-rich
4 companies proceed pretty much business as usual, as shown from
5 ACC Exhibit 18, a December 4, 2019 e-mail provided in
6 discovery.

7 So, your Honor, as you will hear, Project Omega
8 includes contrived contractual obligations on which to base
9 arguments for alleged harm, contrived employment arrangements
10 on which to base arguments for distraction of debtors
11 personnel, a robust PR and communications plan aimed at
12 obscuring the inevitability of bankruptcy and painting the
13 alienation of billions of dollars of assets from asbestos
14 liabilities as somehow for the benefit of the asbestos
15 claimants. And what you're hearing, your Honor, in this PI
16 proceeding is, essentially, the last stage of that PR and
17 communications plan.

18 Now you will see, your Honor, in the evidence that
19 while official documents and board presentations pay lip
20 service to flexibility and non-bankruptcy options, that
21 internal documents that were not overseen by counsel show that
22 this bankruptcy proceeding and this PI proceeding was always
23 the end goal, the omega in Project Omega. And this was neither
24 a necessary path, nor a prudent one.

25 Case in point, your Honor, there are two other

1 potentially relevant pending proceedings, you know, more even,
2 but there are at least two. One of them is Bestwall pending
3 right here in the Western District of North Carolina. In that
4 case, a preliminary injunction similar to the one requested
5 here was granted on the promise that it would focus and
6 facilitate plan negotiations, but it has had, your Honor, the
7 opposite effect. That case is nearing its fourth year of
8 contentious litigation with no end in sight.

9 The better path, your Honor, is that shown by the
10 Paddock case pending in Delaware. That case was filed before
11 this one, your Honor, but shortly before it. It did not seek
12 nor receive a preliminary injunction protecting nondebtors --
13 and there were a variety of nondebtors of, of relevance there
14 as well -- and the parties in that case, your Honor, have
15 recently reached a consensual agreement on, on funding a 524(g)
16 trust with a contribution of \$610 million and that's all on the
17 public record.

18 So, your Honor, you don't need a PI to confirm a
19 524(g) plan. You don't need a PI to negotiate with claimants.
20 You don't need a PI to have a successful bankruptcy. In fact,
21 relatively recent history shows the opposite is true, that this
22 proceeding is not only not necessary for the debtors, but it's
23 unhelpful to their proposed and purported goals.

24 But, of course, litigation in the bankruptcy forum is
25 the path that New Trane and TTC have chosen. Since the very

1 beginning of these cases the debtors have done little other
2 than antagonize the Committee and its constituency going from
3 filing a hostile information brief attacking asbestos victims,
4 nominating a non-consensual candidate for FCR, moving to take
5 onerous and questionable discovery against the Committee and
6 its constituents, moving for a bar date and claims process that
7 would unfairly disenfranchise lots of asbestos creditors, but
8 no plan progress to speak of and certainly no progress in
9 securing the 75 percent supermajority vote of current claimants
10 that would be required for the section 524(g) plan they claim
11 to seek. And, your Honor, the protected parties have enjoyed a
12 temporary litigation stay for ten months without little, if
13 anything, to show for it other than posturing and litigating.
14 This is evidence itself that the indefinite litigation stay
15 that they seek is not the prescription for progress and a
16 consensual resolution here.

17 The debtors are asking this Court to reward asset-rich
18 New Trane and TTC and all the rest of the so-called protected
19 parties for their transparent stratagem to give them all of the
20 protections of a debtor without any of the burdens and to do so
21 at the expense of the asbestos claimants injured and killed by
22 the very activities that generated those assets and that would
23 not be equitable, your Honor, and under the circumstances the
24 Court should not grant the debtors any of the requested relief.

25 Now Trane and Ingersoll-Rand's asbestos liabilities

1 were and are substantial, your Honor, but for years they
2 defended against these liabilities in the tort system or
3 addressed the liability in other dispute resolution procedures
4 while remaining highly successful and profitable companies.
5 And in 2019, for example, these companies' assets dwarfed their
6 combined operating and asbestos liabilities. As you'll hear
7 from Mr. Diaz, your Honor, before the corporate restructuring
8 that came with Project Omega Ingersoll-Rand had over 15 billion
9 in assets and only about half of that in liabilities. Trane,
10 on the other hand, had over seven billion in assets and less
11 than five billion in liabilities.

12 So they were well positioned to continue addressing
13 their asbestos liabilities as they arose well into the future
14 paying those liabilities full judgment or settlement values and
15 they knew that. But, of course, they chose to proceed the way
16 they did to suppress the value of those claims and to give
17 themselves additional negotiating leverage without subjecting
18 their main enterprise to the oversight of this Court in a
19 bankruptcy and they concocted a series of corporate
20 transactions intended to end Ingersoll-Rand's continuing
21 involvement in asbestos personal injury lawsuits and to shield
22 the assets from asbestos claimants.

23 And the first step in that, in that scheme, your
24 Honor, was the Reverse Morris Trust transaction, an RMT
25 transaction, in which, as the debtors' Chief Legal Officer put

1 it, Ingersoll-Rand ended up with a big pot of cash, although he
2 couldn't specify where that money went in the corporate
3 structure. Ingersoll-Rand transferred to Gardner Denver two
4 businesses with legacy asbestos liabilities, but retained the
5 asbestos liabilities from those businesses while the
6 shareholders of Ingersoll-Rand got paid 50.1 percent of that
7 Gardner Denver stock. But such machinations were clearly
8 insufficient for Trane and Ingersoll-Rand's equity holders.

9 And so came about Project Omega, an attempt to
10 effectively halt and then significantly discount asbestos
11 claims while continuing to operate and administer assets as
12 usual, as was made clear in the, in the Valdes deposition about
13 which you're, you're going to be hearing more, your Honor:

14 "Q At the end of a meeting, of this meeting was it
15 your belief that it was probable that the Trane
16 entities would end up paying out less money to
17 claimants if bankruptcy were filed by Aldrich and
18 Murray?

19 "A In my mind, from recollection, it was a
20 probability."

21 Now let's take a look at Project Omega, your Honor,
22 and how it worked. Besides having more than sufficient assets
23 to pay their asbestos liabilities as they arose, this idea came
24 about from Bestwall's chapter 11 filing and what happened was,
25 just like in Bestwall, Ingersoll-Rand and Trane engaged in the

1 Texas two-step transaction in an eye blink, engaged in a
2 temporary relocation to Texas to perform divisional mergers, a
3 process with which this Court is quite familiar by this point,
4 and they spawned two holding companies, each holding virtually
5 all of the assets, two of them holding all of the assets --
6 excuse me -- and the other two holding all of the asbestos
7 liabilities. And then seven weeks later, the debtors filed for
8 bankruptcy, the only trajectory seriously considered as part of
9 Project Omega.

10 Now Project Omega, as I mentioned, your Honor, was
11 conceived when Evan Turtz, the General Counsel for Trane
12 Technologies, read some briefing from the Bestwall bankruptcy.
13 He communicated with and retained the Jones Day bankruptcy team
14 shortly after the Bestwall briefing triggered his interest and
15 lawyers were integral to Project Omega thereafter. After
16 bringing on the Jones Day bankruptcy team, Ingersoll-Rand and
17 Trane formed a small working group of seven employees, four of
18 whom were inside counsel. And Turtz also led the recruitment
19 of the debtors' supposedly independent board members, who are
20 actually former long-time Ingersoll-Rand employees, saving the
21 materials from the Bestwall bankruptcy in the process and
22 lawyers attended virtually every board meeting and, and, and
23 the Chief Legal Officer, Allan Tananbaum, chaired all board
24 meetings, even though he was not even a member of either Trane
25 or Ingersoll-Rand's boards.

1 Project Omega was revealed to only a small number of
2 employees and all employees were required to sign non-
3 disclosure agreements that became aware of it to keep their
4 project under a veil of secrecy and as you'll hear more, your
5 Honor, the pervasive involvement of lawyers in these meetings
6 has also been used by the debtors to foreclose most inquiries
7 into the internal reasoning and discussion in forming Project
8 Omega.

9 But after months of secret planning, Trane and
10 Ingersoll-Rand put Project Omega into motion on April 30, 2020
11 with the corporate restructuring and the divisional merger
12 essentially put, created two good companies, New Trane with 98
13 percent of Old Trane's assets and New TTC with approximately 99
14 percent of Old Ingersoll-Rand's assets, and two bad companies,
15 the debtors here, Murray and Aldrich, which received the
16 residue of Trane's and Ingersoll-Rand's respective assets, but
17 all of their respective asbestos liabilities.

18 So thus, your Honor, as a result of this divisional
19 merger, in just a few hours and without notice to a single
20 asbestos creditor Trane and Ingersoll-Rand purported to
21 separate virtually all of their businesses and assets from
22 their asbestos liabilities dumping those liabilities into the
23 debtors. And after that, New Trane and New TTC both
24 reincorporated in Delaware at the same time as the debtors,
25 Aldrich and Murray, were reincorporated as North Carolina LLCs.

1 And what the debtors did here, your Honor, is also a
2 perversion of the Texas divisional merger statute which makes
3 clear under Section 10.901 of, of the Texas Business
4 Organizations Code that it was intended to preserve "rights of
5 creditors under existing law," notwithstanding any other
6 provision of the Code, including the divisional merger
7 provisions. And this Court, your Honor, as your Honor is well
8 aware, has noted the potential horror story scenario where a
9 company dumps all of its liabilities and then the shell
10 corporation, a bad company, under the Texas merger statute puts
11 that company into bankruptcy and walks away with its enterprise
12 and that's exactly, your Honor, what happened here. That's
13 exactly what Project Omega was all about.

14 And, and, of course, it was also quite clearly
15 controlled by the asset-rich New Trane and New TTC. For
16 example, when told the boards were taking too long to decide to
17 go into bankruptcy one of the insiders, when told the boards
18 had to make an independent decision, replied with air quotes,
19 your Honor, or I guess they're called stair quotes in writing,
20 "Independent, yes." It was quite clear the debtors' board was
21 never engineered to be independent.

22 First of all, of the three board members of each of
23 the debtors, two of them are not independent, just facially,
24 and then the third supposedly independent manager was
25 handpicked by Mr. Turtz, the counsel overseeing Project Omega,

1 and they were long-time employees of Ingersoll-Rand before
2 retiring. When asked why, why he didn't consider individuals
3 for the board who hadn't worked for Ingersoll-Rand or Trane,
4 Mr. Turtz had no explanation other than, "We just didn't."
5 Therefore, your Honor, it's certainly no surprise when the
6 debtors' boards decided to file for bankruptcy because it was
7 the inevitable planned outcome for Aldrich and Murray under
8 Project Omega from the beginning.

9 At his deposition Mr. Turtz noted that the non-
10 bankruptcy options floated in Project Omega were all plagued
11 with difficulties. Even the name Project Omega itself was
12 given by a finance director within Ingersoll-Rand to signify
13 the end of the companies' asbestos liabilities, implicitly
14 acknowledging that there was never any intention that Project
15 Omega would result in the companies retaining asbestos
16 liabilities in the tort system. And in that coms mention, the
17 coms document I mentioned before, your Honor, it makes quite
18 clear, "We will isolate the asbestos liabilities into
19 standalone entities and take the entities bankrupt." And
20 there's, there's more evidence you're going to hear on that,
21 your Honor. There's actually voluminous amounts of evidence on
22 that point.

23 The non-debtor affiliates, your Honor, have stated
24 that the bankruptcy filings by Old Trane and Ingersoll-Rand
25 would have had negative consequences on the companies and so

1 that's why Project Omega aimed to give them the benefits of
2 bankruptcy, a stay of litigation chiefly among them, without
3 inconveniencing these wealthy conglomerates with the burdens of
4 a bankruptcy filing as well as clear from examination of the
5 details of the corporate restructuring and, and so-called, you
6 know, the indemnification agreements that are contrived and
7 self-manufactured and are circular under which the debtors
8 actually don't have to indemnify anyone because New Trane and
9 New TTC are actually indemnifying themselves, ultimately,
10 'cause they're responsible to pay whatever payments the debtors
11 can't make under those obligations. And as Project Omega's
12 Project Manager concluded in December, your Honor, they were
13 intending to proceed pretty much business as usual as long as
14 there are robust inter-company agreements.

15 And, in fact, that's exactly what's happened. Trane
16 and TTC have continued business as usual without interruption,
17 continuing to pursue the business of their predecessors,
18 continuing to pay non-asbestos creditors in the ordinary
19 course, and, potentially, free to up, upstream -- and who
20 knows, your Honor, 'cause there's no transparency into this --
21 millions or billions of dollars upstream while asbestos
22 claimants are not getting paid and are waiting around having
23 their claims be impaired.

24 So the convenience and efficiency that, that the
25 debtors seek for their affiliates come at the cost of delaying

1 and, to some extent, denying recoveries for asbestos claimants.
2 That's inequitable and cannot support the extraordinary remedy
3 of injunctive relief sought by the debtors today, your Honor,
4 in the form of an indefinite nationwide preliminary injunction.

5 On the same day as they filed, the debtors commenced
6 this adversary proceeding seeking a preliminary injunction of
7 asbestos nationwide lawsuits, as I mentioned, against Trane,
8 TTC, and the other so-called protected parties, or, in the
9 alternative, a declaratory judgment, and that the automatic
10 stay already protects those entities. The purpose of, of these
11 requests, your Honor, is not to benefit the debtors who are
12 fully covered, supposedly, by the funding agreements, if you
13 believe what the debtors themselves say, but to fully seal off
14 Trane, TTC, and the other non-debtor entities from any risk or
15 concern about their liabilities for Trane and TTC's asbestos-
16 containing products and if they succeed, your Honor, for them,
17 that would be the omega, the end.

18 And, your Honor, you're going to hear a lot more about
19 how the debtors can't meet the standard for a preliminary
20 injunction. They're not likely to succeed in getting the
21 524(g) plan. They've taken no meaningful steps to put such a
22 plan forward, nor would any such steps be credible under the
23 circumstances. The prejudice they seek to inflict on asbestos
24 creditors is unlikely to win it the required approval of those
25 same creditors.

1 There's no likelihood of irreparable harm if the
2 injunction isn't entered, your Honor. Most of the harms they
3 assert are, in fact, contrived and self-inflicted, are unlikely
4 to come to pass, and would not cause irreparable harm, even if
5 they did, and the balance of equities tilts decisively toward
6 denying the injunction. Project Omega was designed to stop
7 robustly solvent companies from having to pay asbestos claims
8 at their full value and if the injunction is granted, Trane and
9 TTC would be free to spend their assets as they see fit without
10 concern for their asbestos liabilities with asbestos victims
11 left out in the cold and that, your Honor, would only
12 incentivize delay instead of good faith negotiation from the
13 debtors.

14 And finally, your Honor, the public interest also
15 counsels denying the preliminary injunction because Project
16 Omega is a ploy, it's a scheme, and it's, without doubt,
17 against the fundamental principles of bankruptcy law, your
18 Honor, to allow a party to reap the benefits of a bankruptcy
19 without subjecting itself to bankruptcy's obligations and it's
20 not in the public interest, your Honor, to reward tortfeasors
21 who seek to do just that. Indeed, doing so would turn
22 bankruptcy law on its head.

23 So in sum, your Honor, in my closing argument I will
24 further develop these points and others as to why the debtors
25 must be denied any of the relief that they seek here.

1 Thank you.

2 THE COURT: Thank you.

3 All right. Anyone else by way of opening?

4 (No response)

5 THE COURT: All right. Are we ready to move on to the
6 debtors' exhibits, debtors' evidence? Excuse me.

7 MR. HIRST: We are, your Honor. And good morning,
8 again. Morgan Hirst on behalf of the debtors.

9 And we will start off by calling Allan Tananbaum to
10 the stand, or to the virtual stand.

11 THE COURT: By way of housekeeping, while we're
12 getting Mr. Tananbaum sworn, we will run up until about 1:00
13 Eastern, or whatever the closest stopping point then is, and
14 then we'll be obliged to take a lunch recess.

15 Mr. Tananbaum, if you will raise your right hand.

16 ALLAN TANANBAUM, PLAINTIFFS/DEBTORS' WITNESS, ADMINISTERED OATH

17 THE COURT: All right. Now let's see. I'm, I'm not
18 seeing Mr. Tananbaum at this point in time. Are we going to be
19 able to catch him while he, will he pop up when he, he starts
20 talking?

21 MR. LAMB: Is his camera active?

22 THE COURT: Mr. Tananbaum --

23 MR. HIRST: His camera --

24 THE COURT: -- is your camera on?

25 MR. HIRST: His camera is active.

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1 THE COURT: It is.

2 MR. HIRST: This is Mr. Hirst. His, his camera's
3 active on my screen.

4 Allan, why don't you say a few words (a) so we can
5 hear you on microphone a little bit and (b) so your picture
6 hopefully pops up.

7 THE WITNESS: Yes. Good morning, your Honor. I hope
8 you can see me.

9 THE COURT: Now I can, yes, sir.

10 THE WITNESS: Okay.

11 MR. HIRST: Okay, very good. If your Honor's ready,
12 we'll go ahead, then.

13 THE COURT: Everyone else ready?

14 (No response)

15 THE COURT: Please proceed.

16 MR. HIRST: All right.

17 DIRECT EXAMINATION

18 BY MR. HIRST:

19 Q If you can please introduce yourself to the Court today.

20 A Yes. Good morning.

21 My name is Allan Tananbaum.

22 Q All right. And where are you located today, Mr. Tananbaum?

23 A Today, I'm located from my home office in Westfield, New
24 Jersey.

25 Q And where are you employed, sir?

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1 A I am employed at Trane Technologies.

2 Q And, and you also play a role for the debtors in this case,
3 Aldrich and Murray?

4 A Yes. I act as the Chief Legal Officer and Secretary for
5 each of the debtors and I'm fully seconded to them.

6 Q Okay. And where are the Aldrich and Murray offices located
7 at?

8 A They're located in Davidson, North Carolina, which is
9 really the U. S. headquarters for all of the Trane
10 Technologies' businesses.

11 Q Now prior to your current seconded role with Aldrich and
12 Murray -- actually, let me ask you.

13 When did you begin your role as the Chief Legal Officer
14 for Aldrich and Murray?

15 A As of the date of the divisional mergers, May 1, 2020.

16 Q Okay. And prior to that, could you take us through your
17 various job history with the Trane family of companies and then
18 their predecessors?

19 A Okay. I, I'll try to do this briefly.

20 I began with Old Trane's predecessor, which was American
21 Standard, in January of 2005 and I began in the role of Chief
22 Litigation Counsel for the company. By the time we got to the
23 end of 2007 American Standard had broken itself up and the
24 remaining company renamed itself Trane Inc. to reflect the
25 business that was still owned. Trane Inc. then got purchased

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1 and merged into Ingersoll-Rand Company and that effectuated
2 itself in the summer of 2008.

3 As of the summer of 2008 I became the Deputy General
4 Counsel in charge of Litigation for all of Ingersoll-Rand. I
5 held that role until the summer of 2011, but in, in the
6 interim, as of February of 2010, I added a second role, which
7 was Deputy General Counsel for Compliance. I was essentially
8 the Chief Compliance Officer for the company.

9 In the summer of 2011, I relinquished my litigation
10 responsibilities and for the next decade, until April of 2020,
11 I was the Chief Compliance Officer for Ingersoll-Rand.

12 Q Okay. And you mentioned April 2020. What occurred with
13 your job responsibilities at that point?

14 A I was given a new role and responsibility. I became the
15 Vice President and Deputy General Counsel for Product
16 Litigation and relinquished the compliance role.

17 Q Okay. And is that still the title with the Trane, with
18 Trane Technologies that you hold today?

19 A Yes, sir. That's my title with, with Trane.

20 Q Okay. Now prior to joining Trane, if you could just take
21 us briefly through your work history after you graduated from
22 law school.

23 A Sure.

24 After a judicial clerkship right after law school, I joined
25 a large New York law firm, stayed for about three-and-a-quarter

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1 years, and then joined the U. S. Attorney's Office in New
2 Jersey shortly after 9/11 and stayed as a prosecutor for seven
3 years and then -- apologize, apologize. That was not after
4 9/11. That was in 1994.

5 I left the U. S. Attorney's Office shortly after 9/11 and
6 assumed the first of my in-house roles. I first went to
7 Honeywell where I was the Chief Litigation Counsel for two
8 business units as well as for corporate cases and stayed for a
9 little over three years and as of January 2005, joined American
10 Standard.

