

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

In re	:	Chapter 11
	:	
ALDRICH PUMP LLC, <i>et al.</i> , ¹	:	Case No. 20-30608
	:	
Debtors.	:	(Jointly Administrated)
	:	
	:	
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS,	:	Adversary Proceeding
	:	
Plaintiff,	:	
	:	Adv. Pro. No. 21-03029
v.	:	
	:	
ALDRICH PUMP LLC, MURRAY BOILER LLC, TRANE TECHNOLOGIES COMPANY LLC, and TRANE U.S. INC.,	:	
	:	
Defendants.	:	

NON-DEBTOR AFFILIATES’ ANSWER AND AFFIRMATIVE DEFENSES

Defendants Trane Technologies Company LLC (“**TTC**”) and Trane U.S. Inc. (“**TUI**” and, together with TTC, the “**Non-Debtor Affiliates**”), by and through their undersigned counsel, hereby respond to the complaint of the Official Committee of Asbestos Personal Injury Claimants (“**Plaintiff**”) dated October 18, 2021 [Adv. Pro. Dkt. 1] (the “**Complaint**”). This Court previously dismissed Count II of the Complaint. *See Order Denying in Part and Granting in Part the Motions of the Debtors and Non-Debtor Affiliates to Dismiss the Adversary Complaint* [Adv. Pro. Dkt. 71]

¹ The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler LLC (0679). The Debtors’ address is 800-E Beaty Street, Davidson, North Carolina 28036.



(the “**Dismissal Order**”). The Non-Debtor Affiliates, therefore, submit this Answer in response only to the allegations of Count I of the Complaint.

INTRODUCTION

1. With respect to the allegations of paragraph 1 of the Complaint, the Non-Debtor Affiliates admit only that:

- on May 1, 2020, their predecessors, the former Trane Technologies Company LLC, successor by merger to Ingersoll-Rand Company (“**IRNJ**”) and the former Trane U.S. Inc. (“**Old TUI**”), implemented a series of corporate restructuring transactions (collectively, the “**Corporate Restructuring**”) which included divisional mergers pursuant to and in full compliance with Texas statutory law (the “**Divisional Mergers**”);
- as a result of the Divisional Mergers, IRNJ and Old TUI ceased to exist and the Debtors and the Non-Debtor Affiliates were created;
- in accordance with the Divisional Mergers, IRNJ’s assets and liabilities were allocated between TTC and Aldrich, and Old TUI’s assets and liabilities were allocated between TUI and Murray, as more fully described in the *Declaration of Ray Pittard in Support of First Day Pleadings* [Main Case Dkt. 27];
- in accordance with the Divisional Mergers, certain legacy asbestos liabilities of IRNJ and Old TUI (the “**Asbestos Liabilities**”) were allocated to Aldrich and Murray respectively, and Aldrich and Murray were allocated assets and financial resources sufficient to pay all of their liabilities in full;
- the Asbestos Liabilities were disputed liabilities at the time of the Divisional Mergers and remain disputed liabilities as of the date hereof;

- the Debtors filed the chapter 11 cases now pending before this Court on June 18, 2020 (the “**Petition Date**”), and on March 2, 2022, TTC and TUI funded the creation of a \$270 million qualified settlement fund for the payment of the Asbestos Liabilities (the “**QSF**”).

The Non-Debtor Affiliates deny the remaining allegations of paragraph 1 of the Complaint.

