Docket #0075 Date Filed: 5/6/2022

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re ALDRICH PUMP LLC, *et al*., Debtors.	Chapter 11 No. 20-30608 (JCW) (Jointly Administered)
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS Plaintiff, v. ALDRICH PUMP LLC, MURRAY BOILER LLC, TRANE TECHNOLOGIES COMPANY LLC, and TRANE U.S. INC. Defendants.	Adversary Proceeding No. 21-03029

EX PARTE MOTION TO SEAL AND RESTRICT ACCESS TO DOCUMENT FILED AS DOCKET NO. 72

Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray"), the debtors and debtors in the above-captioned chapter 11 case (the "Debtors"), move the Court, pursuant to LR 9037-1 of the Rules of Practice and Procedure of the United States Bankruptcy Court for the Western District of North Carolina (the "Local Rules"), for an Order sealing and restricting public access to the documents filed by the Debtors at Docket No. 72 in the above-captioned adversary proceeding which contain certain confidential information protected pursuant to Rules 9018 and/or 9037 of Federal Rules of Bankruptcy Procedure. A copy of the redacted document to be filed is attached hereto as Exhibit A.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

2030608220506000000000008

Dated: May 6, 2022
Charlotte, North Carolina

Respectfully submitted,

/s/ John R. Miller, Jr.

C. Richard Rayburn, Jr. (NC 6357)
John R. Miller, Jr. (NC 28689)
RAYBURN COOPER & DURHAM, P.A.
227 West Trade Street, Suite 1200
Charlotte, North Carolina 28202
Telephone: (704) 334-0891
Facsimile: (704) 377-1897
E-mail: rrayburn@rcdlaw.net
jmiller@rcdlaw.net

-and-

Brad B. Erens (IL Bar No. 06206864)
Mark A. Cody (IL Bar No. 6236871)
Caitlin K. Cahow (IL Bar No. 6317676)
JONES DAY
77 West Wacker
Chicago, Illinois 60601
Telephone: (312) 782-3939
Facsimile: (312) 782-8585
E-mail: bberens@jonesday.com
macody@jonesday.com
ccahow@jonesday.com

-and-

Gregory M. Gordon (TX Bar No. 08435300)
JONES DAY
2727 N. Harwood Street
Dallas, Texas 75201
Telephone: (214) 220-3939
Facsimile: (214) 969-5100
E-mail: gmgordon@jonesday.com

ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re ALDRICH PUMP LLC, *et al*., Debtors.	Chapter 11 No. 20-30608 (JCW) (Jointly Administered)
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS Plaintiff, v. ALDRICH PUMP LLC, MURRAY BOILER LLC, TRANE TECHNOLOGIES COMPANY LLC, and TRANE U.S. INC. Defendants.	Adversary Proceeding No. 21-03029

DEBTORS' ANSWERS AND AFFIRMATIVE DEFENSES TO PLAINTIFF'S COMPLAINT FOR SUBSTANTIVE CONSOLIDATION OF DEBTORS' ESTATES WITH DEFENDANTS' CERTAIN NONDEBTOR AFFILIATES OR, ALTERNATIVELY, TO REALLOCATE DEBTORS' ASBESTOS LIABILITIES TO THOSE AFFILIATES

Defendants, Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray" and with Aldrich, the "Debtors"), the debtors and debtors in possession in the above captioned chapter 11 case, and defendants in the above captioned adversary proceeding, hereby submit their answer ("Answer") and affirmative defenses ("Affirmative Defenses") to the *Plaintiff's Complaint for Substantive Consolidation of the Debtors' Estates With Defendants' Certain Nondebtor Affiliates or, Alternative, to Reallocate Debtors' Asbestos Liabilities to Those Affiliates* [Adv. Pro. Dkt. No.

1] ("Complaint"), filed by the Official Committee of Asbestos Personal Injury Claimants ("ACC" or "Plaintiff").

ANSWER

The Debtors reserve the right to amend and/or supplement this Answer as may be necessary or appropriate. The Debtors: (i) deny all of the Complaint's allegations unless expressly admitted herein and (ii) deny any averments in the headings, subheadings, and associated footnotes of the Complaint not otherwise addressed herein.

The Debtors respond to the enumerated paragraphs of Plaintiff's Complaint as follows:

1. Within a matter of hours on May 1, 2020, the Debtors' predecessors, TTC, as successor to Ingersoll-Rand Company, a former New Jersey corporation ("Ingersoll-Rand"), and Trane engineered their divisional mergers under Texas law. In connection therewith, TTC purported to divide itself into two companies, TTC and Aldrich, and Trane similarly purported to divide itself into two companies, "new" Trane and Murray. TTC received 99% of Ingersoll-Rand's assets, with the remaining 1% allocated to Aldrich. "New" Trane received 98% of "old" Trane's assets, with the remaining 2% going to Murray. Significantly, all legacy asbestos liabilities of Ingersoll-Rand and "old" Trane were dumped into Aldrich and Murray, respectively. Forty-nine days later, on June 18, 2020, Aldrich and Murray filed the chapter 11 cases now pending before this Court.

ANSWER: The Debtors admit that on May 1, 2020, the former Trane Technologies Company LLC ("Old Trade Technologies"), successor by merger to Ingersoll-Rand Company ("Old IR") and Trane U.S. Inc. ("Old Trane") implemented divisional mergers pursuant to Texas law. The Debtors further admit that pursuant to those divisional mergers, Old Trane Technologies was divided into Aldrich and Trane Technologies Company LLC ("New Trane Technologies") and Old Trane was divided into Murray and Trane U.S. Inc. ("New Trane," and with New Trane

Technologies, the "Nondebtor Affiliates"). The Debtors further admit that pursuant to the divisional merger, Aldrich received certain assets, including a funding agreement, and the legacy asbestos liabilities of Old Trane Technologies, as successor by merger to Old IR and Murray received certain assets, including a funding agreement, and the legacy asbestos liabilities of Old Trane, as more specifically spelled out by the Plans of Divisional Mergers of Old Trane Technologies and Old Trane. The Debtors further admit that they filed the instant chapter 11 cases on June 18, 2020 in this Court. The Debtors deny all other allegations of Paragraph 1.

2. Through this stratagem, the Debtors and Nondebtor Affiliates have sought to isolate their asbestos liabilities from profitable operating businesses and to single out asbestos victims for unfair and discriminatory treatment by essentially breaking TTC and Trane into separate corporate entities that Plaintiff now seeks to consolidate. Because their claims are stayed, asbestos victims are unable to obtain compensation in the civil justice system for the harm inflicted on them by Ingersoll-Rand and Trane. And, even though more than 15 months have passed since the Petition Date, these chapter 11 cases are no closer to the finish line than they were on the Petition Date. The Debtors have not reached agreement with the Committee on a consensual plan. No global settlement between the Debtors and the claimants' representatives has been reached. Instead, the Debtors are channeling their energies and resources into abusive and improper claimant questionnaires and other discovery—which they presumably intend to use in a contested estimation proceeding that the Court has not authorized—and pursuing an unlawful cramdown 524(g) plan supported by the future claimants' representative. All the while, sick and dying asbestos victims and their families remain uncompensated and unable to vindicate their state-law rights.