11 Q Okay. So, Mr. Tananbaum, in your various positions within
12 the Trane organization and now with, with Aldrich and Murray as
13 Chief Legal Officer, have you been involved in addressing
14 asbestos-related litigation and liabilities?

15 A Yes, over an expended period of time. I was on the spot
16 for defending tort litigation early on in my career, from 2005
17 through 2011, and then resumed that active role as of last
18 April and then also had sustained involvement on the insurance
19 recovery side for asbestos throughout the entirety of that
20 period. In fact, while I was the Chief Compliance Officer for
21 Ingersoll-Rand I had a side job, if you will, in pursuing
22 asbestos coverage from Ingersoll-Rand Company and Trane U.S.
23 Inc.'s insurers.

24 Q Okay. So as a result of that experience, dating back more
25 than 15 years, have you become familiar with the, Aldrich and

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1 Murray and their predecessors' experience with the manufacture
2 and sale of asbestos-containing products?

3 A Yes. I've become quite familiar over time.

4 Q Okay. Why don't we start with Aldrich and its
5 predecessors. And if you can describe that experience and
6 summarize that for the Court.

7 A Sure.

8 As a general matter, the products that contained asbestos
9 on the Aldrich side were principally pumps and compressors.
10 And Ingersoll-Rand Company, Aldrich's predecessor, didn't mine
11 asbestos. It didn't distribute asbestos fibers. It merely
12 incorporated asbestos-containing components into its products
13 that it acquired from third parties. And what we're talking
14 about principally is gaskets, gaskets in which the asbestos,
15 chrysotile, the less dangerous form, is fully encapsulated. On
16 the Ingersoll-Rand line there's also some packing material that
17 as well contained asbestos.

18 Q And when did Aldrich eliminate use of asbestos-containing
19 products in its sales?

20 A It was largely eliminated in the mid-eighties, but there
21 were one or two strands that continued into the early nineties
22 for very specific applications.

23 Q Okay.

24 And now if you could describe for us, same question as to
25 Murray. Briefly take the Court through the history of Murray's

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1 experience in the manufacture and sale of asbestos-containing
2 products.

3 A Sure.

4 The products are different, but the, the story is very
5 similar. So on the Trane side of the house, the products that
6 one sees with asbestos really are HVAC equipment, some railroad
7 equipment, and boiler equipment. And again, on the Murray side
8 as on the Aldrich side, we're principally talking about
9 asbestos-containing gaskets that were purchased from third
10 parties and then the gaskets were incorporated into the
11 finished products.

12 I should add that on the Murray side there is a, a minor
13 situation of some very old boilers that were manufactured in
14 the fifties and prior that were jacketed externally with
15 asbestos.

16 But apart from that, it's a very similar trajectory between
17 Murray and Aldrich.

18 Q Okay. And again, from a timing perspective, when did
19 Murray essentially cease selling asbestos-containing products?

20 A It's very similar. Almost all the asbestos-containing
21 components were eliminated no later than the mid-eighties.
22 There may have been a couple of strands that continued on for a
23 few years.

24 Q Okay. Now how long have Aldrich and Murray or their
25 predecessor companies faced asbestos-related lawsuits in the

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1 tort system, Mr. Tananbaum?

2 A Both companies have been embroiled in the tort system since
3 the mid-eighties. For Aldrich, the cases started a year or two
4 earlier than they did for Murray and have remained consistent
5 throughout and, and have grown in, in number over time.

6 Q And, and if you could go into a little more detail about
7 kind of the, the magnitude of that over time and how that has
8 changed. How, how have the scope and magnitude of the
9 asbestos, of the asbestos litigation against Aldrich and Murray
10 changed since those first lawsuits in the mid-eighties?

11 A Well, to my mind, one numerical depiction that really gives
12 a good sense of this is what you see when you focus on the most
13 serious diseases that are alleged in these claims and that's
14 mesothelioma. On a combined basis, Aldrich and Murray between
15 the mid-eighties when the first lawsuits came in and
16 approximately the year 2000, on a combined basis spent a total
17 of a little bit less than \$4 million on, on mesothelioma cases
18 and then within the next year the amount suddenly doubled.
19 Throughout the 2000s, the number of cases continued to grow.
20 First, there were a lot of non-impaired cases and then we get
21 to the present where the mix is mostly, in terms of new cases
22 that are coming in, mesothelioma cases.

23 And so you've, we've got tens of thousands of claims and on
24 a combined basis Aldrich and Murray, I think over the three-
25 year average just prior to the bankruptcy filing, are spending

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1 on a combined basis approximately a hundred million dollars a
2 year.

3 And on the indemnity side, most of those dollars are driven
4 by mesothelioma cases.

5 Q Okay. And let's talk a little bit about the situation that
6 Aldrich and Murray faced at the time, around the time of the
7 bankruptcy filing.

8 MR. HIRST: And, your Honor, I think this is going to
9 be the one time I actually do have our, our, our tech here,
10 Jon, share the screen. Because we have a couple of summary
11 exhibits that I think are worth flashing up.

12 And so, Jon, if we could get Exhibits 8, Debtors'
13 Exhibit 8 up.

14 BY MR. HIRST:

15 Q And let me ask a couple of foundational questions for you,
16 Mr. Tananbaum.

17 Are you familiar with the Aldrich and Murray asbestos
18 claims database which the debtors have produced in this case?

19 A Yes, sir, I am.

20 Q Okay. And at a high level, could you describe what's
21 contained within that database?

22 A That database would contain the entire history of Aldrich
23 and Murray's asbestos claims. So every claim that's come in
24 over time, including claims that have long since been resolved,
25 including claims that have been filed but are still pending,

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1 every one of those claims is depicted in the database, and you
2 can kind of follow along the lifespan of the claim by looking
3 in the database.

4 Q Okay. And now in order to aid you to testify today and in
5 order to show at least in, at least in a chart form some of
6 this information to the Court from that claims database, did we
7 prepare a few summary exhibits for you, sir?

8 A That's correct, you did.

9 Q Okay. And I'm going to ask you to look at Debtor Exhibits
10 No. 8, 9, and 11. We have 8 flashing on the screen now.

11 MR. HIRST: And, and, Jon, as Mr. Tananbaum testifies,
12 I'll ask you to, to move through Exhibits 8, 9, and 11.

13 BY MR. HIRST:

14 Q But why don't we start with Exhibit 8, Mr. Tananbaum, and
15 if you could describe what that is for the Court, please.

16 A Yes.

17 So these are excerpts, excerpted datapoints from the
18 database focusing on asbestos claims, bodily injury claims,
19 filed against Aldrich during the years 2005 through 2020, the,
20 the petition date in 2020, broken down as between mesothelioma
21 claims -- again, these are the most serious claims -- and, and
22 non-mesothelioma claims, other cancers, other nonimpairs,
23 everything together. And -- and -- and this gives you the
24 claim total.

25 Q Okay. And then Exhibit -- and, and this is a three-page

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1 exhibit, I think, is it not, Mr. Tananbaum --

2 A Yes.

3 Q -- a third page?

4 A As I recall, yes.

5 Q Okay.

6 MR. HIRST: Oh, and thank you, Jon. You're, you're
7 doing, flashing them all up for me at once.

8 BY MR. HIRST:

9 Q So then Exhibit 9, which appears is on the top right-hand
10 corner of the screen, if you could describe what that is for
11 the Court.

12 A Yeah.

13 This is a depiction, again using the same interval, 2005
14 through 2020, of the amounts in, that, that were spent in total
15 by Aldrich in the tort system, again broken down as between
16 indemnity and defense.

17 And just two points on that. Indemnity is a reference to
18 settlement amounts and defense is a reference to defense costs
19 whether expended principally to law firms, but also including
20 consultants, experts, and the like. I, I should note -- and I
21 don't think it's clear from the slide -- the Defense column
22 doesn't come from the database. We do track the amounts spent
23 by defense and we have a consultant who helps keep that track,
24 but the defense component does not itself come from an extract
25 of the database.

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1 Q Okay. And then, finally, if we can pull up Exhibit 11 and
2 zoom in on that.

3 What is Exhibit 11 depicting, Mr. Tananbaum?

4 A Exhibit 11 is depicting the totality of what we would call
5 unresolved claims in the database, again broken down by disease
6 a bit more specifically. Mesothelioma is called out, but then
7 lung cancer, other cancers, nonmalignants are called out
8 separately.

9 And when we talk about unresolved claims, this chart also
10 distinguishes between whether they're "open" or whether they're
11 inactive.

12 Q Okay. And for Exhibit 11, this is for, at the time or at
13 around the time of the petition date in this case?

14 A That's correct. I believe the bottom of the slide depicts
15 that the extract was created shortly after the filing of, of,
16 of the bankruptcy.

17 Q Okay.

18 MR. HIRST: Jon, if we can flash back to Exhibit 8
19 real quickly and to the third page of Exhibit 8.

20 BY MR. HIRST:

21 Q And we've seen the cover pages for each, but am I correct
22 the first page of each exhibit is a summary for Aldrich, second
23 page is a summary for Murray, and then the third page, it's the
24 combined summary, is that correct, Mr. Tananbaum?

25 A That's correct.

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1 And I should note that my answers for the second slide, the
2 Murray slide, would have been identical. They all come from
3 the same database.

4 Q Okay. And simply directing your attention here to Page 3
5 of Exhibit 8, approximately how many claims on an annual basis
6 were being filed against Aldrich and Murray for asbestos
7 liabilities dating back, let's say, the last ten years?

8 A Yeah. I mean, I didn't do the math. Perhaps, I should
9 have, but it's at least 3500 a year and then you have a couple
10 of years where you're either at or above 5,000 a year on a
11 combined basis.

12 Q Okay.

13 MR. HIRST: And then turn back to Exhibit 9, Jon, and
14 to Page 3 again on Exhibit No. 9.

15 BY MR. HIRST:

16 Q This is the indemnity and defense payments. And at the
17 bottom there, what's the five-year average that was calculated
18 here for indemnity and defense totals for asbestos claims?

19 A Yeah. For both debtors on a combined basis, the five-year
20 average is 96 million a year.

21 Q Okay. And we see the total right above there dating back
22 to 2005. Going back all the way to the 1980s when you
23 described the first asbestos cases being filed, approximately
24 how much in total indemnity and defense costs have Aldrich and
25 Murray and their predecessors spent?

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1 A Yeah. I believe it's close to three billion.

2 Q Three billion, sir, or is it -- is it two billion or three
3 billion? I'm just --

4 A No, I'm sorry. I think it's closer to two billion.

5 Q Okay.

6 MR. HIRST: And then moving to Exhibit 11 quickly,
7 Jon, and to Page 3 there, again looking at the combined sheet.

8 BY MR. HIRST:

9 Q Approximately how many total unresolved asbestos-related
10 lawsuits did Aldrich and Murray face around the time of the
11 petition?

12 A It's in excess of 87,000.

13 Q Okay. And you mentioned earlier the open claims and the
14 inactive claims. Can you explain to the Court what the
15 difference between those two is?

16 A Sure.

17 In general, open claims are claims that are winding their
18 way through the tort system that haven't been resolved yet.
19 But inactive claims denote something special. No. 1 -- and
20 this is mostly what the inactive claims component includes --
21 are numbers of claims on dockets in states that actually have
22 something called Formal Inactive Claim Docket. And my
23 understanding is, in general, what drives courts to place
24 claims on the, quote unquote, Inactive Claims Docket would be
25 sort of various degrees of nonprosecution over a period of

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1 time.

2 Having said that, there are some numbers in the Inactive
3 Claims column that come from states that don't have Formal
4 Inactive Claims Dockets, but pursuant to which our counsel team
5 has noted affirmative evidence of protracted nonprosecution and
6 on that basis we included them in the database under the
7 Inactive Claim designation.

8 Q Okay.

9 MR. HIRST: Jon, you can take the exhibits down and
10 you can release your screen so the Court can see us all in
11 full. Thank you for that.

12 BY MR. HIRST:

13 Q Besides the claims we just identified on that Exhibit 11,
14 are there any other claims that were settled at the time of the
15 bankruptcy, but those settlements had not yet been paid?

16 A Yes. There were approximately a hundred claims that had
17 been settled and pursuant to which we had either cut checks and
18 sent them in the mail and, perhaps, they were still in the mail
19 by the time the bankruptcy was filed. Perhaps, they had been
20 received by plaintiffs' firms but not yet cashed or, perhaps,
21 the checks were still being cut. And those hundred claims
22 totaled approximately 1.5 million in settlements.

23 Q Okay. Now in addition to those, Mr. Tananbaum, on the, on
24 the debtors' schedules that were filed in this case, which for
25 the record were, for Aldrich, Docket 207, and for Murray,

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1 Docket 19.

2 Were there another set of additional claims where there had
3 been some agreement to settle, but that were not paid, in
4 addition to the million and a half you just referenced?

5 A That's correct. There were approximately 700 claims
6 totaling approximately \$16 million that had not been paid
7 because some necessary documentation required to be submitted
8 by the plaintiffs' firms had not yet been in receipt and, you
9 know, nearly all of those claims would have been otherwise
10 agreed to within no more than two years of the filing of the
11 bankruptcy going back.

12 Q Okay. And, and then, finally, Mr. Tananbaum, again
13 referencing the schedules that were filed on the docket in this
14 case, are there yet another swath of claims that show up with a
15 listing of confidential settlement amount on those schedules?

16 A Yeah. I think there's another 7 to 8,000 that have that
17 notation in the schedules that were submitted but, to my mind,
18 that requires explanation because it's a little bit of a
19 misnomer.

20 These are, in general, older cases, largely non-impaired
21 cases in certain jurisdictions in the Deep South, where the
22 companies had agreed to what I would call a resolution matrix.

23 So in other words, the company had said, "Okay. If you
24 submit the following exposure information and the following
25 medical information, we will pay for this type of claim 'X'

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1 amount and for that type of claim 'Y' amount," but then it was
2 incumbent on the plaintiffs to actually submit that baseline
3 information about the case, right?

4 So unlike the 700 where we may be awaiting a Social
5 Security number or a signature, in these 8,000 claims we're
6 actually waiting, awaiting the key evidence that makes it a
7 real settlement and in these 8,000 cases, which are, generally
8 speaking, quite old, there's core missing information. And so
9 there really is, to my mind, no settlement on those and even if
10 one of the plaintiffs were to show up tomorrow and submit the
11 information, I think we would be in a good position to say more
12 than a reasonable amount of time has passed and there's no deal
13 on the table anymore.

14 Q Okay. So, Mr. Tananbaum, based on all the historical
15 figures we've seen and, and some of the data we showed in
16 Exhibits 8, 9, and 11, do you have any reason to believe that
17 the volume of asbestos cases against Aldrich and Murray was
18 going to slow down in any material way absent the filing of
19 this bankruptcy petition?

20 A I don't. I mean, from time to time I've seen external
21 studies predicting and have been predicting for a long time
22 sort of the vast decline in mesothelioma diagnoses and the, and
23 the, and the number of asbestos lawsuits that should be filed,
24 but we've never seen those drops and to my mind, certainly in
25 the short term and, quite frankly, in the medium to long term,

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1 I would expect that we'd see those same trajectories, the same
2 large number of claims for quite some time to come.

3 Q Okay. So I'd like to shift gears a little bit and turn to
4 talking about the corporate restructuring.

5 Are you familiar with the corporate restructuring in this
6 case that bears the name Project Omega, Mr. Tananbaum?

7 A Yes. Sorry. Yes, sir, I am.

8 Q And what was Project Omega?

9 A So Project Omega was a corporate restructuring project that
10 was specifically designed to provide additional flexibility in
11 the resolution of asbestos claims. And I just want to be very
12 clear what I mean by "additional flexibility" because we've
13 been accused of a lack of transparency in this case and I just
14 want to be clear and very transparent that the purpose in
15 providing additional flexibility was to provide the two
16 entities that would be created through, through the process of
17 restructuring to consider the possibility of filing a chapter
18 11 524(g) case and in a context where the old entities, IR-New
19 Jersey and Old Trane, wouldn't have had to file the bankruptcy
20 themselves and subject their employees, their customers, their
21 suppliers, to all of the negative effects of a bankruptcy.

22 That, that's quite transparently and openly the purpose of
23 the corporate restructuring, to add that chapter 11 possibility
24 into the mix should those newly created entities make the
25 decision to so file.

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1 Q And when did Project Omega start, Mr. Tananbaum?

2 A I was brought into Project Omega in June of 2019 and I
3 subsequently came to learn that the project had really begun in
4 earnest maybe just a few weeks prior.

5 Q And if you could describe what your role in Project Omega
6 was?

7 A I was on the core legal team and, of lawyers who worked on
8 the project. As you can imagine, a corporate restructuring
9 almost by definition is going to require lots of lawyers and,
10 indeed, there were a lot of lawyers involved. And again, the
11 suggestion has been made that that's nefarious, but I just
12 think it follows as day follows night that if you're doing a
13 corporate restructuring project, it's going to be top heavy
14 with lawyers.

15 My specific responsibilities focused on identifying the
16 specific liabilities that would be allocated to the entities
17 that became the debtors and to also focus on the concomitant
18 assets that should be allocated to the entities that later
19 became the debtors.

20 Q Okay. Now, Mr. Tananbaum, are you also familiar, then,
21 with the divisional merger that took place on May 1, 2020?

22 A Yes, sir, I am.

23 Q Okay. And at a high level -- and we heard a little bit of
24 this in opening -- but what is your understanding what took
25 place in that divisional merger on May 1, 2020?

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1 A I tend to think of it like cell mitosis, right? You start
2 off with one entity and then that entity divides itself in two.
3 The entity that divided itself no longer exists and now you
4 have two new entities and on a combined basis the two entities
5 contain all of the liabilities and all of the assets that the
6 previously existing, now extinguished entity had but in a very
7 precise, clearly defined way. Certain liabilities are
8 allocated to one entity. Certain other liabilities are
9 allocated to the other entity. Between them, all the
10 liabilities that were in the original entity are still there
11 and the same thing for the assets.

12 Q Okay. And we use a lot of shorthand terms here and so
13 let's, let's try and see if we can all level set again for the
14 Court. Let's start with the Aldrich side.

15 What was the entity that, to use your term, underwent the
16 cell mitosis, or your metaphor, there and, and ultimately
17 became Aldrich and what was the other entity that resulted from
18 that besides Aldrich?

19 A Well, there were some intervening entities, but I think
20 what makes this clear is is to think of Old IR, what we, or the
21 entity that was known as Ingersoll-Rand Company, a New Jersey
22 corporation. That divided -- its successor divided itself in
23 two into Aldrich Pump LLC and into Trane Technologies Company
24 LLC.

25 Q Okay. And we sometimes refer to Trane Technologies

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1 Company LLC as New Trane Technologies, is that correct?

2 A That is. Because there was an entity between IR-New Jersey
3 and Trane Tech, and, and the divisive merger that was an
4 interim, if you will, Trane Technologies LLC.

5 Q Okay.

6 Then the same question on the Murray side. If you can talk
7 about the entity that underwent the divisional merger that
8 ultimately resulted in Murray. And go ahead.

9 A Certainly.

10 So Old, Old Trane U.S. Inc., its successor divided itself
11 into two and the two new entities when Old Trane ceased to
12 exist became Murray Boiler LLC and Trane U.S. Inc. And we
13 call, we refer to Trane U.S. Inc. as New Trane because although
14 it has the exact same name as Old Trane, it's a new entity.

15 Q Okay. And are all the various transaction documents that
16 effectuated this corporate restructuring contained in the
17 closing binders which were produced in this case and which
18 we've marked for your Honor's benefit as Debtors' Exhibits 33
19 and 34?

20 A Yes, sir, they are.

21 Q Okay. And given the volume of those documents, I will not
22 subject either you or the Court to glancing through many of
23 them today.

24 As a result of the divisional merger, what ultimately
25 happened to the asbestos liabilities of the entities you called

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1 Old IRNJ and Old Trane?

2 A All of the asbestos liabilities went to the debtors. So
3 Old, all of Old IR, Old IR-New Jersey's asbestos liabilities
4 were allocated to Aldrich Pump LLC and all of Old Trane's
5 asbestos liabilities were allocated to Murray Boiler LLC.

6 Q Okay. Now in addition to the liabilities, what were the
7 assets that were allocated? Let's start with Aldrich under the
8 divisional merger.