2. With respect to the allegations of paragraph 2 of the Complaint, the Non-Debtor Affiliates admit only that:

- the Debtors’ asbestos claims are stayed and the asbestos claimants are enjoined from pursuing claims against the Debtors and certain third parties by virtue of the automatic stay under Section 362 of the Bankruptcy Code and the Preliminary Injunction entered by the Court pursuant to that certain *Order Declaring that the Automatic Stay Applies to Certain Actions Against Non-Debtors, Preliminarily Enjoining Such Actions, and Granting in Part Denying in Part the Motion to Compel* [Adv. Pro. No. 20-03041, Dkt. 307];
- on September 24, 2021, the Debtors and the FCR, representing 80% of the asbestos claimants, reached an agreement to fairly and efficiently resolve the Asbestos Liabilities pursuant to a Section 524(g) plan, *see Joint Plan of Reorganization of Aldrich Pump LLC and Murray Boiler LLC* [Main Case Dkt. 831]; *Notice of Filing of Plan Support Agreement* [Main Case Dkt. 832];
- the Debtors have not reached agreement on a consensual plan with Plaintiff, which represents approximately 20% of the asbestos claimants.

The Non-Debtor Affiliates deny knowledge and information sufficient to form a belief with respect to the ability of asbestos claimants to obtain compensation and exercise any state-law rights with

respect to any claims against other purported tortfeasors. The Non-Debtor Affiliates further deny the remaining allegations of paragraph 2 of the Complaint.

3. With respect to the allegations of paragraph 3 of the Complaint, the Non-Debtor Affiliates admit only that:

- they are not debtors in any bankruptcy proceeding, they continue paying their undisputed, unsecured creditors in the ordinary course of business, and they remain authorized to issue dividends and distributions to equity holders in accordance with applicable law;
- the Non-Debtor Affiliates' payments to their creditors and equity holders have not impaired, and will not impair, the Debtors' assets and financial resources available to pay the Asbestos Liabilities;
- the Debtors' assets and financial resources remain sufficient to pay all of the Debtors' liabilities in full.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 3 of the Complaint.

4. The Non-Debtor Affiliates deny the allegations of paragraph 4 of the Complaint.

5. The Non-Debtor Affiliates deny the allegations of paragraph 5 of the Complaint.

6. To the extent the allegations of paragraph 6 relate to Count II of the Complaint, the Court dismissed such claim pursuant to the Dismissal Order and no response is required. To the extent a response is required, the Non-Debtor Affiliates deny the allegations of paragraph 6 of the Complaint.

7. With respect to the allegations of paragraph 7 of the Complaint, the Non-Debtor Affiliates admit only that Plaintiff filed a motion seeking the same relief requested in the

Complaint [Adv. Pro. Dkt. 2]. The Non-Debtor Affiliates deny the remaining allegations of paragraph 7 of the Complaint.

8. With respect to the allegations of paragraph 8 of the Complaint, the Non-Debtor Affiliates admit only that on October 18, 2021, Plaintiff filed the *Motion for an Order Authorizing and Directing the Production of Documents Pursuant to Bankruptcy Rule 2004* [Main Case Dkt. 847]. The Non-Debtor Affiliates deny the remaining allegations of paragraph 8 of the Complaint.

JURISDICTION AND VENUE

9. With respect to the allegations of paragraph 9 of the Complaint, the Non-Debtor Affiliates admit only that this adversary proceeding was filed in the Debtors' pending chapter 11 cases, which are jointly administered. The Non-Debtor Affiliates deny the remaining allegations of paragraph 9 of the Complaint.

10. With respect to the allegations of paragraph 10 of the Complaint, the Non-Debtor Affiliates deny this Court possesses subject matter jurisdiction over this adversary proceeding because the Complaint does not assert a justiciable claim.

11. With respect to the allegations of paragraph 11 of the Complaint, the Non-Debtor Affiliates do not consent to entry of a final order or judgment by this Court in this adversary proceeding. The Non-Debtor Affiliates deny the remaining allegations of paragraph 11 of the Complaint.

12. With respect to the allegations of paragraph 12 of the Complaint, to the extent the Court possesses subject matter jurisdiction over this adversary proceeding (which the Non-Debtor Affiliates deny), the Non-Debtor Affiliates admit venue in this District is proper under 28 U.S.C. § 1409.