ANSWER: The Debtors admit that they have not yet reached agreement with the ACC on a consensual plan, though further state that they have reached agreement with the Future Claims Representative on such a consensual plan [Main Case Dkt Nos. 831-32]. The Debtors admit that there has not yet been a global settlement of these bankruptcy cases with the ACC. The Debtors deny all other allegations of Paragraph 2.

3. In contrast, the Nondebtor Affiliates are outside of bankruptcy and are paying their (non-asbestos) unsecured creditors in the ordinary course of business. The Nondebtor Affiliates are also free to pay—and are potentially paying to the tune of hundreds of millions of dollars—their equity holders ahead of asbestos claimants. Through the divisional mergers and chapter 11 filings, asbestos claimants have been structurally subordinated to other unsecured creditors and equity holders.

ANSWER: The Debtors admit that the Nondebtor Affiliates are outside of bankruptcy and paying their undisputed, unsecured creditors in the ordinary course. The Debtors further admit that the Nondebtor Affiliates remain permitted to pay their equity holders subject to applicable law, but further note that the Nondebtor Affiliates have already funded, over the objection of the ACC, a Qualified Settlement Fund ("QSF") with $270 million specifically set aside for the payment of Debtors' asbestos creditors. The Debtors deny all other allegations of Paragraph 3.

4. Under these circumstances, this Court should order the substantive consolidation of Aldrich and TTC, and of Murray and Trane. The purpose of substantive consolidation is to ensure the equitable treatment of all creditors. Substantive consolidation will rescind the structural subordination of asbestos creditors that the Debtors and their cohorts have put in place through the Corporate Restructuring, thus ensuring that asbestos creditors will once again be *pari passu* with other unsecured creditors and have priority over equity holders, as the Bankruptcy Code provides.

Substantive consolidation will ensure that Ingersoll-Rand's and Trane's assets will once again be available to asbestos claimants as they are to other unsecured creditors and will be housed within the same entities holding the Ingersoll-Rand and Trane asbestos liabilities. And substantive consolidation will put a stop to TTC and Trane's upstreaming of cash to their parent companies. Simply put, substantive consolidation is an equitable cure for TTC and Trane's abuse of the Texas divisional merger law and the resulting injustice inflicted on Ingersoll-Rand's and Trane's asbestos claimants.

ANSWER: The Debtors deny all allegations of Paragraph 4.

5. In addition, this Court should order substantive consolidation *nunc pro tunc* to the Petition Date. Such retroactive relief will allow these chapter 11 cases to move forward from where they should have started: with all the assets and liabilities housed in single entities—the original tortfeasors—on the Petition Date. Such relief will also enable the consolidated estates to recover, as unauthorized postpetition transfers, any cash that has been loaned or upstreamed from TTC and Trane to the parent companies since the Petition Date.

ANSWER: The Debtors deny all allegations of Paragraph 5.

6. Alternatively, the Court should declare that the assignment to and acceptance by the Debtors of the asbestos liabilities are void as unconscionable, and as such should be disregarded. Aldrich and Murray had no meaningful choice in the preparation and execution of various intercompany agreements that arose from the Corporate Restructuring, and they had no choice in being saddled with the obligations forced on them as part of the Corporate Restructuring. There was no real and voluntary meeting of the minds associated with the execution, assignment, and assumption of the asbestos liabilities, nor in connection with the intercompany agreements

manufactured to provide Aldrich and Murray with a thin basis with which to assert the legitimacy of the Corporate Restructuring.

ANSWER: The Debtors note that Count II of the Complaint, alleging unconscionability, to which Paragraph 6 appears to be directed, has been dismissed [Adv. Pro. Dkt. No. 71]. The Debtors deny the allegations of Paragraph 6.

7. Concurrently with the filing of this Complaint, Plaintiff has filed a motion ("Motion") seeking the same relief requested in this Complaint and setting forth in more detail the legal grounds supporting the relief requested herein.

ANSWER: The Debtors admit that the same day as the Complaint was filed, the ACC filed a Motion seeking the same relief as sought in the Complaint (Adv. Pro Dkt. No. 2, the "SubCon Motion"). The Debtors deny that the ACC is entitled to any of the relief sought by the Complaint or the SubCon Motion.

8. For all the reasons set forth herein, the Court should grant the relief requested.

ANSWER: The Debtors deny the allegations of Paragraph 8, and further deny that the ACC is entitled to any of the relief it seeks in this Complaint.

9. In accordance with Federal Rule of Bankruptcy Procedure 7008(a), this adversary proceeding relates to the cases commenced by Aldrich and Murray on the Petition Date under chapter 11 of the Bankruptcy Code, which are jointly administered under the caption *In re Aldrich Pump LLC*, Case No. 20-bk-30608, and are pending before this Court.

ANSWER: The Debtors admit the allegations of Paragraph 9.

10. The United States District Court for the Western District of North Carolina (the "District Court") has jurisdiction of this adversary proceeding under 28 U.S.C. § 1334(b), as this proceeding arises under the Bankruptcy Code, or arises in or is related to a case under the

Bankruptcy Code. This Court exercises such jurisdiction under 28 U.S.C. § 157(a) and the standing order of the District Court referring bankruptcy cases to bankruptcy judges in this district.

ANSWER: The Debtors admit that 28 U.S.C. §§ 1334(b) and 157(a) and the standing order of the District Court vest jurisdiction in this Court as provided therein but otherwise deny the allegations in Paragraph 10 of the Complaint and further deny that the Bankruptcy Code or applicable law authorize a claim for relief based upon substantive consolidation.

11. This matter is a core proceeding under 28 U.S.C. § 157(b). The Committee consents to entry of a final order or judgment by this Court in the above-titled proceeding.

ANSWER: The Debtors admit that this is a core proceeding under 28 U.S.C. § 157(b), and admit that the ACC has consented to entry of a final order or judgment of this Court in the above titled proceeding. The Debtors deny that the Bankruptcy Code or applicable law authorize a claim for relief based upon substantive consolidation.

12. Venue in this district is proper under 28 U.S.C. § 1409.

ANSWER: The Debtors admit the allegations of Paragraph 12.

13. The statutory predicate for the relief requested herein is 11 U.S.C. § 105(a).

ANSWER: The Debtors admit that the relief sought by Plaintiff purports to be based on 11 U.S.C. § 105(a), but deny that 11 U.S.C. § 105(a) authorizes the relief sought by Plaintiff in its Complaint.

14. The Committee has commenced this adversary proceeding in accordance with Rule 7001(1) and (7) of the Federal Rules of Bankruptcy Procedure.

ANSWER: The Debtors deny the allegations of Paragraph 14.

15. Plaintiff has made no prior request for the relief requested herein to this or any other court.

ANSWER: The Debtors admit the allegations of Paragraph 15.