9 A Okay.

10 So there are four, four elements. First, Aldrich was
11 allocated \$26 million in cash. Second, Aldrich was allocated
12 some very valuable insurance rights under valuable coverage-in-
13 place agreements and in some instances under some unresolved
14 policies. Third, Aldrich was allocated an operating subsidiary
15 known as 200 Park, which is an active business. And then
16 fourth, Aldrich was allocated a very valuable and important set
17 of rights under a funding agreement.

18 Q Okay. And, and the Aldrich funding agreement is with, with
19 who? Who's the counterparty to that, Mr. Tananbaum?

20 A It is Trane Technologies LLC, what I refer to as the sister
21 company created simultaneously with Aldrich's creation.

22 Q Okay.

23 And then the same question for Murray. What were the
24 assets that were allocated to Murray as part of the divisional
25 merger?

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1 A First, \$16 million in cash. Secondly allocated were some,
2 again, very valuable insurance rights under various coverage-
3 in-place agreements and in some instances some unresolved
4 upper-level insurance policies. Third, an operating subsidiary
5 known as ClimateLabs and all the assets that go along with it.
6 And then fourth, again, a, all the rights under a funding
7 agreement that was entered into between Murray and its sister
8 affiliate, New Trane.

9 Q And you mentioned 200 Park and ClimateLabs. If you could
10 just briefly describe what those businesses' operations are.

11 A Sure.

12 200 Park is a manufacturing facility in Newberry, South
13 Carolina that manufactures process and modular chillers for the
14 commercial marketplace.

15 Q Okay. And then ClimateLabs?

16 A ClimateLabs is an internal business that tests
17 refrigerants, lubricants, and other substances contained within
18 HVAC equipment that's installed in our customer field base.
19 The testing of these substances acts as a proxy for the health
20 of the unit and, and the install base in the field.

21 Q Okay.

22 Now you also referenced and there's been plenty of
23 discussion already about the funding agreements that were
24 entered into. And those are marked as Debtors' Exhibits 72 and
25 73 in this case.

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1 What is the purpose of the funding agreements,
2 Mr. Tananbaum?

3 A You know, very simply, the purpose of the funding, of each
4 of the funding agreements is to place each debtor in the same
5 position in terms of ability to pay and fund asbestos
6 liabilities that -- that -- that the predecessor companies had,
7 place them in the same position.

8 Q Okay. And what is -- I guess at what point can the debtors
9 access the funding agreement?

10 A Well, the funding agreement was meant to be a backstop.
11 And so before resorting to the funding agreement the debtors
12 have to consume their own resources, their own cash, their own,
13 their own assets.

14 Q Okay. And what is the maximum limit of Trane Technologies
15 Company and Trane U.S.'s obligations under those funding
16 agreements?

17 A There is no such limit.

18 Q Okay. What obligations do Aldrich and Murray have to repay
19 any funding that is provided by Trane Technologies Company or
20 Trane U.S. under those funding agreements?

21 A No obligation to repay, sir.

22 Q Okay. And, and what rights do either Trane Technologies
23 Company or Trane U.S. have to object or veto any of the terms
24 of a 524(g) trust that Aldrich and Murray ultimately agree to
25 to resolve their asbestos liabilities?

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1 A They don't possess any such rights.

2 Q Okay. Now are there any restrictions under the funding
3 agreements on either Trane Technologies Company or Trane U.S.
4 from issuing dividends or otherwise transferring their own
5 assets to other entities?

6 A No, sir. There are, there are no such restrictions. And
7 again, keep in mind, the purpose of the funding agreements was
8 to place the debtors in the same position that Old IR-New
9 Jersey and Old Trane had been in. And, you know, back in the
10 day, pre-divisional merger, there no, were no such constraints
11 on those entities and yet they managed for decades to fully
12 fund all of their asbestos liabilities.

13 Q Okay.

14 And now based on all the assets that you just described
15 that Aldrich and Murray possess based on the cash, the
16 ownership of the operating subsidiaries, 200 Park and
17 ClimateLabs, the insurance rights, and then the funding
18 agreements we just spoke of, what is your understanding of the
19 debtors' ability to satisfy their asbestos liabilities now as
20 compared to before the divisional merger took place?

21 A It's identical.

22 Q Okay. And why do you say that?

23 A Because all of the assets that had been available pre-
24 divisional merger are available now through the funding
25 agreement.

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1 Q Okay. Let's, let's then shift gears and talk a little bit
2 about Aldrich and Murray's corporate structure and, and
3 officers and board.

4 First of all, who are Aldrich and Murray's officers?

5 A Well, let me run through them. Manlio Valdes is the
6 President of both Aldrich and Murray. Amy Roeder is the
7 finance lead, the, the, the CFO for both Aldrich and Murray.
8 Mr. Ray Pittard is the Vice President and he subsequently had
9 added to his title the Chief Restructuring Officer of both
10 Aldrich and Murray. And then finally, I am the Chief Legal
11 Officer and Secretary for both Aldrich and Murray.

12 Q Okay. And do Aldrich and Murray also have boards of
13 managers, Mr. Tananbaum?

14 A Yes, they do.

15 Q Okay. And if you could identify the members of those
16 boards of managers for the Court.

17 A Sure.

18 Mr. Valdes and Ms. Roeder are both on the board of managers
19 for each of the debtors. And then the third board member for
20 each entity is an independent director, if you will. Although
21 they're retirees of the larger Trane Technologies family,
22 they're both retired. On the Aldrich side, it's Mr. Robert
23 Zafari and on the Murray side it's Mr. Marc Dufour.

24 Q Okay. Now after the divisional merger took place on May
25 1st of 2020, did the boards of managers for Aldrich and Murray

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1 begin to hold meetings?

2 A Yes. As I recall, we held our first meeting on May 8, so
3 just a week after the divisional merger, and then between May
4 8th and June 17th there were a total of nine board meetings.
5 Five were joint as between Aldrich and Murray and then there
6 were two separate board meetings on the frontend and the tail
7 end for Aldrich and Murray.

8 Q Okay. And, and you mentioned June 17th and that is the day
9 before the petition date in this case?

10 A That's correct.

11 Q Okay. And has Aldrich and Murray continued to hold board
12 meetings subsequent to the bankruptcy petition in this case?

13 A Yes. We've continued on a quarterly cadence and as needed.

14 Q Okay. What was your role at the board meetings? And
15 again, I'm going to focus our attention here on the, the nine
16 you just referred to beginning on May 8th and ending June 17th,
17 the day before the petition date.

18 So focusing on those board meetings, what was your role in
19 these meetings, Mr. Tananbaum?

20 A I presided over each of the meetings and where necessary
21 and appropriate, I, I led discussion on certain discrete
22 topics.

23 Q Okay. And what was the primary subject matter of these
24 board meetings that occurred over the course of these 5-1/2, 6
25 weeks between May 18th and -- I'm sorry -- May 8th and June

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1 18th?

2 A The main issue was a deep dive into what, if anything,
3 should be done to address the debtors', or what has become the
4 debtors' long-term asbestos liabilities. Was there a better
5 way? Was there a more efficient way? Was there more, a better
6 way at addressing finality than the *status quo* tort system?
7 But in order to get there, I, I must say, we had to spend a bit
8 of time upfront bringing the board members up to speed because
9 unlike myself they haven't spent years -- they didn't -- had
10 not spent years being steeped in the tort system.

11 So before we could really tackle that ultimate question we
12 had to spend some time doing a deep dive into the data, into
13 Aldrich and Murray's historic, historical experience in the
14 tort system.

15 Q Okay. Now were meeting, were meeting minutes taken and
16 kept for these boards of managers meetings?

17 A Yes, sir, there were.

18 Q And were drafts provided to the board members to give them
19 the opportunity to review those and approve those before they
20 were finalized?

21 A That's correct.

22 Q Okay.

23 MR. HIRST: And we have marked all of those board
24 meeting minutes here, your Honor, as Debtors' Exhibits 18
25 through 28 and we may review one or two of them with

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1 Mr. Tananbaum here.

2 And, Jon, there's going to be no need to put any of
3 them on the screen.

4 BY MR. HIRST:

5 Q But first, Mr. Tananbaum, I think you have in your
6 possession Debtors' Exhibit No. 20, which is the meeting
7 minutes of the May 15, 2020 board meeting, which was, I
8 believe, a joint meeting. And I'd like to direct your
9 attention to the top of Page 4 of Exhibit 20, which provides
10 that, "Mr." -- right below the initial header, it provides,
11 "Mr. Tananbaum reviewed options available to the companies with
12 respect to the resolution of current and former asbestos
13 claims, including the potential use of section 524(g) of the
14 Bankruptcy Code."

15 Do you see that, sir, in Exhibit 20?

16 A With apologies, Mr. Hirst. I, I thought I had them up on
17 my screen and now they seem to have disappeared.

18 So I'm going to now pull the binder you provided --

19 THE COURT: Take a moment.

20 THE WITNESS: -- me and look up the hard copy.

21 Which exhibit?

22 BY MR. HIRST:

23 Q So this is Debtors' Exhibit 20, Mr. Tananbaum. And it's
24 going to be Page 4 of that exhibit. Take your time.

25 A Yes. I'm on Page 4. And that's Debtors' Bates stamp

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1 50790, correct?

2 Q Yep. And these are the May 15th minutes. And it's --

3 A Yes.

4 Q -- on top of Page 4, was where I just referred to you. And
5 that's the section that discusses the review of options
6 available to the companies with respect to resolution of
7 asbestos claims.

8 Do you see that?

9 A That's correct. Yes, I see that.

10 Q Okay. And without revealing any legal advice that may have
11 been requested during that meeting or that may have been
12 provided, can you simply explain to the Court the various
13 options that were presented to the Aldrich and Murray boards
14 for resolving the companies' current and former asbestos
15 liabilities?

16 A Sure.

17 So, in general, we reviewed on several occasions -- this
18 would have been the first of at least four discussions that we
19 had around this -- we reviewed four options. The first option
20 was what I referred to a few moments ago as *status quo*. With
21 the funding agreements in hand, the boards certainly had the
22 wherewithal to decide, "You know what? We've looked at these
23 other options. They've all got some pros and cons, but we
24 prefer to soldier on in the tort system." With the funding
25 agreements in hand, Aldrich and Murray would have been poised

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1 to do that. And so that was one viable option.

2 The second option was something we referred to as
3 Structural Optimization. And what I would say at a high level
4 is that's a restructuring that may not be identical to and may
5 require some additional steps than the Omega restructuring.

6 But the theory behind Structural Optimization is you do a
7 specific restructuring. You place the restructured entities
8 containing the asbestos liabilities in a, at a, at a certain
9 place in your corporate structure and then you soldier on in
10 the tort -- and you make sure those restructured entities are
11 funded according to a particular formula and then you soldier
12 on in the tort system and if all goes well, you have the
13 resources to settle the very last asbestos claim decades hence.
14 But if all does not go well, that entity would be well
15 positioned should it become insolvent to file a bankruptcy many
16 years into the future.

17 So that's the Structural Optimization idea.

18 Q And then the third option, sir? I think you just mentioned
19 two.

20 A The third option was the purchase of a reinsurance product
21 option.

22 Q And if you could just briefly at a high level describe what
23 that is.

24 A So that's a situation where you would negotiate the
25 purchase, if you will, of an insurance policy that would

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1 essentially, pursuant to which the company would hand over its
2 portfolio of asbestos liabilities in conjunction with all of
3 its insurance and the insurance company in exchange for payment
4 of a significant premium -- and as I recall, we're talking on
5 the order of magnitude of nine figures -- the insurance company
6 would take the problem off the company's hands subject to
7 whether the agreed-upon limit was breached by the, their
8 experience in the tort system. And if the policy limit was
9 breached, then years from now the problem could revert back
10 into the company's lap.

11 Q Okay. And, and then the fourth and final option, is that
12 524(g)?

13 A That is, and that's obviously the option that, in fact, the
14 boards unanimously voted for in the end.

15 Q Okay. Now how many board -- you described the nine board
16 meetings that took place between May 8th and June 18th.

17 How many of those meetings were these options for
18 addressing the liabilities discussed by the boards?

19 A I believe on -- on -- on four separate occasions. So at
20 four joint board meetings these options were discussed at great
21 length.

22 Q Okay. And how long would you say over the course of those
23 meetings you just referenced were the discussions of these
24 various options with the boards?

25 A It had to be at least ten hours. It could possibly have

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1 been more. There were a lot of points to cover and as I
2 recall, there was a lot of dynamic discussion around it,
3 questions, discussion, and, and the like.

4 Q Okay. At any of these meetings that you referred to, were
5 the board members for Aldrich and Murray either instructed or
6 pressured by anyone as to which of the options they should
7 choose?

8 A Absolutely not. Nothing from me and nothing from anyone
9 else. And I'd also note that both Mr. Turtz, the General
10 Counsel for Trane Technologies, and another Trane Technologies
11 attorney, Sara Brown, attended these meetings at the invitation
12 of the Aldrich and Murray boards pursuant to the terms of the
13 services agreements entered into with the debtors and they
14 didn't make any such statements, either.

15 So the board had free -- each board had free rein and I
16 don't think it would have gone down really well if we had tried
17 to do anything other. Because I know all of the board members,
18 including the retirees, and they're fiercely independent-minded
19 folks who would not have taken kindly to that.

20 Q Okay. And if you could just briefly describe kind of the
21 scope and the rigor that the Aldrich and Murray's boards'
22 inquiry as to the various options that you just described at
23 these board meetings.

24 A Yeah.

25 I think it was a rigorous discussion. That's a good term

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1 to use. I think the way I recall it, there were several
2 concerns, right? They wanted to analyze each option from all
3 angles. So one angle was what exactly is this option? What
4 does it mean? How does it work? A second angle would have
5 been what are the benefits of this structure? A third angle
6 would be what are the potential pitfalls of this structure?
7 And then there were angles looking at costs, right? There were
8 angles looking at implementation costs. To pursue each one of
9 these strategies, what would it cost? And then finally, if you
10 pursued the strategy and put in those costs, what would the
11 financial results overall look like?

12 And so those are some of the prisms that, or some of the
13 main prisms I think of that were explored, you know, really at,
14 at great length.

15 Q Okay. And I think you referenced earlier and we all know
16 just from the fact we're all sitting here today that,
17 ultimately, the 524(g) option was what the boards of managers
18 chose, is that correct?

19 A That, that's correct.

20 Q And I think you testified that was a unanimous vote?

21 A For each board it was a unanimous vote. That's correct.

22 Q And when did that -- when was that decision made?

23 A On the evening of June 17th each board held a separate
24 meeting and the resolutions to approve the bankruptcy filing
25 were, in fact, approved at, at those meetings.

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1 Q Okay.

2 MR. HIRST: And for the record we've introduced those
3 board meeting minutes as Debtors' Exhibits 27 and 28 that
4 include the resolutions that Mr. Tananbaum just referenced.

5 BY MR. HIRST:

6 Q I do want to shift gears now and talk a little bit about
7 the motion we're actually here on today, preliminary injunction
8 motion.

9 What is the relief that Aldrich and Murray are seeking by
10 way of this motion, Mr. Tananbaum?

11 A In short, we're seeking to enjoin the prosecution of
12 Aldrich or Murray asbestos claims against three categories of
13 what we call protected parties. And again, by Aldrich and
14 Murray claims, I'm talking about asbestos product personal
15 injury claims that are lodged against some entity other than
16 the debtors, but on account of the fact that products were
17 manufactured and put into the, placed in this, into the stream
18 of commerce containing asbestos-containing components.

19 Q Okay. And you mentioned protected parties and I think you
20 described three categories of them. And I'm going to ask you,
21 Mr. Tananbaum, and if, if the Court would like to follow along,
22 but open what is Debtors' Exhibit 6, which is the Appendix that
23 we filed to the preliminary injunction motion last June. And
24 that Appendix lists these protected parties.

25 And so, first of all, this Appendix, Mr. Tananbaum, did you

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1 have a role in putting, helping put that together?

2 A Yes, I did. I, principally with regard to two of the
3 categories, yes.

4 Q Okay. And is this the complete list of protected parties
5 that the debtors are seeking to have covered by the injunction
6 they have moved for in this case?

7 A Yes, sir, it is.

8 Q Okay. And you describe the types of claims, which I think
9 we, we refer to in the papers as Aldrich and Murray Asbestos
10 Claims. Let's talk a little bit about the categories of
11 parties that you mentioned and let's start by using Exhibit 6.

12 And I believe on Page 2 there's a, I believe the caption is
13 Non-Debtor Affiliates, correct?

14 A That's correct. And this would be the one piece of the
15 list that I was probably not instrumental in putting together.
16 This is a complete list of all the Trane Technology corporate
17 affiliates.

18 Q Okay. And what -- why is -- why are the debtors seeking to
19 have this group of protected parties, the Non-Debtor
20 Affiliates, covered by the, by the injunction?

21 A Well, two reasons. First of all, pursuant to the plans of
22 divisional merger and the support agreements the debtors have
23 an obligation to indemnify not only the sister companies, not
24 only Trane Technologies LLC in the case of Aldrich and not only
25 New Trane in the case of Murray, but all of their "affiliates,"

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1 which I take to mean all of the corporate affiliates in the
2 Trane Technologies family.

3 So there is a contractual indemnification obligation, you
4 know. But beyond that, by definition, if any one of these
5 entities is sued in furtherance of an Aldrich or a Murray
6 claim, that's really a claim that directly impacts the debtor
7 and could really only be defended properly and, in the tort
8 system, by, by the debtor. And we can get into that as you
9 want to ask.

10 Q Okay. Let's keep going through the categories. And I'll
11 turn you down to what is Page 6 on the PDF, Page 5, I think, of
12 the document if you look at the numbers on the bottom and to
13 the second category of protected parties, the Indemnified
14 Parties.

15 First of all, what, what is the nature of the
16 indemnification obligations running from Aldrich and Murray to
17 these Indemnified Parties?

18 A I prefer to think of this section of the list as, really,
19 the ham-and-egg counterparties. These are companies as to
20 which Ingersoll-Rand or Trane divested businesses in the past
21 and in connection with such divestiture contractually agreed to
22 indemnify the purchaser for asbestos-related liability,
23 asbestos liabilities relating to products that were
24 manufactured presale.

25 So, in general, you're talking about product lines that at

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1 some point in time would have contained asbestos components
2 where, where the liability would have, as a legal matter,
3 continued to sit with Ingersoll-Rand or Trane, anyway, but
4 there's an addition, a contractual obligation to not only
5 indemnify, but I should add defend as well. So there's an
6 express obligation to defend.

7 Q Okay. And so why are the debtors seeking to have the
8 injunction here cover these Indemnified Parties?

9 A Well, first of all, we know they get sued all the time
10 principally, some more than others. I would say on the Aldrich
11 side there are -- there -- there's a lot of activity against
12 both Flowserve and Dresser-Rand and those companies tendered
13 their claims to Aldrich quite regularly.

14 So absent the injunction, the debtors would be obligated
15 contractually not only to indemnify, but to take over the
16 defense of those claims. Historically, what that has meant is
17 that the debtors and the debtors' predecessors would take over
18 the case, hire counsel, and defend it in the tort system.
19 Sometimes, we would be successful in correcting the caption in
20 a state court; in other words, changing the name of the
21 defendant back to Ingersoll-Rand or Trane, but more often, it
22 would end up getting, being simpler and more achievable to
23 defend the case in the name of the tendering party and absent
24 the injunction we'd have to continue to do so at the same time
25 that we're trying to focus on a consensual resolution to the

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1 bankruptcy and I think those two things are really quite
2 antithetical of one another.

3 Q Okay. The next, Mr. Tananbaum, I want to turn to, I guess,
4 the next page of Exhibit 6. It's Page 7 of the PDF. It says
5 Page 6 on the bottom of the page. And this is the listing of
6 insurers which goes on, I think, for the next five or six
7 pages.

8 First, if you could describe the nature of the relationship
9 between these insurers that are listed in Debtors' Exhibit 6
10 and the debtors.

11 A Yeah, sure.

12 These are all of the insurers that -- who -- that issued
13 legacy insurance coverage that covers asbestos bodily injury
14 claims. Each of these insurers issued coverage that covered
15 either Ingersoll-Rand Company, Aldrich's predecessor, or Old
16 Trane, Murray's predecessor.

17 Q Okay. And so why are the debtors seeking to have Aldrich
18 and Murray asbestos claims enjoined against this group, the
19 insurers?

20 A I'm going to give you two reasons. First off, this is, we
21 consider these policies and, and coverage-in-place agreements
22 to be highly valuable assets of the debtors and we need to be
23 good stewards of those assets and, and to make sure they're not
24 dissipated inappropriately. That's No. 1.