PREDICATES FOR RELIEF

13. The Non-Debtor Affiliates deny the allegations of paragraph 13 of the Complaint.

14. The Non-Debtor Affiliates deny knowledge and information sufficient to form a belief with respect to the allegations of paragraph 14 of the Complaint.

15. The Non-Debtor Affiliates deny knowledge and information sufficient to form a belief with respect to the allegations of paragraph 15 of the Complaint.

THE PARTIES

16. With respect to the allegations of paragraph 16 of the Complaint, the Non-Debtor Affiliates admit Plaintiff is a statutory committee of creditors appointed by order of the Court dated July 7, 2020 in accordance with 11 U.S.C. § 1102(a). The Non-Debtor Affiliates deny knowledge and information sufficient to form a belief with respect to the remaining allegations of paragraph 16 of the Complaint.

17. The Non-Debtor Affiliates admit the allegations of paragraph 17 of the Complaint.

18. The Non-Debtor Affiliates admit the allegations of paragraph 18 of the Complaint.

19. The Non-Debtor Affiliates admit the allegations of paragraph 19 of the Complaint.

20. The Non-Debtor Affiliates admit the allegations of paragraph 20 of the Complaint.

THE FACTS

I. ASBESTOS LAWSUITS AGAINST INGERSOLL-RAND AND TRANE

21. With respect to the allegations of paragraph 21 of the Complaint, the Non-Debtor Affiliates admit only that:

- IRNJ and Old TUI defended lawsuits in the tort system seeking compensation for personal injury or wrongful death caused by exposure to asbestos or asbestos-containing products;
- IRNJ, Old TUI, and their predecessors-in-interest defended such lawsuits in the tort system since 1983;

- IRNJ and Old TUI, as of the Petition Date, were the subject of roughly 100,000 asbestos-related lawsuits filed throughout the United States;
- the Debtors' predecessors paid approximately \$95 million a year for asbestos-related settlements and defense costs in the period prior to the Corporate Restructuring, and affirmatively allege that, to the extent the allegations of paragraph 21 cite to portions of the *Motion of the Debtors for an Order (I) Preliminarily Enjoining Certain Actions Against Non-Debtors (II) Declaring the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order Pending a Final Hearing* [Adv. Pro. No. 20-03041, Dkt. 2] (the "**PI Motion**") and the *Informational Brief of Aldrich Pump LLC and Murray Boiler LLC* [Main Case Dkt. 5] (the "**Informational Brief**"), such pleadings speak for themselves, incorporate the entirety of such pleadings as if set forth in full herein, and respectfully refer the Court to such pleadings for their meaning, effect, and import.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 21 of the Complaint.

22. With respect to the allegations of paragraph 22 of the Complaint, the Non-Debtor Affiliates admit only that:

- IRNJ and Old TUI sought to settle asbestos lawsuits if they could not be dismissed quickly because it was the most cost-effective approach to resolve such lawsuits in the tort system;
- IRNJ and Old TUI settled approximately 900 mesothelioma claims each year;
- remaining indemnity payments were used to settle other asbestos claims against IRNJ and Old TUI, including claims alleging lung cancer, and affirmatively allege that, to the extent the allegations of paragraph 22 cite to portions of the Informational Brief,

such pleading speaks for itself, incorporate the entirety of such pleading as if set forth in full herein, and respectfully refer the Court to such pleading for its meaning, effect, and import.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 22 of the Complaint.

23. With respect to the allegations of paragraph 23 of the Complaint, the Non-Debtor Affiliates admit only that:

- IRNJ and Old TUI used insurance receivables while defending against asbestos lawsuits in the tort system, including those received under settlement or certain coverage-in-place agreements;
- the coverage-in-place agreements did not provide IRNJ and Old TUI with dollar-for-dollar coverage for asbestos claims;
- by the end of 2019, Trane plc reported in its Form 10-k for the fiscal year ending December 31, 2019 that current and future asbestos liabilities would surpass the total projected insurance recoveries by almost \$240 million, and affirmatively allege that, to the extent the allegations of paragraph 23 cite to portions of the PI Motion, such pleading speaks for itself, incorporate the entirety of such pleading as if set forth in full herein, and respectfully refer the Court to such pleading for its meaning, effect, and import.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 23 of the Complaint.