16. Plaintiff Official Committee of Asbestos Personal Injury Claimants is a statutory committee of creditors appointed by order of this Court dated July 7, 2020, in accordance with 11 U.S.C. § 1102(a). The Committee's members are individuals who assert present or pending claims against the Debtors for personal injury or wrongful death arising from, or attributable to, exposure to asbestos or asbestos-containing products.

ANSWER: The Debtors admit that the ACC is a statutory committee of creditors appointed by order of this Court dated July 7, 2020, in accordance with 11 U.S.C. § 1102(a). The Debtors admit that the ACC's members are individuals who assert present or pending claims against the Debtors for personal injury or wrongful death which those members claim arise from, or are attributable to, alleged exposure to asbestos or asbestos-containing products. The Debtors deny the remaining allegations of Paragraph 16.

17. Defendant Aldrich Pump LLC is a limited liability company organized and existing under the laws of the State of North Carolina, with its executive offices located at 800-E Beaty Street, Davidson, North Carolina 28036.

ANSWER: The Debtors admit the allegations of Paragraph 17.

18. Defendant Murray Boiler LLC is a limited liability company organized and existing under the laws of the State of North Carolina, with its executive offices located at 800-E Beaty Street, Davidson, North Carolina 28036.

ANSWER: The Debtors admit the allegations of Paragraph 18.

19. Defendant Trane Technologies Company LLC is a limited liability company organized and existing under the laws of the State of Delaware, with its executive offices located at 800-E Beaty Street, Davidson, North Carolina 28036.

ANSWER: The Debtors admit the allegations of Paragraph 19.

20. Defendant Trane U.S. Inc. is a corporation organized and existing under the laws of the State of Delaware, with its executive offices located at 800-E Beaty Street, Davidson, North Carolina 28036.

ANSWER: The Debtors admit the allegations of Paragraph 20.

21. The predecessors of Aldrich and Murray—Ingersoll-Rand and old Trane, respectively—spent decades in the tort system, defending against lawsuits seeking compensation for personal injury or wrongful death allegedly caused by exposure to asbestos or asbestos-containing products. According to the Debtors, Ingersoll-Rand and old Trane were the subject of roughly 100,000 asbestos-related lawsuits filed throughout the United States. The Debtors' predecessors historically paid approximately $95 million a year for asbestos-related settlements and defense costs.

ANSWER: The Debtors admit that Old IR and Old Trane spent decades in the tort system, defending against lawsuits seeking compensation for personal injury or wrongful death caused by exposure to asbestos or asbestos-containing products. The Debtors admit that Old IR and Old Trane were the subject of roughly 100,000 asbestos-related lawsuits filed throughout the United States. The Debtors admit that in the period prior to the corporate restructuring, they were paying approximately $95 million per year for asbestos-related settlements and defense costs. The Debtors deny the remaining allegations of Paragraph 21.

22. If any asbestos lawsuits could not be dismissed quickly, Ingersoll-Rand and Trane sought to settle them. The Debtors described this overall settlement strategy as "the most cost-effective approach." Ingersoll-Rand and Trane settled "approximately 900 mesothelioma claims each year." The "remaining indemnity payments" were "used to settle the mass of other [asbestos]

claims" against Ingersoll-Rand and Trane, "of which there also [were] thousands, with the majority of these payments made to claimants alleging lung cancer."

ANSWER: The Debtors admit the allegations of Paragraph 22.

23. While defending against asbestos suits in the tort system, Ingersoll-Rand and Trane used insurance receivables, including those received under settlements or certain "coverage-in-place" agreements, to fund or offset the defense and indemnity costs of their asbestos liabilities. But these coverage-in-place agreements do not provide Ingersoll-Rand and Trane with "dollar-for-dollar" coverage for asbestos claims, thus requiring Ingersoll-Rand and Trane to dip into their own pockets for cash. By the end of 2019, Ingersoll-Rand's and Trane's ultimate parent holding company, Ingersoll-Rand plc (now Trane Technologies plc ("Trane plc")), projected that current and future asbestos liabilities would surpass their total projected insurance recoveries by almost $240 million. It was in this context that Ingersoll-Rand and Trane planned and implemented the Texas divisional mergers, collectively known as the "Corporate Restructuring."

ANSWER: The Debtors admit that in defending certain asbestos suits in the tort system, Old IR and Old Trane used, in some cases, insurance proceeds, including those received under settlements or certain "coverage-in-place" agreements, to fund or reimburse the defense and indemnity costs of their asbestos liabilities. The Debtors further admit that such insurance generally did not provide "dollar for dollar" coverage for such claims, and that Old IR and Old Trane were required to fund portions of either the defense or indemnity costs in certain cases. The Debtors further admit that Trane plc projected, in its Form 10-K for the year ending December 31, 2019, that total asbestos liabilities would be $547.4 million and total assets for probable asbestos related insurance recoveries would be $304.0 million. The Debtors deny the remaining allegations of Paragraph 23.

24. The Corporate Restructuring was the result of months of secret and meticulous planning involving a select group of Ingersoll-Rand employees, as well as in-house and outside counsel, which bore the codename "Project Omega." Project Omega was conducted under a veil of secrecy, not simply as a matter of company protocol but also in recognition that "[p]laintiffs [*sic*] lawyers" were "the most at-risk group as it relates to the transaction." Project Omega was not disclosed to asbestos claimants or their attorneys prior to the Corporate Restructuring.

ANSWER: The Debtors admit that there was a corporate project bearing the name "Project Omega" which included months of planning, utilizing employees within what is now the Trane plc enterprise, as well as in-house and outside counsel. The Debtors admit that Project Omega was not disclosed to asbestos claimants or their attorneys prior to the divisional mergers. The Debtors deny the remaining allegations of Paragraph 24.

25. As time progressed, meetings among Project Omega team members took place with increasing frequency and included weekly "all hands" team meetings chaired by Ingersoll-Rand's general counsel. At all of these meetings—or at least the significant ones—both in-house lawyers and outside counsel were present. The close and almost ubiquitous involvement of attorneys in Project Omega underscores how Project Omega was driven not by business people, but by lawyers. As this Court noted in its recent preliminary injunction ruling, "Project Omega was an attorney-created and implemented strategy."

ANSWER: The Debtors admit that meetings among Project Omega team members took place with increasing frequency over the course of the project, and, at times, included weekly team meetings. The Debtors admit that Project Omega meetings were, at times, attended by both in-house lawyers and outside counsel. The Debtors admit that the Court's Findings of Fact and Conclusions of Law Regarding Order: (I) Declaring That the Automatic Stay Applies to Certain

Actions Against Non-Debtors; (II) Preliminarily Enjoining Such Actions and (III) Granting In Part Denying In Part the Motion to Compel (Adv No. 20-03041, Dkt. No. 308, "Findings of Fact and Conclusions of Law") included the quoted statement "Project Omega was an attorney-created and implemented strategy," but further state that the Findings of Fact and Conclusions of Law are tentative rulings, subject to revision, limited to purposes of the Preliminary Injunction Motion hearing, and speak for themselves, and deny any characterization of the same. The Debtors deny all allegations of Paragraph 25 not specifically admitted.