25 No. 2, in nearly, in the lion's share, the vast majority of

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1 the settlements that we've done with insurers over the years,
2 whether they be active coverage-in-place agreements that are
3 still alive or, frankly, whether they be, pertain to coverage-
4 in-place agreements that have run their course and, and
5 exhausted or buy-out agreements where the cash is, has, has
6 been taken in. In the vast majority of those settlement
7 agreements, there's an express contractual indemnification
8 obligation pursuant to which the debtors now must not only
9 indemnify each of these insurers should lawsuits proceed in the
10 tort system against them, but also to defend them.

11 So as is the case, as was the case with the M&A
12 counterparties, should a plaintiff, for instance, file a direct
13 action in an asbestos lawsuit in a state that permits such
14 action -- and I'll use Louisiana as, as, as a possibility --
15 then the debtors would be, or the appropriate debtor, as the
16 case would be, may be, would be obligated to take up the active
17 defense of, of that case.

18 Q Okay. I think you testified a moment ago that,
19 historically, some of these protected parties have been sued
20 and some have sought indemnity from the debtors. I want to
21 focus on since the divisional merger, since the creation of
22 Aldrich and Murray on May 1, 2020.

23 Have any of the protected parties been named in asbestos
24 lawsuits for what we described as Aldrich and Murray asbestos
25 claims?

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1 A Yes. I, I know, in particular, there have been over a
2 hundred claims filed against the sister affiliate. So Trane
3 Technologies LLC or New Trane.

4 Q All right.

5 A You know, I don't know offhand how many lawsuits, if any,
6 have come in from some of the M&A counterparties in that
7 period. You would expect that some would have.

8 Q Okay.

9 A And, and I'm not aware, to be fair, of any direct actions
10 against insurers coming in.

11 Q Okay. Okay.

12 So shifting gears, again, a little bit here, why do you
13 believe the debtors would be harmed if the injunction were not
14 continued to cover the protected parties for Aldrich and Murray
15 asbestos claims going forward?

16 A So I think of this in terms of three baskets. And the
17 first one, I think, is the most important one and it's the most
18 general one. The first one is, to my mind, it's antithetical
19 to the project that we're on. We filed this bank, these
20 bankruptcies in good faith so that we could take a pause from
21 the tort system and see if, instead of beating each other over
22 the heads, we could get together with the claimants'
23 committees and the plaintiffs' bar who represents the
24 claimants' committees and see if we could achieve a better,
25 more efficient way of getting things done. It just seems to me

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1 to be antithetical to the good faith undertaking of that
2 project to expect that to happen and, and at the same time
3 battle each other in the tort system. And, you know, as I
4 understand it from the ACC's moving papers, they fully intend
5 to continue filing more cases, in particular, against the
6 corporate affiliates.

7 Q Okay.

8 A That's --

9 Q You mentioned that's the first reason. You have two
10 other --

11 A That's, that's the first reason. I just think it's
12 antithetical. I think, you know, as I said at one of my
13 depositions, you need to choose a lane and Mr. Phillips
14 challenged me, "Who needs to choose that lane?" And I said,
15 "At this point, Judge Whitley's going to have to decide for us
16 because we're at loggerheads."

17 But I just don't see how we get the breathing room to put
18 together a good faith resolution to this case, how that can be
19 a reasonable expectation while we're continuing to go full
20 steam in the tort system. That's No. 1.

21 Two and three are more practical reasons. And so the
22 second one I would call kind of the resource issue. So back in
23 the day -- and that, this would be pre-divisional merger, but
24 would also apply to the period between the divisional merger
25 and the filing of the bankruptcy -- back in the day we had as a

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1 company a, a total internal team of about nine individuals who
2 were available to work on asbestos cases and believe me, we
3 needed them all. We had, you know, five or six attorneys. We
4 had a couple of paralegals. We had a paratechnologist who was
5 instrumental in running reports and making sure the finances
6 ran well. And then we also had a, a consultant who helped us
7 review bills because there are so many bills flying back and
8 forth that it's hard to review them carefully and look for
9 mistakes or, frankly, outright fraud.

10 And so we had a big team, but they were all fully occupied
11 because when the tort system is up and running, if I've learned
12 one thing over the years it's that it's crazy busy. Every
13 single week there are multiple trial settings, there are
14 multiple settlements that have to get accomplished. There
15 might be discovery that has to be filed. You might be called
16 in at a moment's notice. A corporate executive might be called
17 in at a moment's notice to testify in some local jurisdiction.
18 I mean, it's pretty crazy and even with those nine people,
19 folks were fully occupied.

20 When you fast forward to where we are today, that team has
21 dissipated and there's two of us left. I'm No. 1 and No. 2 is
22 Rob Sands, who's an attorney who is also seconded to the
23 debtors. His secondment is 90 percent, whereas mine is a
24 hundred percent. His was at 90 percent to facilitate the
25 production of documents in this dispute on behalf of the Trane

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1 affiliates, but he is the other available resource to take care
2 of these Aldrich and Murray claims. There are two --

3 And so, and so, No. 1, from a resource standpoint we're
4 thinly staffed and even if we could luxuriate and spending a
5 hundred percent of our time on these newly unleashed tort
6 system cases, we would be really strapped.

7 But it's worse than that because we also have obligations
8 in the bankruptcy itself. And I was reminded many times by
9 Mr. Phillips in my deposition that I'm not a bankruptcy
10 attorney. And that is true. I'm not a bankruptcy attorney,
11 but what I am is the client for the debtors and Mr. Sands is as
12 well and no strategic decision can be made, no filing can be
13 made, no decision about how to proceed in a negotiation can be
14 made without my active involvement. And that's a full-time job
15 and maybe it's more of a full-time job, frankly, because I'm
16 not a bankruptcy attorney because I need to constantly ask a
17 lot of questions.

18 So when you combine the fact that we only have two folks
19 who are really available to defend the Aldrich and Murray
20 claims and the fact that we've got multiple other duties, from
21 a legal perspective it's just a bridge too far. There are two
22 additional personnel, though, that I'd like to highlight on
23 this distraction point, if you will.

24 From a financial perspective, you've got Ms. Roeder and
25 Cathy Bowen, both of whom, they're not seconded, but both of

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1 whom provide financial services to the debtor. They have
2 current roles with regard to the bankruptcy in terms of, in
3 Ms. Roeder's case, making sure that the debtors are properly
4 funded, making sure that all the necessary financial reports
5 are filed with the Court and the Bankruptcy Administrator on
6 the appropriate cadence. And in particular Ms. Bowen's case,
7 in ensuring that all of the invoices get paid. And here again,
8 I'm not just talking about the Jones Day invoices and the
9 invoices of all the lawyers and consultants and experts on our
10 side of the fence.

11 But it's a new world for me, the first time in my career,
12 but we are now since the bankruptcy responsible for processing
13 the payments of all the FCR's counsel and consultant payments
14 and all of the ACC's counsel and consultant payments. And, you
15 know, that's -- that's -- that's a bit of a task. If we were
16 back in the tort system defending Aldrich and Murray claims,
17 both Ms. Bowen and Ms. Roeder would have to revert to the
18 previous, to their prior roles, prior, in supporting the
19 financial aspect of undertaking the tort system.

20 And so those roles included things like budgeting for
21 counsel fees, tracking the payments of outside counsel fees in
22 the tort system, and also making sure the reserves, both from a
23 liability and an asset perspective, are trued up each quarter
24 and updated as appropriate. And so, you know, that's a fair
25 amount of work. I think Ms. Roeder has testified in the past

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1 that, you know, she currently spends -- and, and I, I should
2 stop there. These are not seconded employees.

3 So in addition to both those sets of workstreams, both
4 Ms. Roeder and Ms. Bowen have day jobs. Ms. Roeder's day job
5 is to be the Finance Director for the entire Global Legal
6 Department as well as the entire Global IT Department. And so
7 I believe she testified at her deposition that she spends
8 between 20 and 30 percent of her time supporting Aldrich and
9 Murray. If she, in addition to all of that, had to reup her
10 role supporting the financial operations and the reserving
11 operations attendant to being active in the tort system, then
12 that would be, really, a crushing burden and, and it would
13 demand time that she doesn't really have.

14 I think for Ms. Bowen it's a similar story. Her day job is
15 to be the Global Controller, Comptroller for the legal, the
16 entirety of the Trane Technologies global legal function. So
17 again, she would be strapped. I'm not saying that either of
18 them spends a majority of their time currently supporting the
19 debtors. I'm not saying that, but they spend, let's say, a
20 significant minority of their time supporting the debtors. And
21 again, it would probably be a bridge too far for them to have
22 to reup those roles. They're the only financial resources
23 available to, to the debtors.

24 And so I know that was a lot of detail, but I wanted to
25 make sure I got it all in there.

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1 Q No, no worries. Let me ask this question, though. You,
2 you did detail a number of, of concerns you have.

3 But why would the debtors need to get involved in the first
4 place? Why, if the protected parties were sued in the tort
5 system, would all of these things you just mentioned have to
6 happen? Why would the debtors need to be involved at all?

7 A You know, I was thinking about that and I realized I
8 probably should have flipped the order in which I discussed
9 these elements. 'Cause the element I haven't gotten to yet
10 really gets to this.

11 But why do we have to undertake these roles? Why can't
12 they just be, for instance, why can't Rob and I simply take
13 that tort system work and hand it off to other lawyers in the
14 department or even hire new attorneys? I think the answer is
15 plain. To defend the asbestos cases demands that you have a
16 good historical knowledge of the product lines, of the use of
17 asbestos, of the installations, of the companies' state of
18 minds. Rob and I are the brain trust on all of that. Bodies,
19 lawyers are not just fungible. You actually need the active
20 involvement of the folks who actually understand how to defend
21 these cases and that's particularly so if you want the cases to
22 come out right.

23 And I think the third factor that I was going to get into
24 is that the risk of these cases coming out wrong is really
25 another potential harm that would come out against us absent

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1 Rob and I leading the ship on defending these cases, taking an
2 active involvement. There would be the risk of, formal risk of
3 issue preclusion. There could be collateral estoppel if some
4 record is made in a case that we're not actively participating
5 in that binds the company in future cases around its state of
6 mind or about the facts around product, asbestos-containing
7 components in a particular product. I don't think -- but
8 whether you, whether you credit what I'm saying about
9 collateral estoppel or not, even if the risk isn't exactly
10 collateral estoppel, there is just a practical risk that the
11 companies would hurt their positions overall. Because what
12 happens in one case in asbestos impacts as a, in a practical
13 manner everything that happens in all subsequent cases. Word
14 gets around and if you don't mind the store in Case A, pretty
15 soon in Case B, even if it's five or ten states away, what went
16 down in Case A is going to come back and haunt you later, even
17 if it's not styled in a formal issue preclusion way.

18 So again, lawyers aren't fungible and in order to make sure
19 that these cases come out right, I don't see any alternative
20 but that Rob and I would have to play an extremely active role
21 in managing and resolving each and every one of them.

22 Q Okay. Well, I appreciate the statement twice that lawyers
23 aren't fungible and, in fact, it might be my new motto that I
24 come to clients with.

25 But we have one last topic, Mr. Tananbaum.

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1 MR. HIRST: And, Judge, I think we can have this done
2 in five minutes, if you want to finish Mr. Tananbaum's direct
3 and then move to lunch.

4 THE COURT: Let's go.

5 MR. HIRST: Okay.

6 BY MR. HIRST:

7 Q Last topic, then. What is the debtors' goal in this
8 bankruptcy case, Mr. Tananbaum?

9 A The debtors' goal is to reach a full, fair, and final
10 resolution of their asbestos liabilities and specifically,
11 debtors' goal is to consensually negotiate a trust with all
12 impacted interested parties with the ACC, with the FCR. We
13 also have to have discussions with our insurers whom we expect
14 to contribute as well and to create a system that's really more
15 efficient than the tort system. Nothing against the tort
16 system, but it's not efficient. There are lots of transaction
17 costs. I think we cite in our opening day brief that for every
18 dollar spent in the tort system, less than half goes to
19 legitimate claimants and there's got to be, to my mind, a
20 better way. Could there be a more efficient way? Could there
21 be a way where more of those dollars are spent on legitimate
22 claimants and not on lawyers, frankly? And could there be
23 something that's more efficient where you fill out a form and
24 you get your payment, you know?

25 One of the things that's been noted by the ACC in this

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1 motion is that they're going to be harmed by this injunction
2 because there are injured parties who are not going to get paid
3 and while I credit there's some slight risk there, I would also
4 note that not only aren't the debtors typically any more than a
5 small percentage of the overall settlement buy and with respect
6 to all of the cases where there would be an injunction, the
7 cases would continue on as, with respect to most of the parties
8 sued.

9 But not only is that the case, but, frankly speaking, in
10 the current tort system it is not unusual for us to have
11 pending claims that last a decade or longer. That's just not
12 an efficient system and if we could replace it with a trust
13 system in which legitimate claimants could receive their
14 payments more quickly, that, to my mind, would be a good thing.
15 Obviously, the debtors are looking after themselves and are
16 interested in having finality and that's one of the goals of
17 reaching a consensual agreement on a trust, but we really truly
18 also believe -- and the board members asked active questions
19 about this -- we also believe it'll be more efficient and
20 better for legitimate claimants as well.

21 Q Do you believe, and the goals you just referenced
22 Mr. Tananbaum, do you believe the debtors will be successful
23 in, in reaching those goals in this case?

24 A I do. One wouldn't know it from this protracted battle,
25 but I, I do believe so. I look at the cases that have come

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1 before us and, you know, it does appear that a lot of them have
2 been hard fought and have lasted a while, but I take heart in
3 the fact that, ultimately, they've all ended up resolving.

4 Now we'd like to resolve this case a lot faster than that.
5 We've begun to have some early discussions with the FCR. We're
6 engaged with our insurers. You know, my understanding is that
7 the ACC has declined to participate, at least for now. But my
8 firm feeling is once we cut past the underbrush of a motion
9 like this, we'll come to a moment where cooler heads will
10 prevail and if the knockout punch doesn't work, then we'll roll
11 up our sleeves jointly and figure out how to resolve this.
12 Because that's what we would very much like to do.

13 MR. HIRST: Your Honor, it's 1:00. I think I can
14 actually pass the witness right now and if you want to do lunch
15 now. But we have, we have no further questions for
16 Mr. Tananbaum at this time.

17 THE COURT: Anyone opposed to taking the lunch recess
18 now?

19 (No response)

20 THE COURT: Okay. We will pick up at 2:00 Eastern,
21 all right?

22 Thank you.

23 (Lunch recess from 1:01 p.m., until 2:01 p.m.)

24 AFTER RECESS

25 (Call to Order of the Court)

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1 THE COURT: Have a seat, everyone.

2 Okay. We ready to proceed with cross?

3 MR. PHILLIPS: Thank you.

4 THE COURT: Was there any examination by the FCR
5 before we, we go to cross, though? Might as well get everyone
6 that's on the same team here.

7 MR. GUY: Yes, your Honor. I do have some questions
8 for Mr. Tananbaum.

9 THE COURT: All right, Mr. Guy. Go ahead.

10 DIRECT EXAMINATION

11 BY MR. GUY:

12 Q Mr. Tananbaum, as you know, my name is Jonathan Guy. I
13 represent the Future Claimants' Representative, Mr. Grier.

14 Can you hear me okay?

15 A Yes. Good afternoon. Can you hear me?

16 Q Yes, perfectly. Thank you.

17 A Great.

18 Q Mr. Tananbaum, do you recall that in December of 2019 the
19 Trane family of companies filed a securities, SEC filing
20 detailing its best guess as to the amount of asbestos
21 liabilities?

22 A I don't recall the exact date, but, but yes.

23 Q And that number was approximately \$550 million, correct?

24 A That sounds accurate. And I'll take your word.

25 Q I think it was exactly 548, but --

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1 A That sounds more accurate.

2 Q Okay.

3 And, Mr. Tananbaum, I think we've talked about this before.
4 That, and it came up in front of the Court recently. That is a
5 lower range, low number of the range of asbestos liabilities
6 that were provided to you by your experts, correct?

7 A That's correct. It's no secret. We've reported in the SEC
8 disclosures for a period of time that we booked to the low end
9 of, of an estimated range.

10 Q And I think you, I heard you say that the purpose of the
11 corporate restructuring was to address those asbestos
12 liabilities through a bankruptcy trust, correct?

13 A To give the option to the newly created entities to make
14 that decision if they so chose, yes.

15 Q And by those liabilities, we mean the legacy tort
16 liabilities, correct?

17 A That's correct.

18 Q And the goal here is to have a trust that will pay claims
19 in a similar amount that is similarly situated, correct?

20 A That's correct.

21 Q And that would be both within the class of current claims
22 and as compared to the class of future claims, correct?

23 A That is accurate, yes.

24 Q It's not the debtors' intention to artificially suppress
25 those asbestos liabilities, correct?

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1 A No. We would, we want to be fair. I, I understand there
2 may be competing views during the negotiation phase as to how
3 one places the right valuation on a trust, but it's not our
4 goal to underpay or underfund.

5 Q So to clarify for the Court, your goal is to pay the legacy
6 asbestos liabilities in full and through a trust mechanism,
7 correct?

8 A That's, that's entirely accurate, yes.

9 Q Now the mechanism for funding the trust is through the
10 funding agreements, correct?

11 A That's correct. We, the debtors would have to exhaust
12 their resources as well, at least according to the agreements
13 those of the operating sense. But I come to the table
14 cognizant of the extreme likelihood that we will have to resort
15 to the funding agreements to get a consensual deal done, yes.

16 Q And why are you confident that the non-debtor affiliates
17 will honor their obligations under the funding agreement,
18 agreements?

19 A Well, the company has a long track record as a whole of
20 honoring its obligations in the tort system, specifically as
21 regards asbestos, and I'm confident that the funders, Trane
22 Technologies LLC on the one hand and New Trane on the other
23 hand, are going to be fully capable and able to fully fund a
24 trust and it's my expectation that they will honor their
25 commitments.

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1 Q And what can you tell the Court about the wherewithal of
2 the non-debtor affiliates to honor those funding obligations?

3 A I think it's robust. There are billions of dollars in
4 revenue that flow through those entities, more, more annually
5 through Trane Technologies LLC than through TUI, as I
6 understand the financial statements and the structure of our
7 business, but literally billions and billions and they've got
8 many, many assets. That's really the chief driver of growth in
9 the Trane Technologies family of companies. These are the
10 principal U.S. entities.

11 Q And the debtors have already been in discussions with the
12 FCR, correct?

13 A That's right. We're, I would characterize it as being in
14 the beginning stages of what I hope will be fully productive
15 discussions with you and Mr. Grier.

16 Q Can you think of any reason why in this case we should not
17 be able to achieve the same result that was apparently achieved
18 so swiftly in the Paddock case for the "big dusty," Owens
19 Illinois?

20 A No. I, disappointed to see that some of the same law firms
21 representing the creditors on our Committee that were involved
22 in the Paddock case chose to sort of focus on that one for
23 resolution first, although I, I will note for the Court that
24 it's a little bit curious. I've heard a lot from the Committee
25 about, you know, flag waving, mom, and apple pie and the

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1 unfairness and the unconstitutionality of doing a divisional
2 merger and then filing a 524(g) bankruptcy. I just want the
3 record to reflect that Owens Illinois did a very, very similar
4 divisional merger, albeit under Delaware law, not Texas law,
5 and not a peep from the ACC. In that case, in fact, they do a
6 consensual deal.

7 So I'm a bit dubious that the firms representing the
8 claimants on the Creditors' Committee here, in fact, really are
9 so antithetically opposed on principle to the filing of a
10 524(g) subsequent to a divisional merger. I think when it
11 suits their purposes, whatever those are, they're willing to
12 deal and hopefully, they'll be willing to deal in the aftermath
13 of this motion.

14 Q And you heard Mr. Maclay say that it's a matter of public
15 record as of the end of April that in the Paddock case they
16 reached agreement on funding for a trust of \$610 million,
17 correct?

18 A That's correct. That's my understanding.

19 Q Do you have any reason to believe that the non-debtor
20 affiliates couldn't fund a trust in an amount equal or greater
21 than that in this case?

22 A Well, I want to be careful. I don't think I have the -- I
23 don't think I'm in a position all by myself without my advisors
24 and some significant discussions among them to commit to that
25 amount. But certainly, were that to be the amount that were

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1 agreed to, I have absolutely no doubt that the funders would be
2 able to fully fund that amount.