II. PROJECT OMEGA

24. With respect to the allegations of paragraph 24 of the Complaint, the Non-Debtor Affiliates admit only that:

- the internal name adopted for the consideration and planning for the potential implementation of the Corporate Restructuring was “Project Omega”;
- consideration and planning for the potential implementation of the Corporate Restructuring was kept confidential in the ordinary course of business and as a matter of standard company protocol;
- consideration and planning for the potential implementation of the Corporate Restructuring was not disclosed to asbestos claimants or their attorneys because IRNJ and Old TUI, in the ordinary course of business and in accordance with applicable securities laws, did not share non-public information concerning contemplated corporate transactions with third parties.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 24 of the Complaint.

25. With respect to the allegations of paragraph 25 of the Complaint, the Non-Debtor Affiliates admit only that Project Omega meetings occurred frequently and that in-house and outside counsel were present for many of the meetings. The Non-Debtor Affiliates deny the remaining allegations of paragraph 25 of the Complaint.

26. With respect to the allegations of paragraph 26 of the Complaint, the Non-Debtor Affiliates admit only that one of the options presented to address the Debtors’ Asbestos Liabilities in connection with Project Omega was the commencement of Section 524(g) bankruptcy cases. The Non-Debtor Affiliates deny the remaining allegations of paragraph 26 of the Complaint.

III. IMPLEMENTING THE CORPORATE RESTRUCTURING

27. With respect to the allegations of paragraph 27 of the Complaint, the Non-Debtor Affiliates admit only that:

- on May 1, 2020, in full compliance with the requirements of Texas law, IRNJ effected a divisional merger pursuant to Chapter 10, Subchapter A of the Texas Business Organizations Code, creating Aldrich and TTC;
- pursuant to the divisional merger, all of the assets and liabilities of IRNJ were allocated between Aldrich and TTC as follows: (i) Aldrich was allocated (a) \$26.2 million in cash; (b) a 100 percent equity interest in 200 Park, Inc., (c) various confidential insurance coverage-in-place agreements and related insurance rights; (d) all contracts of IRNJ related to its asbestos-related litigation, including settlement agreements, services contracts, and engagement and retention contracts; (e) causes of action that relate to the assets and liabilities allocated to Aldrich; (f) records exclusively relating to the assets and liabilities allocated to Aldrich; (g) privileges related to these matters; and (h) rights and benefits under the funding agreement between TTC and Aldrich (the “**Aldrich Funding Agreement**”); and (ii) TTC received all other assets and liabilities of IRNJ.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 27 of the Complaint.

28. With respect to the allegations of paragraph 28 of the Complaint, the Non-Debtor Affiliates admit only that:

- on May 1, 2020, in full compliance with the requirements of Texas law, Old TUI effected a divisional merger pursuant to Chapter 10, Subchapter A of the Texas Business Organizations Code, creating Murray and TUI;
- pursuant to the divisional merger, all of the assets and liabilities of Old TUI were allocated between Murray and TUI as follows: (i) Murray was allocated (a) \$16.1 million in cash; (b) a 100 percent equity interest in ClimateLabs LLC, (c) various

confidential insurance coverage-in-place agreements and related insurance rights; (d) all contracts of Old TUI related to its asbestos-related litigation, including settlement agreements, services contracts, and engagement and retention contracts; (e) causes of action that relate to the assets and liabilities allocated to Murray; (f) records exclusively relating to the assets and liabilities allocated to Murray; (g) privileges related to these matters; and (h) rights and benefits under the funding agreement between TUI and Murray (the “**Murray Funding Agreement**” and, together with the Aldrich Funding Agreement, the “**Funding Agreements**”); and (ii) TUI received all other assets and liabilities of Old TUI.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 28 of the Complaint.