26. Since its inception, the sole objective of Project Omega was the commencement of a § 524(g) bankruptcy case. For example, an internal document entitled "OMEGA Comms plan" states as of March 5, 2020: "We will isolate the Asbestos liabilities into stand alone entities *and will take the entities bankrupt*." In addition, Manlio Valdes, a member of the boards of Aldrich and Murray, admitted in deposition that he thought it was "a probability" that Aldrich and Murray would end up paying less to asbestos claimants in bankruptcy than in the tort system.

ANSWER: The Debtors admit that a document produced by New Trane and New Trane Technologies as part of the discovery relating to the Preliminary Injunction Motion had a first line referring to "OMEGA Comms Plan" and included the quoted statement "We will isolate the Asbestos liabilities into stand alone entities and will take the entities bankrupt," but further state that such document speaks for itself and denies any characterization of the same. The Debtors also state that Mr. Valdes' deposition testimony speaks for itself and deny any characterization of the same. The Debtors deny all allegations of Paragraph 26 not specifically admitted.

27. On April 30, 2020, TTC was formed as a Texas limited liability company. The next day, May 1, 2020, Ingersoll-Rand was merged into TTC, leaving TTC as the surviving company. TTC then utilized the Texas divisional merger law to effectively divide itself into two

companies: TTC and Aldrich. TTC received 99% of Ingersoll-Rand's assets, while the remaining 1% of the assets were allocated to Aldrich. Specifically, Aldrich received about $26.2 million in cash, a 100% equity interest in a relatively small operating subsidiary known as 200 Park, Inc. ("200 Park"), and rights to Ingersoll-Rand's asbestos-related insurance coverage. Apart from the 200 Park subsidiary, Aldrich received no operating business.

ANSWER: The Debtors admit that on April 30, 2020, Old Trane Technologies was formed as Texas limited liability company. The Debtors further admit that on May 1, 2020, Old IR merged with and into Old Trane Technologies, with Old Trane Technologies as the surviving entity. The Debtors further admit that Old Trane Technologies then underwent a divisional merger under Texas law, resulting in the creation of two new entities- New Trane Technologies and Aldrich. The Debtors further admit that Aldrich received specified assets of Old Trane Technologies, including, among other things, approximately $26.2 million in cash, a 100% equity interest in an operating subsidiary known as 200 Park, Inc. ("200 Park"), and rights to asbestos-related insurance assets of Old Trane Technologies, as successor by merger to Old IR, and rights to a funding agreement. The Debtors further admit that 200 Park was the only operating business allocated to Aldrich as part of the corporate restructuring. The Debtors deny the remaining allegations of Paragraph 27.

28. Also, on May 1, 2020, Trane converted from a Delaware corporation to a Texas corporation. Trane then utilized the Texas divisional merger law to effectively divide itself into two companies: "new" Trane and Murray. "New" Trane received 98% of "old" Trane's assets, while the remaining 2% of the assets were allocated to Murray. Specifically, Murray received about $16 million in cash, a 100% equity interest in a relatively small laboratory services business

known as ClimateLabs LLC ("ClimateLabs"), and rights to Trane's asbestos-related insurance coverage. Apart from its ClimateLabs subsidiary, Murray received no operating business.

ANSWER: The Debtors admit that on May 1, 2020, Old Trane converted from a Delaware corporation to a Texas corporation. The Debtors further admit that Old Trane then underwent a divisional merger under Texas law, resulting in the creation of two new entities- New Trane and Murray. The Debtors further admit that Murray received specified assets of Old Trane, including, among other things, approximately $16 million in cash, a 100% equity interest in an operating subsidiary known as ClimateLabs LLC ("ClimateLabs"), and rights to Old Trane's asbestos-related insurance assets, and rights to a funding agreement. The Debtors further admit that ClimateLabs was the only operating business allocated to Murray as part of the corporate restructuring. The Debtors deny the remaining allegations of Paragraph 28.

29. As part of the divisional mergers, all the legacy asbestos liabilities of Ingersoll-Rand and "old" Trane were purportedly allocated to Aldrich and Murray, respectively. In addition, Aldrich became purportedly obligated to indemnify TTC, "new" Trane, and all of their other affiliates for liabilities arising from Ingersoll-Rand's asbestos torts. Similarly, Murray became purportedly obligated to indemnify TTC, "new" Trane, and all of their other affiliates for liabilities arising from Trane's asbestos torts.

ANSWER: The Debtors admit that as part of the divisional mergers, the legacy asbestos liabilities of Old Trane Technologies, as successor by merger to Old IR, and Old Trane were allocated to Aldrich and Murray respectively. The Debtors further admit that as part of the divisional merger, Aldrich became obligated to indemnify New Trane Technologies and its affiliates for any liabilities arising from the asbestos liabilities of Old Trane Technologies, as successor by merger to Old IR, and Murray became obligated to indemnify New Trane and its affiliates for any liabilities arising

from Old Trane's asbestos liabilities. The Debtors deny the remaining allegations of Paragraph 29.

30. Once the divisional mergers were completed, TTC and new Trane were promptly converted to Delaware entities, and Aldrich and Murray were promptly converted to North Carolina LLCs. All told, Aldrich and Murray were Texas entities for less than 24 hours. Seven weeks later, on June 18, 2020, Aldrich and Murray filed their chapter 11 petitions with this Court.

ANSWER: The Debtors admit that after the divisional mergers were completed, New Trane Technologies and New Trane converted to Delaware entities and the Debtors converted to North Carolina limited liability companies. The Debtors further admit that they were Texas entities for less than a day. The Debtors further admit that they filed their chapter 11 petitions on June 18, 2020. The Debtors deny the remaining allegations of Paragraph 30.

31. Since the completion of the Corporate Restructuring, new Trane has continued making acquisitions to augment its commercial and residential HVAC businesses. TTC, Trane, and their operating subsidiaries are also timely paying their creditors in the ordinary course of business.

ANSWER: The Debtors admit that since the divisional mergers, New Trane has continued making acquisitions in the ordinary course of business. The Debtors further admit that New Trane Technologies and New Trane, along with certain operating subsidiaries, have continued paying their undisputed, unsecured creditors in the ordinary course of business. The Debtors deny the remaining allegations of Paragraph 31.

32. From the standpoint of non-asbestos creditors, shareholders, employees, suppliers, vendors, and other stakeholders, it has been "business as usual," even after the Corporate Restructuring and the chapter 11 filings.

ANSWER: The Debtors lack knowledge of information necessary to admit or deny the allegations of Paragraph 32, and so deny the allegations of Paragraph 32.

33. As part of the Corporate Restructuring, the Debtors, TTC, Trane, and certain nondebtor affiliates entered into several agreements dated "as of" May 1, 2020, the day of the Texas divisional mergers. As these agreements were between affiliated companies, there was no arm's length negotiation over their terms. "Like the Divisional Merger, their legal enforceability vis a vis third parties is seriously in doubt."