3 Q Yes. Understood that no one was committing you to that
4 amount, just hypothetically.

5 A Yes.

6 Q Now you heard Mr. Maclay say that the debtors have been
7 very aggressive in these cases against the ACC, including, I
8 think he said, asking for the appointment of a non-consensual
9 FCR. Did you hear that?

10 A I did hear that and I took note of it.

11 Q Do you understand that the Asbestos Creditors' Committee is
12 squarely adverse to the future claimants?

13 A Yeah. I mean, if there's a pot of money and at a high
14 level you're fighting over that pot of money, how much goes to
15 the futures and how much goes to the currents.

16 Q I know you're not a bankruptcy lawyer, Mr. Tananbaum, but
17 you obviously have a great deal of experience.

18 You think there'll be due process concerns if the ACC
19 picked a friendly FCR?

20 A I would imagine that's potentially the case. I just was
21 struck by this idea expressed by counsel this morning that it
22 would, that it's somehow wrong or untoward for us to have
23 advocated for a truly independent FCR, which I take it is, is
24 what Mr. Grier is. I, I just found that to be somewhat
25 extraordinary.

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1 Q Mr. Tananbaum, you also heard Ms. Ramsey say that the FCR
2 has no standing to object to piecemeal recovery in the tort
3 system by certain current claimants. Do you remember that?

4 A I do remember hearing that.

5 Q I know you're not a bankruptcy lawyer, but I know you've
6 looked at 524(g). It's a requirement within 524(g) that
7 current and future claims are treated equally, correct?

8 A That's, that's correct. And anticipating your point, I
9 think we would be ensuring unequal treatment if a vast
10 majority, a vast quantity of claims were to be proceeding
11 through the tort system at the same time that we're all trying
12 to come to grips with what the appropriate amounts to pay those
13 claims, similar claims in a trust would be. So you'd be
14 guaranteeing unequal treatment.

15 Q And the FCR is a creditor fiduciary, correct?

16 A That's my understanding, correct.

17 Q For the class of all future claims, correct?

18 A Yes.

19 Q The ACC is also a creditor fiduciary, correct?

20 A That's correct as well.

21 Q For the class of all current claims, correct?

22 A That's, that's accurate.

23 Q It's not the job of the ACC to represent the interests of
24 individual law firms who represent individuals who sit on that
25 committee, correct?

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1 A No, that's not, that's not their obligation.

2 MR. GUY: No further questions. Thank you, your
3 Honor.

4 BY MR. GUY:

5 Q Thank you, Mr. Tananbaum.

6 A Thank you.

7 THE COURT: All right.

8 ~ Anyone else that's allied with the, with the debtors?
9 Affiliates have anything?

10 MR. MASCITTI: No, your Honor. Thank you.

11 THE COURT: Okay.

12 Then we'll go to cross by the ACC.

13 CROSS-EXAMINATION

14 BY MR. PHILLIPS:

15 Q Good afternoon, Mr. Tananbaum.

16 A Good afternoon, Mr. Phillips.

17 Q As you may recall, I'm, my name is Todd Phillips from
18 Caplin & Drysdale on behalf of the Official Committee of
19 Asbestos Personal Injury Claimants.

20 And you've testified, Mr. Tananbaum, that you're an
21 attorney, correct?

22 A That's correct.

23 Q And you've also made it very clear in your direct testimony
24 that you're not a bankruptcy attorney, right?

25 A That's also correct. I would call myself a recovering

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1 litigator, but never had the honor of practicing in bankruptcy.

2 Q Okay. And I think I heard you talk about chrysotile and
3 asbestos toxicity and harmfulness in your direct testimony.

4 You're not a material scientist, is that right?

5 A That's correct.

6 Q Okay. You're not an industrial hygienist?

7 A No.

8 Q And you're also not a medical doctor, correct?

9 A Good heavens, no. I sometimes think my parents wish I had
10 gone into that line of work. But no.

11 Q And so you're not an oncologist?

12 A No.

13 Q And you're also not an epidemiologist, right?

14 A Without question, no.

15 Q Okay.

16 Mr. Tananbaum, on May 1, 2020 Trane U.S. Inc., Old Trane,
17 and Ingersoll-Rand underwent a corporate restructuring, is that
18 right?

19 A That's correct. Their, their immediate successors went,
20 underwent a, a divisional merger.

21 Q Okay. And this is the corporate restructuring whereby the
22 debtors were formed out of a Texas divisional merger? I think
23 you just mentioned that.

24 A Yes. My understanding is pursuant to what I've been known
25 to call the Texas divisional merger statute. I don't know the

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1 citation offhand, yes.

2 Q So if I say corporate restructuring, you'll know the
3 transactions I'm referring to?

4 A Yes, I will.

5 Q Okay. And you're obviously very familiar with this
6 corporate restructuring?

7 A Yes.

8 Q And you were, you testified you were part of the core legal
9 team with respect to the corporate restructuring?

10 A I was. I think I detailed the, the duties and
11 responsibilities that I had. There were others who were, if
12 you will, closer to the mechanics of doing an actual
13 restructuring and filings in various states.

14 But yes, I was part of the legal team.

15 Q Okay. And since the restructuring you've been Vice
16 President and Deputy General Counsel for Product Litigation for
17 Trane Technologies Company LLC, correct?

18 A That is correct.

19 Q Okay. And you've also been seconded from Trane
20 Technologies or TTC to the debtors, right?

21 A Yes, I have. That's a hundred percent.

22 Q Okay. And in that regard you currently serve as Chief
23 Legal Officer for both of the debtors, right?

24 A Yes, I do.

25 Q But TTC pays your paycheck, correct?

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1 A TTC does cut my paycheck. Yes, that's correct.

2 Q And you also receive your employee benefits through TTC,
3 correct?

4 A I do, yes.

5 Q All told, you've worked in the Legal Departments of the
6 Trane family of companies since, uninterrupted, since 2005, is
7 that right?

8 A Yeah, the beginning of 2005. So coming up soon on 16-1/2
9 years.

10 Q Okay. Your duties during that time included managing
11 litigation on behalf of Trane and Ingersoll-Rand, isn't that
12 right, sir?

13 A That's correct.

14 Q And that also included management of asbestos litigation,
15 right?

16 A Yes, it did during various periods of time that we talked
17 about this morning, yes.

18 Q Okay. And Robert Sands was another attorney, or is another
19 attorney that was handling asbestos litigation for Trane and
20 Ingersoll-Rand prior to the corporate restructuring, that's
21 right, right?

22 A That is correct, yes.

23 Q Prior to the corporate restructuring, asbestos litigation
24 did not have a direct impact on the day-to-day operations of
25 Trane or Ingersoll-Rand, right?

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1 A Well, I think, as I testified -- and I saw a snippet of
2 this this morning at my deposition -- what I would say is that
3 the companies were certainly able to in a fairly unfettered way
4 do their buying, their selling, their normal business, but I do
5 question whether at the margins, given the fact that a hundred
6 million dollars was being sucked out of the entity every year
7 on asbestos, I have to imagine there was some impact somewhere,
8 what investments that might have been made weren't made, what
9 expansions that might have happened didn't happen.

10 So while, while you're right and while it's true that the
11 businesses, more or less, operated the way they needed to and
12 while I can't calculate for you what wasn't done that might
13 have been done, I think a hundred million dollars, you know,
14 that's real money where I come from. So I, I start from the
15 assumption that it had some sort of impact, even if I can't
16 give you every jot and tittle.

17 Q Okay. But it's fair to say that it did not have a direct
18 impact on the day-to-day operations, isn't that right, sir?

19 A The day-to-day operations continued, that's correct.

20 Q And prior to the corporate restructuring -- and I think you
21 just said this -- Trane and Ingersoll-Rand were buying and
22 selling and doing all the normal things that active companies
23 will do, right?

24 A That's accurate.

25 Q Mr. Tananbaum, as in-house counsel you also managed

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1 insurance aspects of asbestos litigation, correct?

2 A I did and even when I left litigation for the decade and,
3 and ran the compliance function I, I kept my hand in that, yes.

4 Q Okay. And prior to joining American Standard in 2005, you
5 also represented insurers who were involved in asbestos
6 insurance litigation?

7 A In private practice, yes. In private practice at the law
8 firm, I did represent various insurers in asbestos insurance
9 litigation, among other things, yes. That's accurate.

10 Q Okay. Thank you.

11 Now in your capacity as Chief Legal Officer to both of the
12 debtors you technically report to Mr. Valdes, the President of
13 the debtors, correct?

14 A That is correct. I also seem to recall there were some
15 first day -- I'm struggling to come up with the right words --
16 but there were papers executed that, you know, gave a certain
17 amount of bandwidth to me so that I didn't have to, so that I
18 don't have to go to Manlio on a day-to-day basis to resolve
19 cases or otherwise perform my duties.

20 But, but it is accurate that in the structure of the
21 entities I, I report to Mr. Valdes.

22 Q Okay. You still administratively report to Evan Turtz,
23 don't you?

24 A That's correct. He is my supervisor in the Trane
25 Technologies families.

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1 And incidentally, I now remembered the words I was
2 struggling to remember. They were unanimous consents that were
3 entered into on Day 1 and some of those need to be read in
4 connection with my technical reporting in order to understand
5 how it is that I perform my duties. Thank you.

6 Q Mr. Turtz is the General Counsel of Trane Technologies?

7 A Yes, he is. That's true.

8 Q And, Mr. Tananbaum, you first learned about the company
9 contemplating the corporate restructuring from Mr. Turtz,
10 correct?

11 A That is correct.

12 Q And the conversation occurred in June of 2019 or shortly
13 before that, right?

14 A That's true. And I base that off of reviewing a while ago
15 when I executed the NDA, which I would have been required to do
16 just after being brought in, and I executed that in June.

17 So whether I talked to Evan in early June or sometime late
18 May, I, I can't recall. But that general timeframe is
19 accurate.

20 Q Okay. And Mr. Turtz's predecessor as General Counsel was
21 Maria Green, is that right?

22 A Yes. Maria Green was Mr. Turtz's direct predecessor.

23 Q Okay. And she retired in April 2019, is that right?

24 A That's correct.

25 Q Isn't it true that before she retired Ms. Green was

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1 interested in pursuing a strategy for handling Trane and
2 Ingersoll-Rand's asbestos liabilities called Structural
3 Optimization, which you referred to earlier?

4 A What I would say is that she -- and to the best of my
5 recollection the timeframe would have been the summer of
6 2018 -- she was exploring the possibility of engaging in
7 Structural Optimization and she brought me, among others, into
8 a team that was charged with taking a look at it, yes.

9 Q Now when Mr. Turtz took over as General Counsel he wanted
10 to go in a different direction than Ms. Green, correct?

11 A Well, I want to be careful here. I don't recall ever
12 having face to face or phone call conversation with Evan about
13 that directly, but I, I can only conclude based on his decision
14 to go a different route that he had decided, in fact, to go a
15 different route and to, more or less, not focus on Structural
16 Optimization.

17 So I, I guess, I guess it's fair to say that that is a fair
18 conclusion that I reached based on the sequence of events.

19 Q And Mr. Turtz first spoke to you about the corporate
20 restructuring shortly after Ms. Green retired, right?

21 A Yes. Again, she retired in April and I had this
22 conversation with Evan either late May or early June. So
23 that's accurate.

24 Q The corporate restructuring, that was code named Project
25 Omega -- you testified about that earlier -- correct?

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1 A That's correct.

2 Q And Project Omega had all-hands meetings every Friday for a
3 period, isn't that right?

4 A That is my recollection, yes.

5 Q And those all-hands meetings were chaired by Mr. Turtz, the
6 General Counsel?

7 A I suppose chaired is accurate. I, I might choose a, I
8 might choose words to the effect that he was more the executive
9 sponsor who got the meetings up and running. But, but chaired
10 is probably not far from the mark. Fair enough.

11 Q And at your deposition if I told you you said the meetings
12 were "chaired" by Mr. Turtz, does that sound familiar?

13 A Yeah. I, I, I, I would assume so, yes.

14 Q Okay. You regularly attended the Project Omega all-hands
15 meetings, didn't you, sir?

16 A I did. As I recall, I mostly attended virtually. This
17 was, obviously -- most of this was pre-COVID, but since I'm
18 based in New Jersey and came down regularly, you know, I was
19 probably at a few of the meetings in person, at least until we
20 got to the late period when the, the camp was shut down.

21 Q But you regularly, regularly attended those meetings?

22 A Yeah, that's accurate, and I don't think -- I can't recall
23 and I really don't believe I would have missed any.

24 Q Okay.

25 Sara Brown also regularly attended Project Omega all-hands

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1 meetings, isn't that right?

2 A That comports with my recollection as well, yes.

3 Q And she is in-house attorney within the Trane family of
4 companies?

5 A That's right. She's our primary SEC counsel and she would
6 be involved in M&A work, to some degree, and restructuring
7 work, yes.

8 Q Okay.

9 A And she's a peer of mine. She's a Deputy General Counsel
10 and Vice President as well.

11 Q And Phyllis Morey, she regularly attended Project Omega
12 meetings as, Project Omega all-hands meetings as well, didn't
13 she, sir?

14 A She did as well. She ran the litigation function until her
15 retirement in July of 2020. She would have attended the
16 meetings as well.

17 Q And Mikhael Vitenson, he regularly attended the Project
18 Omega all-hands meetings?

19 A Yes. I can't recall if he attended the very first ones,
20 but at a certain point of time he had to be brought in because
21 there was a substream of work that revolved around ensuring
22 that all of Trane's state contracting licenses in the 50 states
23 would continue on ongoing projects and the ability to bid on
24 new projects would continue unabated. And so there, there
25 needed to be precise legal support to make sure that the

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1 lifeblood of the business could continue unabated and that was,
2 as I recall, Mr. Vitenson's principal legal role in the
3 project. At a certain point he joined us for, for all the
4 meetings.

5 Q And he was an in-house attorney as well, right?

6 A He -- yes. And he still is, yes.

7 Q And multiple attorneys from Jones Day regularly attended
8 the all-hands meetings?

9 A I believe that's accurate, yes.

10 Q And your colleague, Heather Howlett, she attended at least
11 some of the Project Omega meetings?

12 A Yeah. Again, with Heather, I don't remember if she
13 attended the early-on ones. Mr. Kuehn, who, whose role Heather
14 succeeded to when he became CFO, I recall at all the meetings
15 and I just don't know if her involvement sort of occurred when
16 Chris was ascending to the CFO position or whether Heather was
17 in there earlier.

18 But yes, I do recall her being at least some of the
19 meetings.

20 Q Okay. And she is a Chief Accounting Officer of Trane, is
21 that right?

22 A She is, yes.

23 Q Another colleague of yours, Rolfe Paper (phonetic), he
24 regularly attended the Project Omega all-hands meetings, right?

25 A Yes, he did. He did.

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1 Q And Mr. Paper was a project leader on Project Omega,
2 correct?

3 A He was what I would call the Project Manager on the
4 project. His principal workstream was managing the project
5 around state licenses. There was a lot of complexity, as I
6 recall. We were coding each state and the prospect for a
7 smooth handover of the license or transition, either green,
8 yellow, or red, and he was the Project Manager in charge of all
9 those workstreams which were being actually conducted by
10 Mr. Vitenson, some external counsel, and others in the
11 business. And so, you know, I would, I would characterize
12 Rolfe as a project manager, although -- and I think I testified
13 about this at my deposition -- I do recall that Rolfe was also
14 charged with putting together, compiling the entire deck for
15 the Friday meetings. And so he would compile all the slides
16 that came in from others and put it all together.

17 Q Thank you.

18 The debtors each have operating subsidiaries and I think
19 you testified about that on your direct exam, isn't that right,
20 sir?

21 A That's correct.

22 Q Aldrich's operating sub is called 200 Park?

23 A Yes.

24 Q And I believe you previously testified that 200 Park
25 contains elements of another Trane entity called Artic Chill,

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1 is that right, sir?

2 A Well, I think they're now separate entities, but my
3 recollection is this was an acquisition that the company made,
4 again I believe it was in 2018, and it was of the Artic Chiller
5 group. I don't know if at the time it was one legal entity or
6 two. I do know that its management team was based in Canada
7 and I do know that now as a result of all the restructuring
8 work the manufacturing facility in South Carolina and the folks
9 who work there are now part of the operations of 200 Park and
10 that the rest of what had been Artic Chiller is still in
11 Canada.

12 Q Now this operating subsidiary, 200 Park, has made no
13 dividends or distributions to Aldrich, correct?

14 A That's correct. That hasn't happened to date.

15 Q And the debtors are not aware of whether 200 Park plans to
16 pay any dividends or distributions to Aldrich in the future,
17 correct?

18 A That's fair.

19 Q And Murray has an operating subsidiary called ClimateLabs,
20 is that right?

21 A That's correct.

22 Q And ClimateLabs has made no dividends or distributions to
23 Murray, correct?

24 A No, it has not. You're right.

25 Q And the debtors are not aware of whether ClimateLabs plans

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1 to pay any dividends or distributions to Murray in the future,
2 correct?

3 A That's correct.

4 Q Now immediately following the divisional mergers in May
5 2020 that you discussed earlier the debtors were Texas
6 entities, correct?

7 A That's correct. They availed themselves of the divisional
8 merger statute in Texas.

9 Q Okay. And shortly thereafter they were reincorporated in
10 North Carolina, right?

11 A That's correct. North Carolina being the nerve center for
12 Trane Technologies being where, really, our businesses are
13 headquartered. Obviously, Trane does business in Texas, but we
14 really don't have entity, we really don't have leadership teams
15 there. I mean, we do -- well, I should correct myself. We
16 have a major manufacturing facility in Tyler that supports the
17 Trane residential business. And so we have a major plant.

18 But apart from that and apart from sales offices and other
19 normal presences, you know, our nerve center is North Carolina
20 and it probably made a great deal of sense to migrate there.

21 Q So, so the nerve center is in North Carolina, but isn't it
22 true that TTC and Trane and New Trane are both reincorporated
23 in Delaware?

24 A That's correct, but, you know, I take that as nothing
25 unusual. Plenty of companies are incorporated in Delaware.

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1 TUI, Old Trane, was incorporated in Delaware. Ingersoll-Rand
2 Company was incorporated in New Jersey, as, as we've beaten
3 over everybody's head for a long time.

4 But yes, that's true.

5 Q Now you're familiar with an agreement called the Amended
6 and Restated Divisional Merger Support Agreement between
7 Aldrich and TTC, correct?

8 A The support agreement, yes, I am.

9 Q And that agreement was executed as part of the corporate
10 restructuring, correct?

11 A Yes, maybe right after. I -- I -- the exact sequencing
12 alludes me. But when you look -- part and parcel of the
13 transactions, they were necessary documents, yes.

14 Q Thank you.

15 Now that agreement was not negotiated at arm's length,
16 correct?

17 A Well, nor would it have been. These are inter, inter-
18 company agreements. And so as per the normal course, they were
19 negotiated as such agreements often are.

20 Q Okay. So they were not negotiated at arm's length, right?

21 A They're not arm's-length negotiations, but I would dispute
22 any suggestion that the interests of the debtors were not taken
23 into account by anybody.

24 Q You're also familiar with the agreement called the Amended
25 and Restated Divisional Merger Support Agreement between Murray

1 and Trane, correct?

2 A Yeah. Yes, I am. That's a similar agreement.

3 Q And that agreement, likewise, was executed as part of the
4 corporate restructuring?

5 A That's correct.

6 Q And that agreement, like the one between Aldrich and TTC,
7 was not negotiated at arm's length, correct?

8 A Right, nor could it have been because you can't negotiate
9 with an entity that doesn't technically yet exist. But -- and,
10 and again, these are inter-company agreements and were
11 negotiated in the normal course. I will say this, though.
12 Jones Day took the principal drafting lead on a lot of these
13 agreements and at the time they were representing Trane and
14 then as of the divisional merger their representation shifted
15 to the debtors. It would hardly be a good look for them to
16 have saddled the debtors with poor agreements that leave the
17 debtors poorly positioned.

18 So I think they, along with everybody else, were highly
19 incentivized to make these agreements work and to make them
20 protect the debtors.

21 Q Thank you.

22 You're familiar with what are referred to as the funding
23 agreements, correct?

24 A Yes, I am.

25 Q And one funding agreement is between TTC and Aldrich?

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1 A Correct.