29. With respect to the allegations of paragraph 29 of the Complaint, the Non-Debtor Affiliates admit only that:

- pursuant to the Divisional Mergers and related documents effecting the Corporate Restructuring, Aldrich and Murray became solely responsible for the Asbestos Liabilities and the defense of those claims;
- the divisional merger support agreement to which Aldrich is a party provides, among other things, that Aldrich will indemnify and hold harmless TTC, TUI, and their affiliates for any losses, liabilities or other damages relating to claims against them in respect of Aldrich’s assets or liabilities;
- the divisional merger support agreement to which Murray is a party provides, among other things, that Murray will indemnify and hold harmless TTC, TUI, and their affiliates for any losses, liabilities or other damages relating to claims against them in respect of Murray’s assets or liabilities.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 29 of the Complaint.

30. With respect to the allegations of paragraph 30 of the Complaint, the Non-Debtor Affiliates admit only that:

- they converted to Delaware entities following the Divisional Mergers;
- the Debtors converted to North Carolina limited liability companies following the Divisional Mergers;
- the Debtors were Texas entities for less than a day;
- the Debtors filed their chapter 11 petitions on June 18, 2020.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 30 of the Complaint.

31. With respect to the allegations of paragraph 31 of the Complaint, the Non-Debtor Affiliates admit TUI has continued to make acquisitions in the ordinary course of business, and that the Non-Debtor Affiliates and their operating subsidiaries continue to pay their undisputed, unsecured creditors in the ordinary course of business. The Non-Debtor Affiliates deny the remaining allegations of paragraph 31 of the Complaint.

32. The Non-Debtor Affiliates deny knowledge and information sufficient to form a belief with respect to the allegations of paragraph 32 of the Complaint.

IV. INTERCOMPANY AGREEMENTS

33. With respect to the allegations of paragraph 33 of the Complaint, the Non-Debtor Affiliates admit only that, as part of the Corporate Restructuring, the Debtors, the Non-Debtor Affiliates and certain other entities entered into certain agreements dated as of May 1, 2020. The Non-Debtor Affiliates deny the remaining allegations of paragraph 33 of the Complaint.

A. Funding Agreements

34. With respect to the allegations of paragraph 34 of the Complaint, the Non-Debtor Affiliates admit only that the Debtors have “the same ability to resolve and pay valid current and future asbestos-related claims and other liabilities as [IRNJ] and [Old TUI] had before the restructurings,” and affirmatively allege that the Funding Agreements speak for themselves, incorporate the entirety of such Agreements as if set forth in full herein, and respectfully refer the Court to the Funding Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 34 of the Complaint.

35. With respect to the allegations of paragraph 35 of the Complaint, the Non-Debtor Affiliates admit only that they are obligated to, and will, fund the administration costs of the Debtors’ chapter 11 cases, indemnification expenses, and any amount needed to fund fully a Section 524(g) plan in accordance with the terms of the Funding Agreements, and affirmatively allege that the Funding Agreements speak for themselves, incorporate the entirety of such Agreements as if set forth in full herein, and respectfully refer the Court to the Funding Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 35 of the Complaint.

36. With respect to the allegations of paragraph 36 of the Complaint, the Non-Debtor Affiliates admit only that:

- their obligations under the Funding Agreements are unsecured;
- the Non-Debtor Affiliates are obligors under the Funding Agreements and such obligations are not guaranteed;
- the Non-Debtor Affiliates are authorized to incur additional debt and engage in various corporate transactions under applicable law;

- the Non-Debtor Affiliates are not obligated to provide the Debtors with audited financial statements, affirmatively allege that audited financial statements of Trane plc are publicly available, and affirmatively allege that the Non-Debtor Affiliates furnish the Debtors with unaudited annual and quarterly consolidated financial statements in accordance with the terms of the Funding Agreements;
- subject to the terms and conditions of the Funding Agreements, the Non-Debtor Affiliates are obligated to provide payments in an amount necessary for the Debtors to fund all “Permitted Funding Uses”, and affirmatively allege that the Funding Agreements speak for themselves, incorporate the entirety of such Agreements as if set forth in full herein, and respectfully refer the Court to the Funding Agreements for their meaning, effect, and import.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 36 of the Complaint.