ANSWER: The Debtors admit that, as part of the corporate restructuring, they entered into certain agreements with non-debtor affiliates that are dated as of May 1, 2020, the day of the divisional mergers. The Debtors deny the remaining allegations of Paragraph 33.

34. The most pertinent of the intercompany agreements are the two "Funding Agreements": (1) the funding agreement between TTC as payor and Aldrich as payee; and (2) the funding agreement between Trane as payor and Murray as payee. The Funding Agreements are essential to the Debtors' assertion that each of them "has the same ability to resolve and pay valid current and future asbestos-related claims and other liabilities as [Ingersoll-Rand] and Old Trane had before the restructurings." The Funding Agreements provide that TTC and Trane will transfer funds to the Debtors to pay any "Permitted Funding Use." The term "Permitted Funding Use" includes (a) the costs of administering the Debtors' chapter 11 cases, (b) amounts necessary to satisfy each Debtor's "Asbestos Related Liabilities" in connection with funding a § 524(g) trust, and (c) the Debtors' indemnification obligations to TTC, Trane, and the other nondebtor affiliates under any agreement provided in the plans of divisional mergers.

ANSWER: The Debtors admit that they are parties to funding agreements (the "Funding Agreements"), and specifically, Funding Agreements between: (1) New Trane Technologies and

Aldrich; and (2) New Trane and Murray. The Debtors admit that pursuant to the Funding Agreements, the Debtors have at least the same ability to resolve and pay valid current and future asbestos-related claims and other liabilities as Old Trane Technologies as successor by merger to Old IR and Old Trane had before the restructurings. The Debtors further state that the Funding Agreements speak for themselves, and any characterization or summary of the terms of the Funding Agreements that is inconsistent with the language of the Funding Agreements is denied. The Debtors deny the remaining allegations of Paragraph 34.

35. Under the Funding Agreements, TTC and Trane are obligated to pay the chapter 11 administrative expenses and the Debtors' indemnification obligations only if the cash distributions from 200 Park (in the case of Aldrich) or ClimateLabs (in the case of Murray) are insufficient to pay those expenses and obligations in full. In addition, TTC and Trane are each obligated to fund a § 524(g) trust only if their respective Debtor's "other assets are insufficient to fund amounts necessary or appropriate to satisfy . . . Asbestos Related Liabilities in connection with the funding of such trust." According to the Debtors' own metrics, the Debtors' assets (without the Funding Agreements) are already insufficient, as they are less than their asbestos liabilities.

ANSWER: The Debtors state that the Funding Agreements speak for themselves, and any characterization or summary of the terms of the Funding Agreements that are inconsistent with the language of the Funding Agreements are denied. The Debtors deny the remaining allegations of Paragraph 35.

36. The Funding Agreements have numerous deeply troubling features. For example, TTC's and Trane's obligations under their respective Funding Agreements are unsecured and not guaranteed by any of the Nondebtor Affiliates or other entities. Nothing in the Funding Agreements prevent TTC and Trane from layering on debt that would be senior in priority to their

obligations under their respective Funding Agreements. Nothing in the Funding Agreements requires TTC and Trane to provide financial statements to the Debtors that are audited or contain information at a level that provides details on account balances and material transactions (*e.g.*, footnotes to financial statements). TTC and Trane do not have to provide payments that "exceed the aggregate amount necessary" for the Debtors to fund all "Permitted Funding Uses," thus giving TTC and Trane leeway to determine what is "necessary" and the ability to reduce payments if either disagrees with the use of funds. And there is no dispute resolution mechanism if a funding request by a Debtor is denied. The Funding Agreements do not prevent TTC and Trane from engaging in additional divisional mergers, and they explicitly allow the Nondebtor Affiliates to engage in consolidations and mergers, and to transfer "all or substantially all" of their assets. There are no mechanisms in the Funding Agreements to ensure that TTC and Trane will have sufficient assets to perform under them. And nothing in the Funding Agreements limits or prohibits dividends, or other distributions of value, by TTC or Trane to equity holders, potentially including their full value.

ANSWER: The Debtors state that the Funding Agreements speak for themselves, and any characterization or summary of the terms of the Funding Agreements that is inconsistent with the language of the Funding Agreements is denied. The Debtors deny the remaining allegations of Paragraph 36.

37. In addition, "the Debtors' rights and obligations under [their respective Funding Agreements] may not be assigned without the prior written consent of New TTC or New Trane." Thus, "arguably a Creditor's Plan could not be funded unless New TTC and/or New Trane favor that Plan." Moreover, "the Funding Agreements require, as a precondition to funding a § 524(g) trust, that a confirmed chapter 11 plan provide New TTC or New Trane, as applicable, 'with all

the protections of section 524(g) of the Bankruptcy Code.'" Further, "the Funding Agreements have 'Automatic Termination' provisions whereby New TTC's and Trane's respective funding obligations automatically cease 'on the effective date of a Section 524(g) Plan.'" As a result, "the Funding Agreements could never serve as post-effective date 'evergreen' sources of funding that § 524(g) contemplates." Moreover, "once exclusivity has ended, these provisions of the Funding Agreements will . . . impair, if not disable, the ability and right of other parties-in-interest to propose a competing 524(g) plan."

ANSWER: The Debtors state that the Funding Agreements speak for themselves, and any characterization or summary of the terms of the Funding Agreements that are inconsistent with the language of the Funding Agreements are denied. The Debtors deny the remaining allegations of Paragraph 37.

38. "In sum, the Funding Agreements are not unconditional promises to pay the Aldrich/Murray Asbestos Liabilities. They are instead conditional agreements dependent on New TTC/New Trane's approval of any reorganization plan and upon New TTC/New Trane's continued good financial health."

ANSWER: The Debtors state that the Funding Agreements speak for themselves, and any characterization or summary of the terms of the Funding Agreements that is inconsistent with the language of the Funding Agreements is denied. The Debtors deny the remaining allegations of Paragraph 38.

39. Two "Support Agreements" are relevant here: (1) the Divisional Merger Support Agreement between TTC and Aldrich; and (2) the Divisional Merger Support Agreement between Trane and Murray. Among other things, the Aldrich Support Agreement requires Aldrich to "indemnify and hold harmless TTC and each of its affiliates (each of which is an express third

party beneficiary . . .) from and against" any "Losses" and "Proceedings" to which TTC and its affiliates "may become subject." The Murray Support Agreement has a nearly identical provision requiring it to indemnify and hold harmless Trane "and each of its affiliates" from and against any "Losses" and "Proceedings." Nevertheless, if the cash distributions from 200 Park are insufficient to allow Aldrich to pay its indemnification obligations to TTC and its affiliates under the Aldrich Support Agreement, the Aldrich Funding Agreement provides that TTC will provide the funds to Aldrich so that Aldrich, in turn, may indemnify TTC or any other affiliate. A substantially similar provision appears in the Murray Funding Agreement that enables Murray, in the event of insufficient cash distributions from ClimateLabs, to receive funding from Trane so that Murray may, in turn, indemnify Trane or any other affiliate.