2 Q And that -- the funding agree -- and -- I'm sorry.

3 And the other agreement is between New Trane -- I'm

4 sorry -- New Trane and Murray, correct?

5 A That is correct, yes.

6 Q And those funding agreements were likewise not negotiated

7 at arm's length, right?

8 A Again, if by "arm's length" you mean with armies of lawyers
9 on each side in an adversarial way, that is accurate. They
10 were, again, negotiated in the normal way that inter, inter-
11 company agreements are negotiated. And again, all parties were
12 incentivized to protect the interests of the soon-to-be formed
13 debtors. But yes.

14 Q And indeed, the funding agreements themselves were
15 initially drafted before the corporate restructuring took
16 place, correct?

17 A Yes.

18 Q So the funding agreements with Aldrich and Murray were
19 initially drafted before Aldrich or Murray even existed, right?

20 A Yeah. They needed to be effective right away and they're
21 complicated legal documents. So yes. Obviously, the drafting
22 proceeded in, in the buildup to the restructuring.

23 Q And --

24 A If we had waited, we probably would have waited weeks until
25 there would be funding agreements in place.

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1 Q So it's fair to say that no attorney represented Aldrich or
2 Murray in any initial negotiations over the terms of the
3 funding agreements, correct?

4 A Represented Aldrich or Murray formally, that's correct.
5 Because Aldrich and Murray didn't exist. Again, I would
6 contend Jones Day and others were incentivized to protect their
7 interests and I do recall that, hearing that Ms. Roeder did
8 provide some comments back and forth to strengthen the
9 agreement from, from the soon-to-be debtors' perspective.

10 Q Now I heard you testify earlier about Trane standing behind
11 its products when asked about guaranties. None, none of TTC's
12 or Trane's obligations under the funding agreements are
13 guaranteed in writing by Trane Technologies PLC, correct?

14 A Yeah. I don't recall -- I want to be clear. I don't
15 recall testifying about guaranties and if I, I did, I, I
16 misspoke. But I think the record will reflect I didn't speak
17 about guaranties.

18 But there are no formal guaranties, if that's what you're
19 asking, supporting these funding agreements. That's accurate.

20 Q Okay. And it's fair to say that none of TTC's or Trane's
21 obligations under the funding agreements are guaranteed by any
22 other protected parties, correct?

23 A That's accurate.

24 Q Now, Mr. Tananbaum, you've presided over the meetings of
25 the Aldrich board of managers, correct?

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1 A Yes, I did.

2 Q And you've also presided over the meetings of the Murray
3 board of managers, correct?

4 A Correct.

5 Q But you aren't a manager of Aldrich, right?

6 A No. I'm management or an officer of the entities.

7 Q Okay.

8 And you're not a manager of Murray?

9 A I am not a manager of Murray and my experience, which
10 includes a decade of presenting in front of the Audit Committee
11 of Trane Technologies and Ingersoll-Rand PLC, it's entirely
12 normal that these meetings would be led by somebody from
13 management. But yes.

14 Q And the Aldrich board meetings prepetition were drafted by
15 Jones Day, correct?

16 A That's correct. I was presiding over the meetings and it
17 was a great assistance to me to have Alex Kerrigan, an
18 associate working with Troy Lewis at Jones Day, do the initial
19 draft of the meetings so I could stay focused in the moment at
20 the meetings. I reviewed the minutes quite carefully, provided
21 comments before they were circulated and distributed to the
22 attendees, the board members.

23 Q But Jones Day drafted them, right?

24 A They did the initial draft, yeah, but I stand behind the
25 accuracy of the minutes.

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1 Q The Murray board minutes prepetition, they were also
2 drafted by Jones Day, correct?

3 A Yeah. Same, same answers on Murray board minutes, yes.

4 Q Now the debtors have identified four personnel expected to
5 play key roles in the debtors' reorganization, right?

6 A Yes. Myself, Mr. Sands -- well, you go ahead. I
7 interrupted.

8 Q So you're -- so you are one of those personnel?

9 A I am, yes.

10 Q Mr. Sands is one of the four?

11 A I believe so.

12 Q And Ms. Roeder is also one of the four?

13 A Yes.

14 Q And Ms. Bowen is one of the four, right?

15 A Yes.

16 Q Let, let's start with Ms. Bowen. Ms. Bowen spends no
17 greater than 25 to 30 percent, and perhaps less, of her time on
18 tasks related to the debtors, correct?

19 A Yeah, that's my best understanding. I think you put it
20 well. I, I, I think everybody's view of their own time may be
21 different, but in understanding what everybody had to say, I
22 think you put it well. You put it well. No more than that
23 amount.

24 Q And I think you've characterized Ms. Bowen's work with the
25 non-debtor affiliates as her "day job," correct?

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1 A Yes. She's the Global Comptroller. She's the Comptroller
2 for the Global Legal Department. So obviously, the Legal
3 Department, which contains 44 attorneys presently and another
4 40 plus nonattorneys, is, you know, not the biggest corporate
5 function, but 80 plus folks working around the world various
6 finance streams.

7 And so Cathy keeps quite busy tracking all the sub budgets
8 within those, within the legal function tracking spend against
9 those budgets, ensuring payments get made. It's, it's a full-
10 time job.

11 Q And Ms. Bowen didn't litigate asbestos cases prepetition?

12 A Oh, no. She's an accountant, not a lawyer.

13 Q She also didn't play any role in reaching asbestos
14 settlements, right?

15 A No, but she was highly involved in processing payments for
16 settlements and processing payments for our defense counsel
17 network of 30 plus firms and ensuring that the budgets were
18 adhered to and assisting Ms. Roeder and the larger finance
19 teams on making sure that the liability and asset reserves were
20 updated accurately periodically.

21 Q But she wasn't involved in negotiating settlements, right?

22 A Oh, no. She would not have been involved in negotiating
23 settlements, that's right.

24 Q And Ms. Bowen is not expected to play a direct role in the
25 event there's a contested estimation proceeding, right?

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1 A Boy. Well, we haven't talked about whether we need an
2 estimation proceeding and if so, what it's going to look like.
3 If you were to ask me sitting here right now would she play a
4 direct role presenting testimony, I, I would have to say it
5 would be more of a support role. I, I could always be proved
6 wrong but if I had to conjecture, I would say that's accurate.

7 Q And Ms. Bowen's not expected to play a role in formulating
8 a plan of reorganization, right?

9 A That's accurate.

10 Q And she's also not expected to negotiate a plan of
11 reorganization, right?

12 A No, she is not expected.

13 Q Okay. Let's, let's talk about Ms. Roeder.

14 Now Ms. Roeder spends somewhere between 25 and 30 percent
15 of her time on tasks related to the debtors, right?

16 A That's accurate.

17 Q And you've also characterized Ms. Roeder's work with the
18 non-debtor affiliates as her "day job," right?

19 A Yes. And her day job is split between being the finance
20 lead for the entirety of the 85-member Global Legal Department
21 as well as the entirety of the much larger -- numbers escape me
22 at the moment -- Global IT Department, yes.

23 Q Okay. And, in fact, Ms. Roeder is not getting paid for her
24 work supporting the debtors, right?

25 A That's correct.

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1 Q And -- now, Mr. Tananbaum, you've already testified you're
2 not a bankruptcy attorney, right?

3 A That's correct.

4 Q In fact, I think you've said that in this case your role is
5 a client representative, right?

6 A Well, I -- I -- I'm the client. I don't know that I like
7 "client representative." My point is I'm not a potted plant.
8 I'm a highly active client and I'm involved in everything that
9 goes on. I may not be drafting plans, I may not be principally
10 drafting motions, but I'm highly involved. You know, there may
11 be some confusion here because I, I would imagine that in the
12 asbestos world the plaintiffs don't actively participate in
13 every step of the prosecution of their claims, but when you're
14 in-house counsel principally defending claims you are, at least
15 if you follow the model of the companies that I've worked for,
16 highly, highly involved, giving instructions, and it's, it's,
17 it's a full-time gig.

18 Q If I, if I told you at your deposition you told me, "I'm a
19 client representative," would that help refresh your
20 recollection?

21 A I don't recall the term "representative," but listen, I
22 don't want to debate over it. It's sort of a minor point, but
23 I'm the client.

24 Q Okay. So I think you just said you don't draft filings in
25 the bankruptcy, right?

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1 A That's right, but in the same way that any lawyer in the
2 Trane Technologies family engaged in working with outside
3 counsel on a project would not be principally drafting, right?
4 That's why you hire the lawyers. They're doing that.

5 So you're more providing inputs, discussing strategy,
6 reviewing drafts, comments, you know. That's kind of more of
7 the cadence. But, you know, I do, I, I do take issue with this
8 suggestion that, therefore, it's of lesser magnitude or
9 importance or time commitment. I just -- you'll never get me
10 to agree to that. But yes.

11 Q And, in fact, sir, you didn't actually principally draft
12 your declarations in support of the preliminary injunction, did
13 you?

14 A I did not principally draft them, that's accurate. I
15 reviewed them really carefully. I provided a lot of commentary
16 on them. I reviewed edits. But Jones Day, counsel we've
17 hired, did the principal drafting, that's correct.

18 Q And, Mr. Tananbaum, you have no experience negotiating a
19 chapter 11 plan, right?

20 A I have none, that's correct.

21 Q And you don't expect to draft a chapter 11 plan if one were
22 utilized here, would you?

23 A Good heavens, no. But if we want one that works, that
24 sticks, we better not ask me to do that and, and we won't.

25 Q Did -- I think you've said the debtors are paying a large

1 team at Jones Day to draft a chapter 11 plan, right?

2 A Well, we -- we're -- we -- we've engaged a large team at
3 Jones Day to help us prosecute this motion and resolve the
4 entire case. I don't know sitting here right now how many
5 attorneys in the restructuring group are, will actually be
6 involved in drafting the plan.

7 Q Okay. If tort litigation resumed against Trane and TTC,
8 you personally wouldn't expect to sit for depositions in
9 connection with such litigation, right?

10 A I think it all depends, you know. As I believe I testified
11 at one of my depositions, there was at least one tort case that
12 was pending against Old Trane where I was actually called as a
13 deponent. And so that's not unheard of.

14 Secondly, while I take your point that I wouldn't,
15 generally speaking, participate in most individual depositions,
16 I do believe that we have a long history, which I think is the
17 correct practice of working directly with any of our corporate
18 executives who might be called upon to be deposed, that's a
19 level of care and feeding that's really expected.

20 And so if we had an executive who had to be deposed, I
21 would expect that either Rob or myself or perhaps both, would
22 be involved in the prep and might even play an active role at
23 the deposition itself. We also work with corporate reps, some
24 of whom in the past have been retirees, other of whom have been
25 live, active employees, including some fairly highly placed

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1 employees. And again, for those people, there's much more care
2 and feeding involved.

3 So I think it's a mixed answer, but for your run-of-the-
4 mill daily deposition, I, I take your point. There would have
5 to be some special reason for Rob or myself to be directly
6 involved in such deposition, but it would happen on occasion.

7 Q Thank you, sir.

8 And, and you previously testified that in your career
9 you've only sat for three depositions, right?

10 A That was before you deposed me twice. So I guess now I'm
11 up to five.

12 Q And you've also testified, I believe, that Trane and TTC
13 have a network of 30 plus law firms that defend them in tort
14 cases, right?

15 A Well, I want to be careful. The debtors and the
16 predecessors to the debtors had that network in place. I'm not
17 involved. I haven't been involved. I've been careful, given
18 my secondment, not to be involved in the retention and, of, of
19 law firms to represent the affiliates.

20 Q Okay. And it's true, sir, isn't it, that you wouldn't
21 expect to be a witness at any trial in connection with any tort
22 cases?

23 A I think it's accurate to say that I wouldn't so expect. It
24 -- if it -- I could imagine it potentially happening, but I
25 wouldn't normally expect it, that's correct.

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1 Q And isn't it true, Mr. Tananbaum, that prior to the
2 corporate restructuring Ingersoll-Rand and Trane's network of
3 local outside counsel handled nearly all, if not all, court
4 appearances, depositions, responsive pleadings, and briefs?

5 A That's correct, but for every hour that you're appearing in
6 court, there are two or three or four hours of preparation.
7 And what I would say is that the internal legal team spent a
8 lot of sweat equity and time working with the teams about
9 exactly what those presentations would look like.

10 But you're right. When it's time to face off directly in
11 court, the model was to operate through, through these local
12 law firm surrogates which you almost need to do when you've
13 only got a handful of folks managing what's a nationwide
14 litigation.

15 Q Thank you, sir.

16 And prior to July 2020, there was a much larger in-house
17 legal team handling asbestos litigation within the Trane
18 organization, right, sir?

19 A That's, that's correct. I, I think I testified about that
20 this morning, yes.

21 Q And a number of those positions were eliminated in July
22 2020?

23 A Yes. I think some of the folks got notice prior to July,
24 but they got extended.

25 And what I would say about that is there were sort of two

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1 principal drivers. No. 1, in the wake of the RMT there was a,
2 a general restructuring undertaken -- and it still continues to
3 this day within Trane Technologies -- and that had to do with
4 how was this new pure play client company going to operate.
5 What would its model be? Would it have the same corporate
6 functions, the same degree of corporate functions that support
7 the entire organization or would some of those corporate,
8 hither-to corporate functions be handed back to the businesses?
9 Would we invest more in certain corporate areas or less in
10 other corporate areas? And Mr. Pittard happens to be the Chief
11 Transformation Officer of Trane Technologies and he has been
12 highly involved in that.

13 And what I think Mr. Turtz would say is that he, like other
14 corporate leaders, since the general administrative expense
15 held at corporate was one of the key things that the company
16 was looking to transform and, and, and bring down, if you will,
17 what I think Mr. Turtz would say is that he, like other
18 corporate leaders, was challenged in a number of ways on his
19 resource structure and was given, ultimately, some assignments
20 about right sizing the team. And so some of that had a natural
21 fallout within the litigation team and including the team that
22 handled asbestos.

23 So just want to be clear that some of that head counting
24 was happening across the organization and in Legal, anyway.

25 But in addition, the second factor is true. Once the

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1 bankruptcy was filed, Aldrich and Murray knew they would be the
2 beneficiaries of an automatic stay and other positions were
3 eliminated on the basis that we didn't think we'd be in the
4 tort system, yes.

5 Q Yeah. So some of the positions were eliminated because of
6 the stay?

7 A Probably accurate, yeah.

8 Q And as of your deposition in March, you had no expectation
9 of replacing those positions, right?

10 A No current expectation, that's correct.

11 Q Okay.

12 Now with respect to Mr. Sands, you, you noted that he will
13 play a secondary client role to your own in the debtors'
14 reorganization, isn't that right, sir?

15 A Yeah. I mean, he's increasingly playing a vital role and I
16 expect him to be at my side as we proceed, yes.

17 Q And like you, Mr. Sands is not a bankruptcy attorney?

18 A No. He is a litigator and he litigated, defended asbestos
19 claims in a really long and good external counsel career and
20 then has been inhouse at Trane for a number of years defending
21 asbestos cases as well.

22 Q Thank you, sir.

23 Now the debtors have not filed a plan of reorganization,
24 right?

25 A Not as of yet, no.

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1 Q And as of your deposition in April, no draft plan of
2 reorganization had been shared with you for review, right?

3 A That's correct.

4 Q And a plan will need to be negotiated successfully in order
5 for this case to resolve, correct?

6 A That's accurate, but I would also add we have a chicken-
7 and-an-egg problem here. As I've testified and as Mr. Guy
8 brought out, we are, we are in some active negotiations with
9 the FCR. I also testified that we've begun discussions with
10 our insurers. We're eager to have those negotiations with the
11 ACC, but the ACC won't sit down and talk to us.

12 So if we're not moving that ball forward as much as we can,
13 I, I can hardly see the debtors as being the ones to blame at
14 the moment. But yes.

15 Q Now earlier today I think you testified you're somewhat
16 familiar with 524(g), right?

17 A A bit. I'm no expert. And so what the statute says and
18 what you lawyers argue about and what the judge especially
19 rules will hold, but somewhat familiar.

20 Q Now current asbestos claimants would vote on any potential
21 524(g) plan, isn't that right, Mr. Tananbaum?

22 A Yes, that's my understanding of what the statute says.

23 Q And you're also aware, aren't you, that section 524(g)
24 requires a 75 percent supermajority vote by current asbestos
25 claimants, correct?

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1 A I'm aware of that as well, yes.

2 Q And do you agree, sir, that the debtors have not shared or
3 agreed to a plan term sheet with the Committee?

4 A We've not shared or agreed to a plan term sheet with the
5 Committee, that's correct. I think that's mostly a function of
6 the Committee saying it doesn't intend to sit down and talk to
7 us at this juncture.

8 But as I testified at, I believe, my second deposition, we
9 have shared a draft term sheet with the FCR. It talks about
10 structure. It doesn't include numbers, but that's been shared.

11 Q Okay.

12 Now, Mr. Tananbaum, you were provided with some of the
13 Committee's exhibits electronically, correct, sir?

14 A Yes. Would you like me to turn to them?

15 Q I would. Just ACC Exhibit 47. And this is the Notice of
16 Filing of Revised Appendix B to the Debtors' Complaint for
17 Injunctive and Declaratory Relief. Let me know when you have
18 that in front of you, sir.

19 A You say 47, correct?

20 Q Yes.

21 A Okay. Just give me a moment. I got to scroll down.

22 Bear with me. I am nearly there.

23 Q Take your time, sir.

24 A Ah. Okay. Some of them are not in chronological, but I do
25 see 47.

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1 Okay. I see it, but it scrolled by because I moved too
2 fast, so.

3 Q Now you've seen this document before, right, sir?

4 A I did -- you just have to bear with me another minute
5 because it scrolled too far.

6 Okay. Okay. I have Exhibit 47 open, the Notice of Filing
7 of Revised Appendix B.

8 Q And, and that was filed in this case, right, sir?

9 A I believe so. I'm just flipping to the third page.

10 Yes, this, this was filed shortly after the case was filed,
11 last, last year.

12 Q Right. And it has a date of 6/22/20 on the top?

13 A Correct.

14 Q Okay. I'd like to direct your attention to the fifth page
15 of the document, which states List of Protected Parties at the
16 top, do you see that?

17 A Yes, I do.

18 Q Okay. And then underneath that it has a list of non-debtor
19 affiliates and that's about, oh, five pages long, maybe?

20 A Yeah, it's several pages long. I'll take your word, yes.

21 Q And I represented, represent to you, sir, that there are
22 about 204 non-debtor affiliates listed on there.

23 Does that sound about right to you?

24 A I'll accept that. I'm not going to spend the time adding
25 up, but fine.

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1 Q Okay. Now Trane Technologies Company LLC, which we've
2 referred to as TTC, that's on that list, right?

3 A It better be. Yes, I believe it is.

4 Q And, and TTC has been sued for asbestos claims in the tort
5 system, right?

6 A That's correct.

7 Q And Trane U.S. Inc., which we've been calling New Trane,
8 they're on that list as well?

9 A They should be, yes.

10 Q And they've also been sued for asbestos claims in the tort
11 system, right, sir?

12 A They have, yes.

13 Q And Trane Technologies PLC, they're also on that list,
14 right?

15 A They are.

16 Q And they, likewise, have been sued for asbestos claims in
17 the tort system?

18 A They have, that's correct.

19 Q Thermo King, they're also on that list?

20 A Thermo King is on the list, yes.

21 Q They also have been sued for asbestos claims in the tort
22 system?

23 A It has happened, but they've been misnamed in respect of
24 Aldrich liabilities, yes.

25 Q At the time of your deposition in March, you couldn't think

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1 of any other entity on the list of non-debtor affiliates that
2 has been sued for asbestos claims in the past, isn't that
3 right, sir?

4 A I don't believe I thought of any other affiliates who had
5 been sued, that's correct.

6 Q Okay. And it's true that no affiliates of the debtors have
7 ever sought indemnification from the debtors on account of
8 asbestos claims, right, sir?

9 A I believe that's accurate.

10 Q Now you're familiar with the debtors' insurance, right,
11 Mr. Tananbaum?

12 A I, I am, yes.

13 Q And you understand that no entities other than the debtors
14 have any rights to the debtors' respective insurance assets,
15 right, sir?

16 A That's correct.

17 Q And you're also not aware of any direct actions against any
18 of the debtors' insurers against any policies that have been
19 allocated to the debtors, isn't that right, sir?