37. With respect to the allegations of paragraph 37 of the Complaint, the Non-Debtor Affiliates admit only that the Debtors must receive the written consent of the Non-Debtor Affiliates to assign their rights and obligations under the Funding Agreements, the Funding Agreements contemplate that the Non-Debtor Affiliates will receive the protections of Section 524(g) of the Bankruptcy Code, the Funding Agreements terminate automatically on the effective date of a Section 524(g) plan, and affirmatively allege that the Funding Agreements speak for themselves, incorporate the entirety of the Funding Agreements as if set forth in full herein, and respectfully refer the Court to the Funding Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 37 of the Complaint.

38. With respect to the allegations of paragraph 38 of the Complaint, the Non-Debtor Affiliates affirmatively allege that the Funding Agreements speak for themselves, incorporate the

entirety of such Agreements as if set forth in full herein, and respectfully refer the Court to the Funding Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 38 of the Complaint.

B. Support Agreements

39. With respect to the allegations of paragraph 39 of the Complaint, the Non-Debtor Affiliates admit only that TTC and Aldrich entered into an Amended and Restated Divisional Merger Support Agreement, dated as of May 1, 2020, and TUI and Murray entered into an Amended and Restated Divisional Merger Support Agreement, dated as of May 1, 2020 (collectively, the “**Support Agreements**”), both of which contain mutual indemnification provisions, *see* Support Agreements, § 3, affirmatively allege that the Support Agreements speak for themselves, incorporate the entirety of such Agreements as if set forth in full herein, and respectfully refer the Court to the Support Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 39 of the Complaint.

40. With respect to the allegations of paragraph 40 of the Complaint, the Non-Debtor Affiliates admit only that they entered into the Support Agreements, both of which contain mutual indemnification provisions, *see* Support Agreements, § 3, affirmatively allege that the Support Agreements speak for themselves, incorporate the entirety of such Agreements as if set forth in full herein, and respectfully refer the Court to the Support Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 40 of the Complaint.

41. With respect to the allegations of paragraph 41 of the Complaint, the Non-Debtor Affiliates admit only that the Support Agreements contain mutual indemnification provisions that run to each parties’ affiliates, affirmatively allege that the Support Agreements speak for themselves, incorporate the entirety of the Support Agreements as if set forth in full herein, and

respectfully refer the Court to the Support Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 41 of the Complaint.

C. Secondment Agreement and Services Agreement

42. The Non-Debtor Affiliates deny the allegations of paragraph 42 of the Complaint.

43. With respect to the allegations of paragraph 43 of the Complaint, the Non-Debtor Affiliates admit only that:

- the Debtors have no employees, and TTC entered into the Amended and Restated Secondment Agreement with the Debtors, dated as of May 1, 2020 (the “**Secondment Agreement**”), pursuant to which the Debtors obtain services from certain TTC employees;
- one seconded employee retired, reducing the number of seconded employees to two, and affirmatively allege that the Secondment Agreement speaks for itself, incorporate the entirety of such Agreement as if set forth in full herein, and respectfully refer the Court to the Secondment Agreement for its meaning, effect, and import.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 43 of the Complaint.

44. With respect to the allegations of paragraph 44 of the Complaint, the Non-Debtor Affiliates admit only that TTC entered into two separate Amended and Restated Services Agreements with each of the Debtors separately, dated as of May 1, 2020 (collectively, the “**Services Agreements**”), pursuant to which TTC provides certain services to the Debtors, affirmatively allege that the Services Agreements speak for themselves, incorporate the entirety of such Agreements as if set forth in full herein, and respectfully refer the Court to the Services Agreements for their meaning, effect, and import. The Non-Debtor Affiliates deny the remaining allegations of paragraph 44 of the Complaint.