ANSWER: The Debtors admit that they entered into Divisional Merger Support Agreements ("Support Agreements"), and specifically Support Agreements between: (1) New Trane Technologies and Aldrich; and (2) New Trane and Murray. The Debtors further state that the Support Agreements speak for themselves, and any characterization or summary of the terms of the Support Agreements that is inconsistent with the language of the Support Agreements is denied. The Debtors deny the remaining allegations of Paragraph 39.

40. As this Court found, the "Support Agreements' indemnity provisions, when coupled with the Funding Agreements, create a potential circular transfer of funds between the Debtors and New TTC/New Trane. Thus, the Support Agreements are unorthodox transactions with no apparent business purpose (apart from aiding this bankruptcy case and securing injunctive relief)."

ANSWER: The Debtors admit that the Court's Findings of Fact and Conclusions of Law included the quoted statement that the "Support Agreements' indemnity provisions, when coupled with the

Funding Agreements, create a potential circular transfer of funds between the Debtors and New TTC/New Trane. Thus, the Support Agreements are unorthodox transactions with no apparent business purpose (apart from aiding this bankruptcy case and securing injunctive relief)," but further state that such Findings of Fact and Conclusions of Law are tentative rulings, subject to revision, limited to purposes of the Preliminary Injunction Motion hearing and speak for themselves, and deny any characterization of the same. The Debtors deny all allegations of Paragraph 40 not specifically admitted.

41. The Support Agreements differ from the previous iterations seen in *Bestwall* and *DBMP* insofar as the indemnification obligations run not only to the sister affiliates of the Debtors—here, TTC and new Trane—but also to their other affiliates.

ANSWER: The Debtors state that the Support Agreements speak for themselves, and any characterization or summary of the terms of the Support Agreements that is inconsistent with the language of the Support Agreements is denied. The Debtors deny the remaining allegations of Paragraph 41.

42. The Court's Findings and Conclusions stated: "Creating two companies with no employees [*i.e.*, Aldrich and Murray] evidences the fact that Aldrich and Murray were simply inert vessels designed to carry their predecessors' asbestos liabilities into bankruptcy."

ANSWER: The Debtors admit that the Court's Findings of Fact and Conclusions of Law included the quoted statement "Creating two companies with no employees evidences the fact that Aldrich and Murray were simply inert vessels designed to carry their predecessors' asbestos liabilities into bankruptcy," but further state that such Findings of Fact and Conclusions of Law are tentative rulings, subject to revision, limited to purposes of the Preliminary Injunction Motion hearing and

speak for themselves, and deny any characterization of the same. The Debtors deny all allegations of Paragraph 42 not specifically admitted.

43. With no operating business and employees of their own, Aldrich and Murray entered into a secondment agreement with TTC, whereby three in-house lawyers were seconded to them. With the retirement of one of the lawyers, the number of seconded employees was reduced to two: Allan Tananbaum, the Debtors' chief legal officer, and Robert H. Sands, an in-house attorney.

ANSWER: The Debtors admit that they entered into secondment agreements with New Trane Technologies ("Secondment Agreements"), and state that the terms of those Secondment Agreements speak for themselves, and any characterization or summary of the terms of the Secondment Agreements that are inconsistent with the language of the Secondment Agreements is denied. The Debtors further admit that at the time the Secondment Agreements were entered, three in-house lawyers were seconded to the Debtors. The Debtors further admit that one of those lawyers has since retired, and that two in-house attorneys remain seconded to the Debtors- Allan Tananbaum, the Debtors' chief legal officer, and Robert H. Sands, an in-house attorney. The Debtors deny all allegations of Paragraph 43 not specifically admitted.

44. In further support of these non-operating Debtors, TTC entered into separate services agreements with Aldrich and Murray, whereby TTC provides strategic administration, finance, tax, and legal services to them.

ANSWER: The Debtors admit that they entered into services agreements with New Trane Technologies ("Service Agreements"), and state that the terms of those Service Agreements speak for themselves, and any characterization or summary of the terms of the Service Agreements that

is inconsistent with the language of the Service Agreements is denied. The Debtors deny all allegations of Paragraph 44 not specifically admitted.

45. In addition to the two seconded lawyers, the Debtors each have officers who are employees within the Trane plc enterprise group and a board of managers composed of current and former employees of the Debtors' affiliates:

a. Manlio Valdes, who serves as president of the Debtors, is also Vice President Product Management, The Americas, Trane Commercial HVAC, at TTC.

b. Ray Pittard, who serves as vice president of the Debtors, is also the Transformation Office Leader at Trane plc.

c. Amy Roeder, who serves as chief financial officer and treasurer of the Debtors, is also Finance Director–Information Technology & Legal at TTC.

d. Allan Tananbaum, who is the Debtors' chief legal officer and secretary, also serves as Deputy General Counsel–Product Litigation at TTC.

ANSWER: The Debtors admit that each have officers who are employees within the Trane plc enterprise group and a board of managers composed of current and former employees of the Debtors' affiliates. The Debtors further admit that Mr. Valdes is President of each of the Debtors, a member of the board of managers of each of the Debtors, and is also Vice-President Product Management, The Americas, Trane Commercial HVAC at New Trane. The Debtors further admit that Mr. Pittard is vice-president of each of the Debtors. The Debtors further admit that Ms. Roeder is Chief Financial Officer and Treasurer of each of the Debtors, a member of the board of managers of each of the Debtors, and is also Finance Director-Information Technology & Legal at New Trane Technologies. The Debtors further admit that Allan Tananbaum is the Chief Legal Officer and Secretary of each of the Debtors, and also is Deputy General Counsel-Product Litigation at New Trane Technologies, but further state that Mr. Tananbaum is seconded to the Debtors on a 100 percent basis. The Debtors deny the remaining allegations of Paragraph 45.

46. Mr. Valdes and Ms. Roeder also serve on each Debtor's three-person board of managers. The remaining member of the Aldrich board, Robert Zafari, and the remaining member of the Murray board, Marc DuFour, were employees within the Trane organization before their retirements.

ANSWER: The Debtors admit the allegations of Paragraph 46.

47. [redacted]

REDACTED

ANSWER: [redacted]

REDACTED

REDACTED

48. The distributions made as part of Trane plc's "cash management strategy and other company initiatives" have been substantial. In December 2017, former Trane made a distribution to its then-direct parent, Trane Inc., in the amount of $586.9 million. Similarly, in December 2018 and December 2019, former Trane made distributions to Trane Inc. in the amounts of $1.1 billion and $740.7 million, respectively. In April 2020, within a matter of days or weeks before the Corporate Restructuring, former Trane made a distribution to Trane Inc. in the amount of $2.3 billion. Also in April 2020, within a matter of days or weeks before the Corporate Restructuring, Ingersoll-Rand (now TTC) made a distribution to its then-direct parent, Trane Technologies Global Holding Company, in the amount of $4.1 billion.