20 A That is accurate, sir.

21 Q Now earlier today you, you mentioned collateral estoppel
22 and *res judicata*. Now, Mr. Tananbaum, the debtors are not
23 aware of any parties that have asserted *res judicata* against
24 Old Ingersoll-Rand or Old Trane, correct?

25 A That's correct.

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1 Q And the debtors are likewise not aware of any parties that
2 have asserted collateral estoppel against Old Ingersoll-Rand or
3 Old Trane, right?

4 A That's correct.

5 But I, I'd like to make a comment here because I just don't
6 think the past is prologue. I just don't see the relevancy of
7 pointing about what has or hasn't happened in the past. I
8 haven't heard an offer from the firms representing the
9 claimants on the Committee to stipulate that all the affiliates
10 never named before will not be named in the future. I haven't
11 heard that offer. By the way, had that offer been made, it's
12 not acceptable because there are plenty of other plaintiffs'
13 law firms who don't represent claimants on the Committee.

14 So I just find it interesting that the test is supposedly
15 what's happened in the past. Past is not, past is not
16 prologue. We'd rather be safe than sorry. We'd rather be safe
17 now than to have to come back to this Court in piecemeal should
18 some of these entities that hither to now have not been sued
19 were to be sued.

20 Q Thank you, sir.

21 Now the debtors are not aware of any parties that have
22 asserted *res judicata* against the debtors, correct?

23 A That's correct. But again, up until now Rob, myself, the
24 previous team has been involved in all of the cases. And so
25 the risk of that happening was quite low and we want to keep it

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1 low.

2 Q And you similarly, sir, are not aware of any parties that
3 have asserted collateral estoppel against the debtors, isn't
4 that correct?

5 A I think that's correct as well.

6 Q And the debtors are not aware of any parties that have
7 asserted *res judicata* against any affiliates of the debtors,
8 isn't that correct?

9 A That's correct, but it could happen. There's no doubt it
10 could happen and that's the basis upon which our motion rests.

11 Q And the debtors are also not aware of any parties that have
12 asserted collateral estoppel against any affiliates of the
13 debtors, isn't that right, Mr. Tananbaum?

14 A That's correct.

15 Q Okay.

16 I'd like to turn briefly back to this Exhibit 47. Can you
17 turn to the Indemnified Parties? It's on the fifth page. You
18 testified about those earlier today, sir.

19 A Yes. Which page, again?

20 Q It's, it's got 5 on the bottom. It's Page 9 of 27 of the
21 PDF.

22 A Okay. I recall seeing it. I just want to have it in front
23 of me.

24 Q I think --

25 A Yes, the Indemnified Parties. I have it up.

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1 Q -- you refer to them as the M&A parties?

2 A I do because these are, principally, companies that either
3 Trane or Ingersoll-Rand divested product businesses to.

4 Q Okay.

5 Now, Mr. Tananbaum, the debtors are not aware of any
6 parties that have asserted *res judicata* against any of the
7 Indemnified Parties, correct?

8 A I'm sitting here right now not aware of that. I think
9 we've, generally speaking, honored our tender obligations when
10 these parties sent cases to us that fall within the defense and
11 indemnification obligation.

12 Q Okay. So the debtors are not aware of anyone that have
13 asserted --

14 A Sitting here right now, I'm not, yes.

15 Q And the debtors are also not aware of any parties that have
16 asserted collateral estoppel against the Indemnified Parties,
17 right, sir?

18 A That's accurate. But again, I, I find this discussion to
19 be a little silly. We know that these companies tendered --

20 THE COURT: Right. Mr. Tananbaum --

21 THE WITNESS: -- cases to the debtors, although --

22 THE COURT: Mr. Tananbaum, we're on --

23 THE WITNESS: Sorry, sir.

24 THE COURT: We're on cross-examination. Let's answer
25 the question. We're not debating at this point.

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1 Go ahead.

2 THE WITNESS: Okay.

3 BY MR. PHILLIPS:

4 Q Now, Mr. Tananbaum, isn't it correct that it's impossible
5 to assert that there's no harm to asbestos claimants from
6 delay?

7 A I testified that there is the potential for harm. I, I did
8 concede that. We happen to think, I happen to think it's kind
9 of outweighed when you balance the harms.

10 But yes, there's, there's, there's the potential for harm.

11 Q Thank you, sir.

12 MR. PHILLIPS: No further questions.

13 THE COURT: Other questions of this witness? Anyone?

14 MR. GUY: Your Honor, I have -- your Honor, I have a
15 couple of questions.

16 THE COURT: All right. Redirect, first.

17 Would the, the debtor like to go first, though --

18 MR. HIRST: Your Honor, the debtors --

19 THE COURT: -- since it's primarily your --

20 MR. HIRST: Thank you, Judge.

21 We have no redirect for Mr. Tananbaum. So I'll let
22 Mr. Guy go.

23 THE COURT: Mr. Guy.

24 MR. GUY: Thank you, your Honor.

25 REDIRECT EXAMINATION

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1 BY MR. GUY:

2 Q Mr. Tananbaum, you're not an expert in bankruptcy law,
3 correct?

4 A No, far from it.

5 Q And you're not familiar with all the details of 524(g),
6 correct?

7 A I am most certainly not aware with all the details of
8 524(g).

9 Q And in response to the questions from Mr. Phillips about
10 how you're going to address the 75 percent requirement, you
11 weren't taking a viewpoint whether the future class can address
12 that requirement, were you?

13 A No. I was not taking a view at all. I was trying to limit
14 my answer to what I understood certain text of 524 stated.

15 Q And the exact text is in section (IV)(bb) and I can read
16 that to you. It says, "a separate class or classes of the
17 claimants whose claims are to be addressed by a trust described
18 in clause (i) is established and votes, by at least 75 percent
19 of those voting, in favor of the plan."

20 There was nothing in that language that differentiates
21 between current and future claims, correct?

22 A Nothing in this specific language you just read, that's,
23 that's correct.

24 Q Thank you, Mr. Tananbaum.

25 MR. GUY: I have no further questions.

1 THE COURT: Anyone else?

2 (No response)

3 THE COURT: All right.

4 Effectively, Mr. Tananbaum, you may step down. Thank
5 you.

6 THE WITNESS: Thank you, your Honor.

7 THE COURT: All right.

8 Who's next for the debtor?

9 MR. HIRST: Your Honor, I'll turn it over to
10 Mr. Jones, who will be examining Ms. Roeder, who is our next
11 witness.

12 THE COURT: All right.

13 Is everyone good to go? We don't need any comfort
14 breaks?

15 (No response)

16 THE COURT: All right, good.

17 Okay, Mr. Jones.

18 MR. JONES: Your Honor, we're asking Ms. Roeder to
19 join us now and hopefully, she will be able to. She has not
20 been with us all day so far. It looks to me like she has been
21 able to join us.

22 THE COURT: Right.

23 All right, Ms. Roeder. Can you hear me?

24 MS. ROEDER: I can. Good afternoon.

25 THE COURT: I'm hoping we'll see you in a second.

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1 There we go. Thank you.

2 Ms. Roeder, if you'll raise your right hand.

3 AMY ROEDER, PLAINTIFFS/DEBTORS' WITNESS, ADMINISTERED OATH

4 THE COURT: All right. Please proceed, Mr. Jones.

5 MR. JONES: Thank you, your Honor.

6 DIRECT EXAMINATION

7 BY MR. JONES:

8 Q Ms. Roeder, could you introduce yourself for the Court?

9 A Sure. My name is Amy Roeder. I am the Director of Finance
10 for IT and Legal. This is for Trane Technologies. In
11 addition, I serve as Chief Financial Officer and Treasurer for
12 Aldrich and Murray. Additionally to that, I'm also serving as
13 CFO on the subs as well. So 200 Park and ClimateLabs.

14 Q And, Ms. Roeder, are you also a member of the board of
15 managers for the two debtors?

16 A I am.

17 Q And how long have you served the debtors and, too, the
18 operating subsidiaries to which you just referred? How long
19 have you served in those roles?

20 A Since May 1st.

21 Q And are you an employee of either debtor?

22 A I am not.

23 Q How is it, then, that you provide your services to the
24 debtors and to the subsidiaries thereof?

25 A I do that under a services agreement.

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1 Q And how long, then, have you been employed by a Trane
2 company affiliate or a member of the Trane family of companies?

3 A Almost 25 years.

4 Q And when did that start and, or what were you doing when
5 you started your employment, rather?

6 A I began as a document control coordinator back in the
7 industrial segment of our business in, I think, roughly, '96 or
8 '97.

9 Q And could you share with the Court briefly the progression
10 of your positions and responsibilities over your tenure with
11 the company?

12 A Sure.

13 So I mentioned how I started. I, I began to move up
14 through kind of increasing, various roles of increasing
15 responsibilities, which led me to, by the mid-2000s, to a
16 senior operations leader in our Air Center organization which
17 were company-owned stores across the U.S.

18 And with that simultaneously, I went to school, obtained my
19 college degree. I, I got my Bachelor's of Business Management
20 and Communications and that ultimately left, led me to more
21 positions and various roles of increasing responsibility.

22 And in 2011, I transitioned over into corporate outside of
23 the business segment. I initially joined corporate as a, a
24 process leader for what we call procure to pay and I did that
25 for a few years, moved into a Director of Accounts Payable for

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1 the Americas and then, in 2016, moved into my current role as
2 Director of Finance for IT and Legal.

3 Q And that's with which company, again?

4 A That's with Trane.

5 Q All right.

6 And so you mentioned that you took on responsibilities for
7 the debtors and their subsidiaries. And are you, among the
8 board of managers, are you alone or are you joined by
9 colleagues?

10 A I have colleagues.

11 Q And who are the other members of the board of managers for
12 the debtors?

13 A So for Aldrich, it would be Robert Zafari, myself, of
14 course, and Manlio Valdes.

15 And for Murray, it would be Marc Dufour and myself and
16 Manlio.

17 Q And you've shared with us your employment background and I
18 don't know whether Mr. Tananbaum picked this up in his
19 testimony or not.

20 But could you let the Court know how Messrs. Zafari and
21 Dufour are employed with Trane or a Trane company?

22 A They are not currently employed. They are retired from
23 Ingersoll-Rand Company.

24 Q All right. Thank you.

25 And Mr. Valdes, is he employed with the company?

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1 A He is.

2 Q And what --

3 A He's a Vice President of Project Management in Commercial
4 HVAC.

5 Q Thank you very much.

6 And I think Mr. Pittard mentioned it, but could you refresh
7 our recollection for purposes of, of your testimony. Who are
8 the officers of the debtors beside yourself?

9 A Sure.

10 So Mr. Pittard, he is our Chief Restructuring Officer,
11 Allan Tananbaum is our Chief Legal Officer, myself as CFO and
12 Treasurer, and Allan Tananbaum -- sorry. Yeah. Allan is
13 our -- did I mention him -- is the Legal Officer? I think I
14 mentioned that. And then Manlio is President, if I didn't
15 catch him.

16 Q All right, great. And I don't know that you did, but now
17 you have. He has been caught and I appreciate it. Thank you.

18 Ms. Roeder, briefly share with us how you perceive your
19 duties as a member of the board of managers for these debtors.

20 A Sure.

21 It's, it's basically to just oversee the financial
22 performance of the debtors as well as the business operations
23 of the sub ops.

24 Q And as you have also picked up the responsibilities as an
25 officer of the company, how do you see your responsibilities as

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1 CFO and Treasurer?

2 A Sure.

3 Really, as CFO, it's, it's overseeing the, really, the
4 financial situation of the company. So that includes any type
5 of controllership activities, normal course type activities
6 with cash management, cash positioning, accounts payable,
7 accounts receivable, and then -- I'm going to separate this
8 next piece into prepetition and postpetition -- but prepetition
9 I would have also had the responsibilities of all of the spend
10 associated with defense and litigation as well as the
11 indemnity. So any of the settlements that we would have been
12 processing.

13 And then postpetition I'm, of course, that end, but we
14 transition more into the required reporting from the bankruptcy
15 court. So things such as the monthly status reports.

16 Q And you mentioned the monthly status reports there. Are
17 you involved in their preparation directly?

18 A I am.

19 Q And, and could you describe how they're prepared,
20 generally?

21 A Sure.

22 I gather most of the, the background information to support
23 that and then I provide that to our third-party, Alix Partners,
24 who pulls these all together on my direction.

25 Q And ultimately, who reviews the reports and signs them as,

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1 as accurate and to the best ability of the debtors to make them
2 so?

3 A I do.

4 Q All right. And I'm going to share with you because we've
5 sent it to you and I'm going to direct the Court for his, his
6 Honor's attention and the rest of those listening in from home
7 to Exhibit 3, Debtors' Exhibit 3.

8 Could you take a look at that and tell us if, if that is a
9 true and accurate compilation of the monthly status reports for
10 both of these debtors that were filed for the months of June
11 '20, June 2020 through February 2021?

12 A Yes, it is.

13 Q All right. And -- and these -- and -- and -- again, are
14 the monthly status reports that depict financial performance
15 and financial data regarding the debtors?

16 A Correct.

17 Q Prepared by you at the assistance of Alix Partners?

18 A That is correct.

19 Q All right. And they are true and accurate to your best
20 ability to make them so and you have signified that with your
21 signature?

22 A Correct.

23 Q And are you involved in your role as CFO and Treasurer for
24 any of the enterprises we just discussed, Ms. Roeder, in
25 preparing similar financial reporting or financial reporting of

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1 any kind for the bankruptcy court that would depict the
2 financial performance or condition, the business affairs of
3 either of the subsidiaries of the debtors?

4 A Yes. We do a, I believe it's called periodic report that
5 we prepare on behalf of the subs.

6 Q And could you refresh our recollections about which sub
7 goes with which debtor, again?

8 A Sure. 200 Park goes with Aldrich and ClimateLabs go with
9 Murray.

10 Q And so you are involved in preparing what I think you just
11 referred to as periodic reports for both?

12 A Correct.

13 Q And is that done in a similar fashion as is the case with
14 the monthly status reports for the two debtors?

15 A Yes, that's correct.

16 Q And are you, indeed, the signatory to the periodic reports
17 involving the subsidiaries as well?

18 A I am.

19 Q And when you submit them to the bankruptcy court with your
20 signature do you also do that as -- as a -- with your signature
21 signifying that they're as accurate as practicably can be made
22 so by you and your team?

23 A Yes.

24 Q I'm going to refer you, then, to Exhibit 4 and ask you to
25 tell us if Exhibit 4 is a compilation of those reports, those

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1 periodic reports with reference to the two subsidiaries?

2 A Yes, it is.

3 Q And could -- the period for those reports is June 30, 2020,
4 rather, the reports for June 30, 2020 and December 31, 2020?

5 A Yes, correct.

6 Q Okay. Thank you very much, Ms. Roeder.

7 A Sure.

8 Q I'd like now to ask you to discuss with us just a little
9 bit more about your duties and responsibilities serving as a
10 member of the board of managers of the two debtors. And we
11 heard some indication of your activity in this regard from
12 Mr. Tananbaum a little bit ago. You did not have the benefit
13 of hearing that. So what we'll do is try to go through this
14 relatively quickly without too much repetition, but we would
15 like to elicit your perspective.

16 So my first question is from the time the debtors were
17 formed -- and I think we've heard testimony today that that's
18 May 1, 2020 -- to the date of the petition did the board of
19 managers meet?

20 A We did.

21 Q And about how many times did you meet between formation of
22 the two companies and the petition date?

23 A We met approximately nine times.

24 Q And were these all independent, separate meetings or were
25 some of the meetings joint or conjoined?

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1 A We had both. We had about five meetings that were combined
2 and four meetings that were individual.

3 Q Okay. And were minutes taken?

4 A Yes.

5 Q And did you have a chance to review those minutes once they
6 were circulated to board members?

7 A We did, yes.

8 Q And, and did you do so, that is, review them, for all
9 meetings that were held?

10 A I did.

11 Q And did you ever raise a question or did you ever consider
12 the minutes to be inaccurate or wrong in any respect?

13 A No, I did not.

14 Q All right. And did you consider them to fairly summarize
15 the matters discussed and the determinations made?

16 A I did.

17 Q Was there a recurring matter addressed during your early
18 meetings?

19 A Yes.

20 So during the early meetings we discussed the asbestos
21 liability and, really, the defense associated with that and
22 kind of the background on asbestos. So bringing all of the
23 board members up to speed and getting them acclimated with
24 somewhat of the history of asbestos products that were
25 impacted, things such as that just to give all the board

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1 members a better understanding of the, the landscape of
2 asbestos, the scale of what we were dealing with, the scale of
3 the liability burden as well as the uncertainty of the, of the
4 future of asbestos because there seemed to be no real end to
5 it.

6 Q And then did you spend time in either early meetings or
7 later meetings discussing how to address the burden you just
8 described for us?

9 A We did.

10 Q And when you had those discussions in the board meetings
11 what were the, what was discussed, generally?

12 A Well, for those we were presented with multiple scenarios
13 that we would be able to kind of fully vet and go through. And
14 one scenario was *status quo*, remain in the tort system. There
15 was a second scenario that, it was something with an insurance-
16 type arrangement, doing something with the insurance. I don't
17 recall all the details right now. Structural Optimization was
18 a third scenario, which is another type of corporate
19 reorganization. And then, ultimately, the, the fourth scenario
20 discussed was a chapter 11 bankruptcy, ultimately progressing
21 into a 524(g) trust.

22 Q Were these options that you just mentioned discussed at one
23 meeting or more?

24 A These were discussed at more than one meeting.

25 Q Do you have any recollection today -- and the minutes would

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1 reflect -- but do you have any recollection today approximately
2 how many?

3 A I think probably around four meetings.

4 Q Could you characterize for us the discussions?

5 A Yeah. I don't remember all the specific details or
6 questions that were asked, but I remember a lot of engagement
7 from the board members. Questions were asked, requests were
8 made to give us kind of the pros and cons of each of these
9 scenarios so that we could really see the benefits or
10 challenges and we put those, we asked for Allan, specifically,
11 if he could put those in like a side-by-side view for us so
12 that it could be reviewed.

13 One of the board members other than myself asked for that
14 Side-by-side and it was super helpful for us to have a good
15 summary view to look at this and evaluate.

16 Q And when you mentioned Allan, you, are you referring to
17 Mr. Tananbaum?

18 A I am. I'm sorry. Yes.

19 Q Thank you. That's just making sure we have it clear for
20 the record. We appreciate it.

21 Ultimately, what option did the board select?

22 A The, the final scenario, four, chapter 11 bankruptcy.

23 Q And did that end up being reflected in the minutes, if you
24 recall?

25 A It did.

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1 Q And I'm going to refer you and, and his Honor to Exhibits
2 27 and 28, the Debtors' Exhibits 27 and 28. And let me know,
3 Ms. Roeder, when you have those nearby.

4 A I do.

5 Q Are, rather, is Exhibit 27 the minutes of the meeting at
6 which the ultimate determination by the board was made?

7 A It is.

8 Q And what's the date of those minutes for the record?

9 A June 17, 2020.

10 Q And was there a resolution drafted or a formal resolution
11 drafted and approved at the meeting in connection with the
12 decision to pursue chapter 11, a chapter 11 filing?

13 A Yes.

14 Q And is that reflected in Exhibit 28, the resolution?

15 A Let me go over to that.

16 Yes, it is.

17 Q And these are true and accurate copies, to the best of your
18 recollection, of both the minutes for the meeting and the
19 resolution passed in that meeting?

20 A That is correct, yes.

21 Q So now, now that we've established what happened -- and the
22 Court may have known it from the briefing and otherwise --
23 would you please share with us why you voted to approve the
24 resolution and whether or not you were joined by colleagues?

25 A Sure.

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1 So again, my opinion and why I voted, after carefully
2 considering all of the possible scenarios, I found that the
3 bankruptcy option was the most fair and equitable resolution
4 for the businesses and the claimants. And if, if I'm speaking
5 specifically to the claimants, I found that by filing a chapter
6 11 -- and pardon if I get any of the terminology incorrect --
7 but by filing the chapter 11 bankruptcy that would progress
8 into this 524(g) trust it would allow the claimants to have a
9 more efficient way to receive their compensation. And again,
10 when I say "claimants," I'm speaking to all of the legitimate
11 current and future claimants that could be out there.

12 Q And when you considered the interests of the two companies
13 who were not yet debtors but ultimately became debtors, what
14 did you assess as the reason that the 524(g) option was in
15 their, the two companies', best interests?