V. SHARED OFFICERS AND BOARD MEMBERS

45. With respect to the allegations of paragraph 45 of the Complaint, the Non-Debtor Affiliates admit Ray Pittard serves as vice president of the Debtors, admit that he was the Transformation Office Leader at the time of the Corporate Restructuring, and affirmatively allege Mr. Pittard currently holds the title of Executive Vice President, Supply Chain, Engineering and Information Technology. The Non-Debtor Affiliates admit the remaining allegations of paragraph 45 of the Complaint.

46. The Non-Debtor Affiliates admit the allegations of paragraph 46 of the Complaint.

VI. UPSTREAMING OF CASH BY NONDEBTOR AFFILIATES

47. With respect to the allegations of paragraph 47 of the Complaint, the Non-Debtor Affiliates admit only that:

- [REDACTED]
[REDACTED]
[REDACTED];
- [REDACTED]
[REDACTED]
[REDACTED];
- [REDACTED]
[REDACTED]

The Non-Debtor Affiliates deny the remaining allegations of paragraph 47 of the Complaint.

48. With respect to the allegations of paragraph 48 of the Complaint, the Non-Debtor Affiliates admit only that:

- Old TUI made a distribution of \$586.9 million to Trane Inc. in November 2017;

- Old TUI made distributions to Trane Inc. in December 2018 and 2019 in the amounts of \$1.1 billion and \$740.7 million, respectively;
- Old TUI made a distribution to Trane Inc. in the amount of \$2.3 billion in April 2020;
- IRNJ made a distribution to Trane Technologies Global Holding Company in the amount of \$4.1 billion in April 2020.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 48 of the Complaint.

49. With respect to the allegations of paragraph 49 of the Complaint, the Non-Debtor Affiliates admit only that:

- Trane plc's board of directors authorized an 11% increase to its quarterly dividend payable on March 31, 2021;
- Trane plc has paid consecutive quarterly dividends on its common shares since 1919 and annual dividends since 1910;
- in 2021, Trane plc's quarterly dividend was increased from \$0.53 to \$0.59 per ordinary share, or \$2.36 per share annualized;
- Trane plc had 239,147,507 ordinary shares outstanding as of April 23, 2021, meaning the annualized sum of \$2.36 per share translated to 2021 quarterly dividends totaling approximately \$564,388,117.00;
- Trane plc paid quarterly dividends in March and June 2021.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 49 of the Complaint.

COUNT I:

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

50. The Non-Debtor Affiliates repeat and reallege their responses to the allegations of paragraphs 1 through 49 of the Complaint as if set forth in full herein.

51. With respect to the allegations of paragraph 51 of the Complaint, the Non-Debtor Affiliates admit only that IRNJ and Old TUI implemented the Corporate Restructuring, pursuant to which IRNJ and Old TUI ceased to exist and the Non-Debtor Affiliates and the Debtors were created. The Non-Debtor Affiliates deny the remaining allegations of paragraph 51 of the Complaint.

52. With respect to the allegations of paragraph 52 of the Complaint, the Non-Debtor Affiliates admit only that:

- the Debtors and Non-Debtor Affiliates share an ultimate parent, Trane plc;
- TTC is an indirect parent of TUI and Murray;
- certain individuals who provide services to the Debtors are seconded from TTC, and the Debtors have officers who are employees of TTC and Trane plc and boards of managers composed of current and former employees of the Debtors' affiliates;
- the Debtors are holding companies, and the Debtors are under common ownership.

The Non-Debtor Affiliates deny the remaining allegations of paragraph 52 of the Complaint.