ANSWER: The Debtors admit that in December 2017, Old Trane made a distribution of $586.9 million to Trane, Inc. The Debtors further admit that Old Trane made distributions to Trane Inc. in December 2018 and December 2109 in the amounts of $1.1 billion and $740.7 million respectively. The Debtors admit that in April 2020, Old Trane made a distribution to Trane, Inc. in the amount of $2.3 billion. The Debtors further admit that Old IR made a distribution to Trane Technologies Global Holding Company in the amount of $4.1 billion in April 2020. The Debtors deny the remaining allegations of Paragraph 48.

49. There is no evidence to suggest that such distributions have stopped while the Debtors have been in chapter 11. Indeed, there is evidence to the contrary: Richard Daudelin, the Nondebtor Affiliates' treasurer, testified at the preliminary injunction proceeding that Trane plc

paid quarterly dividends to its shareholders for each quarter of 2020. Similarly, according to a February 4, 2021 press release, Trane plc's board of directors authorized an 11% increase to its quarterly dividend payable on March 31, 2021, and "Trane [plc] has paid consecutive quarterly dividends on its common shares *since 1919* and annual dividends *since 1910*." In a recent 10-Q filing, dated May 5, 2021 (the first day of the preliminary injunction hearing), Trane plc stated that it expects "to pay a competitive *and growing* dividend" and that the quarterly dividend has been increased from $0.53 to $0.59 per ordinary share, or $2.36 per share annualized. With 239,147,507 ordinary shares outstanding as of April 23, 2021, that annualized sum of $2.36 per share translates to 2021 quarterly dividends totaling approximately $564,388,117. In addition, the quarterly dividend announced in February of this year was "paid in March 2021 and the second quarter dividend was declared in April 2021 and will be paid in June 2021."

ANSWER: The Debtors admit that Trane plc's board of directors authorized an 11 % increase to its quarterly dividend payable on March 31, 2021. The Debtors further admit that Trane plc has paid consecutive quarterly dividends on its common shares since 1919 and annual dividends since 1910. The Debtors further admit that Trane plc's quarterly dividend was increased $0.53 to $0.59 per ordinary share in 2021. The Debtors deny the remaining allegations of Paragraph 49.

COUNT I- SUBSTANTIVE CONSOLIDATION NUNC PRO TUNC AS OF THE PETITION DATE UNDER 11 U.S.C. § 105(A)

50. Plaintiff incorporates by reference paragraphs 1 through 49 above as if fully set forth herein.

ANSWER: The Debtors incorporate their responses to paragraphs 1 through 49.

51. Before the Corporate Restructuring, which occurred only 49 days before the Petition Date, Aldrich and TTC were one legal entity—namely, Ingersoll-Rand. And Murray and "new" Trane were also one entity: "old" Trane. Neither Aldrich nor Murray existed.

ANSWER: The Debtors admit that the divisional merger pursuant to Texas law took place 49 days before the Petition Date. The Debtors further admit that, upon the effectiveness of the divisional merger of Old Trane Technologies, all of its properties, liabilities and obligations were allocated between Aldrich and New Trane Technologies and Old Trane Technologies ceased to exist, and that, upon the effectiveness of the divisional merger of Old Trane, all of its properties, liabilities and obligations were allocated between Murray and New Trane and Old Trane ceased to exist. The Debtors further admit that Aldrich and New Trane Technologies were created upon the effectiveness of the divisional merger of Old Trane Technologies and did not exist prior thereto, and that Murray and New Trane were created upon the effectiveness of the divisional merger of Old Trane and did not exist prior thereto. The Debtors deny the remaining allegations of paragraph 51.

52. Following the Corporate Restructuring, the Debtors and Nondebtor Affiliates remain a part of the same enterprise group. In addition, TTC is an indirect parent of Trane and Murray. All of the Debtors' employees are seconded from the enterprise group. Similarly, the Debtors each have officers who are employees of the enterprise group and a board of managers composed of current and former employees of the Debtors' affiliates. The Debtors have no business operations of their own. Rather, they are special purpose entities that were formed specifically for these bankruptcy cases, are under common ownership, and are reliant on services and financial support from the Nondebtor Affiliates.

ANSWER: The Debtors admit that following the divisional merger pursuant to Texas law, the Debtors, New Trane and New Trane Technologies remain a part of the same enterprise group. The Debtors further admit that New Trane Technologies is an indirect parent of New Trane and Murray. The Debtors further admit that their officers are employees of members of the enterprise group,

and that its board of managers is composed of current and former employees of Debtors' affiliates. The Debtors deny the remaining allegations of Paragraph 52.

53. The "division" of Ingersoll-Rand into two entities and of old Trane into two entities pertains to only one class of creditors: the asbestos claimants. The Corporate Restructuring has disadvantaged, hindered, and delayed the recourse and recoveries of asbestos claimants. The Corporate Restructuring and bankruptcy filings have resulted in inequitable treatment of, and therefore harm to, asbestos creditors by artificially and structurally subordinating them, not only to non-asbestos unsecured creditors but also to equity holders.

ANSWER: The Debtors deny the allegations of Paragraph 53.

54. Substantive consolidation will remedy the harm done to asbestos claimants by putting them once again on equal footing with non-asbestos unsecured creditors and making them senior to equity holders. Substantive consolidation will uphold the cardinal principle of bankruptcy by bringing assets intentionally left out of bankruptcy into these chapter 11 cases. Substantive consolidation will effectively undo the Corporate Restructuring and put a stop to efforts of the Debtors and Nondebtor Affiliates to isolate their unwanted asbestos creditors in chapter 11 and single them out for unfair and discriminatory treatment in favor of the Nondebtor Affiliates' operational creditors and equity holders.

ANSWER: The Debtors deny the allegations of Paragraph 54.

COUNT II- DECLARATORY JUDGMENT – BASED ON UNCONSCIONABILITY

55. Plaintiff incorporates by reference paragraphs 1 through 54 above as if fully set forth herein.

ANSWER: Count II of the Complaint has been dismissed, and therefore no answer to this allegation is required.

56. The Corporate Restructuring was effectuated by former Ingersoll-Rand, old Trane and their parent companies without providing Aldrich or Murray with a meaningful choice—let alone any choice—in the preparation and execution of the plans of divisional merger, the Funding Agreements, the Support Agreements, and other intercompany agreements supporting or resulting from the Corporate Restructuring. In fact, neither Aldrich nor Murray existed until the point in time they found themselves subject to the intercompany agreements and could not have taken part in the discussions that resulted in the Corporate Restructuring. Moreover, former Ingersoll-Rand and old Trane used their control and authority to essentially contract with themselves to assign 99% of Ingersoll-Rand's assets to TTC and 98% of old Trane's assets to new Trane. Meanwhile, Aldrich received just 1% of Ingersoll-Rand's assets and Trane received just 2% of old Trane's assets, while each received billions of dollars in asbestos-related litigation liabilities.

ANSWER: Count II of the Complaint has been dismissed, and therefore no answer to this allegation is required.

57. Mr. Valdes, Mr. Tananbaum, Mr. Pittard, and Ms. Roeder all serve as officers of Aldrich and Murray, while also serving as employees of other Trane plc enterprise group companies. Aldrich's board of directors consists of Mr. Valdes, Ms. Roeder, and Mr. Zafari, a retired employee of the enterprise group. Murray's board of directors consists of Mr. Valdes, Ms. Roeder, and Mr. DuFour, another retired employee of the enterprise group.