16 A Sure.

17 I, I think, most importantly for those, it provided that,
18 that certainty that, that we were looking for as well as some
19 finality around this.

20 Q Were you joined by your colleagues?

21 A I was.

22 Q And how, was the vote unanimous or was there a split among
23 the three?

24 A No, it was unanimous for both.

25 Q All right. Thank you.

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1 Ms. Roeder, did you ever perceive or did you ever receive
2 any pressure from anyone about how you ought to vote in
3 connection with the resolution that formalized the boards'
4 opinion to make the filing that began these two bankruptcies?

5 A Absolutely not. No pressure.

6 Q How would you characterize how you took your
7 responsibilities in this regard?

8 A I would characterize them as I took them very seriously. I
9 looked at things very independently. I refer to myself as
10 wearing multiple hats. And so when I have a hat on of a board
11 member, I perform those roles, which it was an independent
12 view. And so, again, trying to characterize it, it was just
13 taking it very seriously and, and trying to thoroughly evaluate
14 the impact to the businesses as well as -- and, and again for
15 me, more importantly -- the legitimate claimants.

16 Q And in your board meetings you had, did you have the
17 observation to perceive or to observe how your fellow board
18 members treated the, the exercise?

19 A Yes.

20 Q And how would you characterize your fellow board members'
21 roles and assessments in those meetings?

22 A I think very similar to mine in a sense of -- and again,
23 this is my opinion -- but they took it very seriously. They
24 asked a lot of detailed questions. I was a bit privy to more
25 information about just asbestos, in general, because of my role

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1 as a Finance Director for Legal.

2 So I actually recall even being impressed by some of the
3 questions they were asking because they were very thorough and
4 we had really good conversations around those questions.

5 Q Thank you, Ms. Roeder.

6 Turning to now, once that determination was made, your role
7 as a board member of a debtor, actually two of them. And so
8 what, as you understand it, is the goal of the debtors in these
9 chapter 11 cases?

10 A And again, I apologize if I get terminology wrong. But
11 it's really to advance this plan of reorganization to a 524(g)
12 trust and be able to fund that trust.

13 Q And, and in aid of that, have you had time to think about
14 and consider the resources available to the debtors to make
15 that happen?

16 A Yes.

17 Q And what -- would you describe those for us?

18 A That would just be through our, through assets and through
19 the funding agreement.

20 Q And the assets of the debtors are, generally, what?

21 A The assets are, generally speaking, the insurance assets
22 that we hold on our books.

23 Q And do both debtors have, however, an equity interest in
24 the operating subsidiaries?

25 A Yes. That as well, you're correct.

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1 Q And both debtors have cash?

2 A Yes.

3 Q And both debtors, do they have rights and benefits that are
4 in their favor in respect of a particular agreement with other
5 affiliates of Trane?

6 A Yes.

7 Q And, and those rights and benefits come through what
8 agreements?

9 A Those come through the funding agreements.

10 Q Yes. Thank you.

11 Ms. Roeder, I'm going to ask you now a little bit about
12 your hats and how you wear them.

13 So my question is this: Do you consider yourself fulltime
14 employed today?

15 A I do.

16 Q And do you consider yourself fulltime employed because you
17 work in excess of 40 hours a week on, on matters for the folks
18 who pay you?

19 A I do.

20 Q And how much of your professional time do you commit today
21 to the affairs of the debtors or either of the subsidiaries of
22 the debtors?

23 A I'd -- and again, I'm going to average this and it's not
24 scientific -- but, roughly, 20 to 30 percent.

25 Q And has that been over time roughly the same since the

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1 formation of the two debtors?

2 A No. It's the average over time, but it would have been
3 greater at the onset. So between May 1st and probably the end
4 of July and getting through the filing of the SOFAs and
5 schedules, it would have been a much greater amount of time
6 that was spent there versus what I spend today.

7 Q If the debtors were, for some reason, called upon tomorrow
8 to start again defending and resolving tort suits in respect of
9 asbestos liability claims in the tort system, how would that
10 affect your ability to both meet your professional obligations
11 to Trane and to the debtors and their subsidiaries?

12 A It would be a real challenge. Going back to what we were
13 doing early on between May 1st and, and the filing for the
14 petition, we were doing those things and as I mentioned before,
15 it, it took a lot of my time to do that and I had, we had more
16 resources at that time, too, to help. We don't have those
17 resources now after the restructuring and it would be a burden
18 on the team and certainly a real challenge for us to be able to
19 do this effectively.

20 Q And do you consider one of the challenges of being
21 reinvolved in defending lawsuits in the tort system, that it
22 would have some impact on your ability to help advance the
23 resolution of these chapter 11 cases and a 524(g) trust
24 establishment?

25 A Yes, absolutely.

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1 MR. JONES: Your Honor, I have no other questions for
2 Ms. Roeder at this time.

3 THE COURT: Any questions by the FCR?

4 MR. GUY: Yes, your Honor, very quickly.

5 DIRECT EXAMINATION

6 BY MR. GUY:

7 Q Hello, Ms. Roeder. Good to see you, again.

8 A You as well.

9 Q I want to talk firstly about the companies that are owned
10 by the debtors.

11 Can you tell the Court their names and what their
12 businesses are?

13 A Sure.

14 So we have 200 Park and this is a, this is a manufacturer
15 of modular and process chillers and then 200 Park is associated
16 with Aldrich.

17 Murray has the sub of ClimateLabs and ClimateLabs performs
18 a chemical analysis of, for our HVAC business.

19 Q And do those companies have customers?

20 A They do.

21 Q Do they have employees?

22 A They do.

23 Q They're not fake companies, are they?

24 A They are not.

25 Q Ms. Roeder, we covered this in your deposition. As you

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1 know, I represent Mr. Grier, the Future Claimants'
2 Representative, and it's our job to ensure that there's as much
3 money as possible in the trust and that there's money to pay
4 that into the trust, available money.

5 Can you tell the Court whether you have confidence that the
6 non-debtor entities have the ability to fund an asbestos trust?

7 A When you say -- just let me ask a question. When you say
8 the "non-debtor entities," who are you referring to?

9 Q The parties who are obligors under the funding agreements.

10 A Okay. Thank you.

11 My confidence level, I have a high confidence level. No.
12 I, I'm, I receive their financial statements. I'm able to view
13 those and I can see what cash they have on their books as well
14 as their other assets.

15 And then as I testified in my deposition, I've, I've been
16 with this company for 25 years and, and, quite frankly, I know
17 they stand by doing the right thing and the right thing in this
18 matter is this funding agreement and funding this trust.

19 Q And that's to fund it to address the legacy tort
20 liabilities, correct?

21 A Correct.

22 Q And to pay those tort liabilities in full, correct?

23 A To pay it however it is valued, I'll, I'll put it that way.
24 I'm not a, I'm not here to value it.

25 Q Right. I'm not going to ask you to put a number on it.

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1 But it is the case that the debtors are not trying to
2 suppress their tort liabilities through the creation of this
3 asbestos trust, correct?

4 A No, that is correct.

5 Q Now you were intimately involved with Project Omega,
6 correct?

7 A Yes.

8 Q And if I remember rightly, you came up with the name,
9 right?

10 A I did.

11 Q And why did you call it Project Omega?

12 A As it was presented to me, again, the project was, was
13 going to be about having some optionality to ultimately get to
14 some level of certainty and resolution, not knowing what that
15 resolution would be, but just getting to some certainty. And
16 so like we do with all projects in the company, anything that
17 is a project that has some confidentiality associated with it
18 it's given a name and when I was asked to select a name, I
19 chose Omega because that to me meant the end and that's what we
20 were looking for, was a resolution and some finality.

21 Q And you attended literally dozens of meetings concerning
22 Project Omega, correct?

23 A That's correct.

24 Q With your colleagues and your professionals, correct?

25 A Yes.

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1 Q In all those meetings -- and I'm not asking you to reveal
2 any communications with your lawyers -- but in all those
3 meetings did you ever hear anyone say, "Hey, this is a great
4 idea. Let's file for bankruptcy. We can prejudice asbestos
5 claimants and pay them less than we're paying them in the tort
6 system"?

7 A No, absolutely not.

8 MR. GUY: No further questions, your Honor.

9 THE COURT: Anything by the affiliates?

10 Before we get to cross, should we take our mid-
11 afternoon break or would you like to press forward a little
12 bit more?

13 MR. JONES: Happy to break, your Honor, on behalf of
14 the debtors.

15 MR. MASCITTI: The non-debtor affiliates don't have
16 any questions, your Honor. Thank you.

17 MR. LIESEMER: Your Honor, on behalf of the Committee,
18 we're, we're satisfied with a break. That would be good.

19 THE COURT: Okay.

20 Let's take ten minutes, then. I'm showing 3:30
21 Eastern. So about 20 till.

22 MR. JONES: So, Ms. Roeder, if you go on mute and turn
23 off your camera, then you won't have to log back in and we'll
24 come back as his Honor just instructed us.

25 THE COURT: Right.

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1 THE WITNESS: Okay.

2 THE COURT: Very good.

3 THE WITNESS: Thank you.

4 THE COURT: Thank you, folks.

5 (Recess from 3:31 p.m., until 3:44 p.m.)

6 AFTER RECESS

7 (Call to Order of the Court)

8 THE COURT: Okay. Have a seat, everyone.

9 Ready to proceed? We got everyone back? Okay.

10 I believe the witness is with the ACC.

11 CROSS-EXAMINATION

12 BY MR. LIESEMER:

13 Q Good afternoon, Ms. Roeder.

14 A Hi. Good afternoon.

15 Q It's nice to see you, again.

16 A You as well.

17 Q As you may remember, I'm Jeffrey Liesemer from Caplin &
18 Drysdale and we represent the Official Committee of Asbestos
19 Personal Injury Claimants. I just want to ask a few follow-up
20 questions with respect to your testimony today.

21 A Sure.

22 Q Now you're not a lawyer, right?

23 A That is correct.

24 Q And before the debtors filed bankruptcy you did not manage
25 the day-to-day defense against asbestos lawsuits in the tort

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1 system, right?

2 A That's correct.

3 Q And you've never worked with outside counsel on trial
4 strategy and asbestos lawsuits, right?

5 A No, that's correct.

6 Q You've never had to search for documents in response to
7 document demands by asbestos claimants, right?

8 A Correct.

9 Q And you never had to answer written questions sent by
10 asbestos plaintiffs, correct?

11 A That's correct.

12 Q So prior to bankruptcy, you had no direct involvement in
13 asbestos litigation matters, is that right?

14 A Not in the direct litigation, you're correct.

15 Q Now prior to the debtors filing for bankruptcy you had no
16 experience with bankruptcy, right?

17 A That's correct.

18 Q So you've never negotiated a chapter 11 plan before, right?

19 A That is correct.

20 Q And in the debtors' cases you don't anticipate
21 participating directly in plan negotiations, correct?

22 A Correct.

23 Q And as of your deposition back in March, you were not aware
24 of a chapter 11 plan being worked on --

25 A Correct.

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1 Q -- correct?

2 A Correct.

3 Q And you're not aware of any plan negotiations taking place
4 between representatives of Aldrich and Murray and my client,
5 the Asbestos Claimants' Committee, right?

6 A Correct.

7 Q You joined the Project Omega team around July of 2019?

8 A Yes. I think that's the timeframe.

9 Q And as part of joining that team you signed a non-
10 disclosure agreement, right?

11 A That's correct.

12 Q You learned of the Bestwall bankruptcy case in late 2019?

13 A Yeah, I think so. I think that's the time.

14 Q And you thought that the Bestwall case could serve as a
15 model or template for a bankruptcy of the debtor entities here,
16 correct?

17 A What I thought Bestwall could serve as was helping me
18 understand, again, the mechanics of how things would, would
19 work in that type of a scenario. I wouldn't characterize it as
20 a "model," maybe in legal terms as a model. It was more for,
21 for the mechanics of how something would work from an
22 accounting perspective.

23 Q Now I believe you have the Committee's exhibits accessible
24 to you?

25 A I do. They'll be on a separate monitor. If you see me

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1 look over, that's what I'm doing.

2 Q Let me refer you to Committee Exhibit 6, please. Let me
3 know when you're ready.

4 A I'm ready.

5 Q All right.

6 Now as shown on Exhibit 6, you sent Eric Hankins an e-mail
7 on February 20, 2020, correct?

8 A That's correct.

9 Q And attached to that e-mail were two Rule 2015.3 reports
10 from the Bestwall case, right?

11 A That's -- yes, that's what it indicates.

12 Q Now a little farther down that e-mail it shows that you
13 originally received those Bestwall reports from Evan Turtz on
14 October 18, 2019, right?

15 A Yes.

16 Q And at the time, October of 2019, Mr. Turtz was General
17 Counsel of Ingersoll-Rand, correct?

18 A I believe so.

19 Q Now looking back at the top of the e-mail again,
20 Mr. Hankins was a Project Manager, a Finance Project Manager,
21 working on Project Omega?

22 A Yes.

23 Q And you were sending Mr. Hankins those Bestwall reports
24 because you were preparing for a bankruptcy case, right?

25 A No. We were preparing for the scenario of bankruptcy.

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1 Because there would be a lot of accounting implications of
2 filing a bankruptcy and in the scenarios that we had, which
3 were, the only thing we knew at the time were *status quo* and
4 bankruptcy. The reporting components of this were key to us to
5 understand because this could require systems changes, which
6 can be complicated.

7 So this is why we needed to know this information and why I
8 shared this with Eric.

9 Q I see.

10 Let me refer you to Committee Exhibit 7, now. Let me know
11 when you're there.

12 A I am there.

13 Q All right

14 Now as shown on Exhibit 7, you sent Mr. Hankins another e-
15 mail on February 20, 2020, right?

16 A Correct.

17 Q And the first sentence of your e-mail says that you're
18 attaching "the financial reporting packages that will be used
19 during and post filing." Did I read that correctly?

20 A You did.

21 Q All right. And the documents attached to your e-mail were
22 SOFAs, schedules, 2015.3 report, and an MOR, right?

23 A Yes. That's what it looks like.

24 Q All those attachments are bankruptcy-related documents,
25 correct?

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1 A They absolutely are.

2 Q Okay. And you were sending Mr. Hankins these documents
3 because you were preparing for a bankruptcy scenario, right?

4 A Again, we were preparing for the accounting implications of
5 that possible scenario.

6 Q All right.

7 Let's, let me refer you to Committee Exhibit 52. Let me
8 know when you're there.

9 A I'm there.

10 Q Exhibit 52 is another e-mail from you to Mr. Hankins,
11 correct?

12 A That is correct.

13 Q This e-mail was sent on February 25, 2020, right?

14 A Correct.

15 Q And the Subject line says "Omega Data/Information." Do you
16 see that?

17 A I do.

18 Q And the first sentence of your e-mail says, "So I hit the
19 data information jackpot this morning." Do you see that?

20 A I do.

21 Q And the next sentence reads, "Below's the website for the
22 Bestwall case which contains an enormous amount of
23 information." Do you see that?

24 A I do.

25 Q And this information was important because you wanted to

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1 understand how the reporting was done in Bestwall, correct?

2 A I wanted to understand how the reporting would be done in a
3 bankruptcy scenario and having someone else who had gone
4 through this where there was actual data that we could look at
5 and see how we could change, if needed, our systems if this
6 were a decision a board would go with. This was, for me,
7 hitting the jackpot of information because I now had all of the
8 missing pieces that I would need to formulate the scenario,
9 mechanically speaking.

10 Q Now we heard just a little earlier that you came up with
11 the name Omega for Project Omega, right?

12 A That's correct.

13 Q And that is because omega means the end, correct?

14 A That's correct.

15 Q And, and so in your mind Project Omega was about ending the
16 uncertainty caused by asbestos lawsuits, correct?

17 A Yes.

18 Q And earlier you mentioned the four scenarios that were
19 presented to the Aldrich and Murray boards, right?

20 A Correct.

21 Q But when you became involved in Project Omega in 2019 you
22 were only aware of two scenarios, correct?

23 A That is correct.

24 Q And one of those scenarios was *status quo*, right?

25 A Right.

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1 Q That was in the tort system, right?

2 A Uh-huh (indicating an affirmative response), sure.

3 Q And the second of the two options was bankruptcy, correct?

4 A Correct.

5 Q So -- but staying in the tort system could not have been an
6 end or resolution of the asbestos uncertainty, right?

7 A That's correct, but it would be, if no other scenarios were
8 presented and bankruptcy was not an option, it would give a
9 certainty of which direction we are going in.

10 Q The only other option, in your mind, that provided an end
11 or resolution to the uncertainty was bankruptcy, right?

12 A AT that time, no. I was still awaiting all of the other
13 options. I only had two on the table to work with, but I was
14 certainly awaiting what the others would be. Because I think I
15 had testified previously that the restructuring actually gave
16 us flexibility and optionality and in that optionality there
17 would be other options presented.

18 Q So at the time you were working on Project Omega before the
19 corporate restructuring occurred you had no visibility to
20 Structural Optimization, correct?

21 A That's correct.

22 Q And you had no visibility to the insurance scenario,
23 correct?

24 A That's correct.

25 Q So, so bankruptcy was the only thing you could possibly

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1 plan for while you were working on Project Omega, right?

2 A That's correct.

3 Q Thank you, Ms. Roeder. I have no further questions.

4 A Sure.

5 THE COURT: Other questions of this witness? Anyone?

6 MR. JONES: Nothing from the debtors, your Honor.

7 THE COURT: Anyone else?

8 (No response)

9 THE COURT: All right, Ms. Roeder. Effectively, you
10 have stepped down. Thank you.

11 THE WITNESS: Thank you.

12 MR. JONES: Thank you, Ms. Roeder.

13 THE WITNESS: Sure. Thank you.

14 THE COURT: Okay. Mr. Hirst, you want to call your
15 next one?

16 MR. HIRST: So, your Honor, we're in a -- in my
17 general trial experience everything takes twice as long as I'm
18 used to it taking as opposed to half as long and today, we've
19 reached the point where it's taking half as long as it usually
20 does.

21 We were hoping to get through Mr. Tananbaum today and
22 we put Ms. Roeder online as kind of our back-up witness. Our
23 third witness -- as you know, we have Mr. Kuehn, who's our
24 third fact witness, who has to go Friday morning due to
25 scheduling issues.

1 THE COURT: Right.

2 MR. HIRST: So we had, we had planned for our three
3 experts tomorrow and, indeed, think we will be done with those
4 three ex, I should say our two experts and then the Committee's
5 third expert, Mr. Diaz, for tomorrow and expect to be done with
6 those three witnesses, if we start them tomorrow, by 3:30,
7 4:00, is, is my guess.

8 This is a long-winded way of saying it would be my
9 preference to end today and start Ms. Ryan tomorrow and, and
10 Mr. Mascitti is going to be putting Ms. Ryan on. But I also
11 don't want to waste your Honor's time --

12 THE COURT: Uh-huh (indicating an affirmative
13 response).

14 MR. HIRST: -- and, and, you know, and, and drag out
15 things unnecessarily. But I do think we'll be done at a
16 similar, if we concluded today, I think we'll be done at a
17 similar time tomorrow and then we would start up Friday with
18 Mr. Kuehn and then the closings, as expected.

19 THE COURT: Anyone have a different opinion?

20 MR. MACLAY: No, your Honor. I mean, obviously, the
21 Committee is prepared to go forward today but if the debtor
22 needs some more time, we're amenable to that as well.

23 THE COURT: Anyone? Anyone else?

24 MR. GUY: No objection, your Honor.

25 THE COURT: All right.

1 Okay for everyone to start tomorrow morning at 9:30?
2 Would you rather start at 9:00 to get an early jump on this? I
3 know some of you are not in the Eastern time zone, so.

4 MR. HIRST: Because I've already indulged, your Honor,
5 to end early today, we'll be happy to start whenever is best
6 for your Honor.

7 MR. MACLAY: It's up to your Honor. I think 9:30
8 would be fine from our perspective, but whatever your Honor
9 wants is also fine with us.

10 THE COURT: Well, my only concern is I've got other
11 hearings on Monday. So we want to finish on Friday. We don't
12 want to, if we get bogged down on Thursday, we're going to need
13 to reach Friday, if at all possible. I don't want to drag this
14 out another week, so.

15 All right. Let's take a recess, then, until tomorrow
16 morning 9:30 Eastern time.

17 MR. LIESEMER: Thank you, your Honor.

18 (Court recessed for the day at 3:57 p.m., to reconvene at
19 9:30 a.m. on Thursday, May 6, 2021)

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