ANSWER: Count II of the Complaint has been dismissed, and therefore no answer to this allegation is required.

58. Aldrich and Murray's bankruptcy counsel previously represented former Ingersoll-Rand and old Trane and is the same counsel that assisted former Ingersoll-Rand and old Trane with planning and executing the Corporate Restructuring.

ANSWER: Count II of the Complaint has been dismissed, and therefore no answer to this allegation is required.

59. Plaintiff is entitled to a declaration that the Plans of Divisional Merger and supporting intercompany agreements, including the Funding Agreements, are unconscionable contracts and therefore unenforceable.

ANSWER: Count II of the Complaint has been dismissed, and therefore no answer to this allegation is required.

60. Accordingly, the asbestos related liabilities allocated to Aldrich should be reallocated to TTC, and the asbestos-related liabilities allocated to Murray should be reallocated to Trane.

ANSWER: Count II of the Complaint has been dismissed, and therefore no answer to this allegation is required.

PRAYER FOR RELIEF

WHEREFORE, based on the foregoing, the Committee requests entry of an order:

(a) substantively consolidating the bankruptcy estate of Aldrich with nondebtor TTC, *nunc pro tunc* to the Petition Date; and

(b) substantively consolidating the bankruptcy estate of Murray with nondebtor Trane, *nunc pro tunc* to the Petition Date; or

(c) in the alternative, declaring that the plans of divisional merger, the Funding Agreements, the Support Agreements, and the other intercompany agreements that arose from the Corporate Restructuring are unconscionable, and reallocating the asbestos-related liabilities of Aldrich to TTC and the asbestos-related liabilities of Murray to Trane; and in all events;

(d) granting such other and further relief as this Court deems just and appropriate.

ANSWER: The Debtors deny the allegations in the Prayer for Relief and denies that Plaintiff is entitled to any of the relief it seeks.

AFFIRMATIVE DEFENSES

The Debtors assert the following affirmative defenses to Count I of the Complaint and reserve the right to amend these Affirmative Defenses to assert other and further defenses when and if, in the course of its investigation, discovery, or preparation for trial, it becomes appropriate. By designating these matters as "affirmative defenses," the Debtors do not intend to suggest, admit, or concede that Plaintiff does not bear the burden of proof as to such matters or that such matters are not elements of Plaintiff's prima facie case against the Debtors.

First Affirmative Defense

Plaintiff's claims are barred because the Complaint fails to state a claim upon which relief may be granted.

Second Affirmative Defense

Plaintiff's claims are barred because the exercise of this Court's equitable powers under section 105 of the Bankruptcy Code does not include ordering substantive consolidation of the Debtors with the Nondebtor Affiliates.

Third Affirmative Defense

Plaintiff's claims are barred because exercise of this Court's equitable powers under Section 105 of the Bankruptcy Code to order substantive consolidation would contravene the express provisions and intent of other provisions of the Bankruptcy Code and Bankruptcy Rules.

Fourth Affirmative Defense

Plaintiff's claims are barred because this Court lacks jurisdiction over the Nondebtor Affiliates to order the requested substantive consolidation.

Fifth Affirmative Defense

Plaintiff's claims are barred because this Court lacks jurisdiction to commence an involuntary bankruptcy proceeding against the Nondebtor Affiliates.

Sixth Affirmative Defense

Plaintiff's claims are barred by the doctrines of waiver, estoppel, and/or laches.

Seventh Affirmative Defense

Plaintiff's claims are barred because Plaintiff has not suffered any damages as a result of the conduct alleged in the Complaint.

Eighth Affirmative Defense

Plaintiff's claims are barred because substantive consolidation will irreparably harm the Debtors, the Nondebtor Affiliates, and creditors of both.

Ninth Affirmative Defense

Plaintiff's claims are barred because Plaintiff has failed to state any benefit to the creditors of the Debtors or Nondebtor Affiliates by substantively consolidating the Debtors and Nondebtor Affiliates.

Tenth Affirmative Defense

Plaintiff's claims are barred because the actions taken in connection with the Corporate Restructuring were authorized by law.

Eleventh Affirmative Defense

Plaintiff's claims are barred because, in the event the Plaintiff establishes any right to relief, which the Debtors deny, the Plaintiff has adequate remedies in law.

Twelfth Affirmative Defense

Plaintiff's claims are barred because at all times, the Debtors and Nondebtor Affiliates acted in good faith, in compliance with applicable law, and with the goal to fund a section 524(g)

trust that would fairly and efficiently satisfy the current and future asbestos-related claims against the Debtors and, as such, there is no basis in law or fact, to substantively consolidate the Nondebtor Affiliates with the Debtors and subject the Nondebtor Affiliates to the costs, delay, uncertainty, and value destruction that would be imposed upon the Nondebtor Affiliates (and in turn the Debtors' estates) by substantive consolidation, particularly when the Funding Agreement and the Qualified Settlement Fund providing more than sufficient mechanisms for fully satisfying the Debtors' liabilities.

Thirteenth Affirmative Defense

Plaintiff's lack standing to assert their claims, because they are not creditors under any contract or agreement with the Debtors or Nondebtor Affiliates.

Fourteenth Affirmative Defense

The existence of the Funding Agreements, along with the funding of $270 million in a Qualified Settlement Fund ("QSF") earmarked specifically to pay asbestos claimants, including those claimants that the ACC purports to represent, defeats any grounds for substantive consolidation.

Fifteenth Affirmative Defense

Plaintiff's claims are barred, waived, or estopped by the inequitable conduct of those parties it represents.

Dated: May 5, 2022
Charlotte, North Carolina

Respectfully submitted,

/s/ John R. Miller, Jr.

C. Richard Rayburn, Jr. (NC 6357)
John R. Miller, Jr. (NC 28689)
RAYBURN COOPER & DURHAM, P.A.
227 West Trade Street, Suite 1200
Charlotte, North Carolina 28202
Telephone: (704) 334-0891
Facsimile: (704) 377-1897
E-mail: rrayburn@rcdlaw.net
jmiller@rcdlaw.net

-and-

Brad B. Erens (IL Bar No. 6206864)
Morgan R. Hirst (IL Bar No. 6275128)
Caitlin K. Cahow (IL Bar No. 6317676)
JONES DAY
77 West Wacker
Chicago, Illinois 60601
Telephone: (312) 782-3939
Facsimile: (312) 782-8585
E-mail: bberens@jonesday.com
mhirst@jonesday.com
ccahow@jonesday.com
(Admitted *pro hac vice*)

-and-

Gregory M. Gordon (TX Bar No. 08435300)
JONES DAY
2727 N. Harwood Street
Dallas, Texas 75201
Telephone: (214) 220-3939
Facsimile: (214) 969-5100
E-mail: gmgordon@jonesday.com
(Admitted *pro hac vice*)

ATTORNEYS FOR DEFENDANTS, DEBTORS AND DEBTORS IN POSSESSION