53. The Non-Debtor Affiliates deny the allegations of paragraph 53 of the Complaint.

54. The Non-Debtor Affiliates deny the allegations of paragraph 54 of the Complaint.

COUNT II:

DECLARATORY JUDGMENT – BASED ON UNCONSCIONABILITY

55. The Non-Debtor Affiliates repeat and reallege their responses to the allegations of paragraphs 1 through 54 of the Complaint as if set forth in full herein.

56. Because the Dismissal Order dismissed with prejudice Count II of the Complaint, the Non-Debtor Affiliates need not respond to the allegations of paragraph 56 of the Complaint.

57. Because the Dismissal Order dismissed with prejudice Count II of the Complaint, the Non-Debtor Affiliates need not respond to the allegations of paragraph 57 of the Complaint.

58. Because the Dismissal Order dismissed with prejudice Count II of the Complaint, the Non-Debtor Affiliates need not respond to the allegations of paragraph 58 of the Complaint.

59. Because the Dismissal Order dismissed with prejudice Count II of the Complaint, the Non-Debtor Affiliates need not respond to the allegations of paragraph 59 of the Complaint.

60. Because the Dismissal Order dismissed with prejudice Count II of the Complaint, the Non-Debtor Affiliates need not respond to the allegations of paragraph 60 of the Complaint.

REMAINING ALLEGATIONS

The Non-Debtor Affiliates (i) deny all remaining allegations in the Complaint, and (ii) deny any allegations in the headings, subheadings, and footnotes of the Complaint.

RESPONSE TO PRAYER FOR RELIEF

The Prayer for Relief constitutes argument or conclusions of law to which the Non-Debtor Affiliates need not respond. The Non-Debtor Affiliates further respond that Plaintiff is not entitled to any relief requested in the Complaint.

RESERVATION OF RIGHTS

The Non-Debtor Affiliates expressly reserve their right to amend and/or supplement this Answer as necessary.

AFFIRMATIVE DEFENSES

The Non-Debtor Affiliates assert the following Affirmative Defenses to Count I of the Complaint and reserve the right to amend this Answer to assert other and further Defenses when and if, in the course of their investigation, discovery, or preparation for trial, it becomes appropriate. By designating these matters as “Defenses,” the Non-Debtor Affiliates do not

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 Non-Debtor Affiliates.

FIRST AFFIRMATIVE DEFENSE

The Complaint fails to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

Plaintiff lacks standing because it has not suffered an injury-in-fact given (1) the amount of the Asbestos Liabilities are disputed and have not been determined, (2) the Debtors' current assets and financial resources exceed the estimated Asbestos Liabilities, and (3) the Debtors possess sufficient assets and financial resources to pay all of the Asbestos Liabilities in full.

THIRD AFFIRMATIVE DEFENSE

Plaintiff's claims are not ripe because (1) the amount of the Asbestos Liabilities are disputed and have not been determined, (2) no allegation has been made that the Debtors currently lack sufficient assets and financial resources to pay the Asbestos Liabilities, and (3) even if the amount of the Asbestos Liabilities exceeded the value of the Debtors' current assets and financial resources, the Debtors have access to other assets and financial resources to pay all of the Asbestos Liabilities in full pursuant to the terms of the Funding Agreements.

FOURTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because Plaintiff fails to establish any basis for the Court to order substantive consolidation, including by demonstrating (i) creditors dealt with the Non-Debtor Affiliates and Debtors as a single economic unit, or (ii) a substantial identity between the Non-Debtor Affiliates and the Debtors.

FIFTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because exercise of the Court's equitable powers under Section 105 of the Bankruptcy Code does not include ordering the substantive consolidation of the Debtors with the Non-Debtor Affiliates.

SIXTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because the Court lacks jurisdiction over the Non-Debtor Affiliates to order the requested substantive consolidation.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred on the ground this Court lacks jurisdiction to entertain an involuntary bankruptcy proceeding against the Non-Debtor Affiliates because none of the Non-Debtor Affiliates' creditors have filed an involuntary petition in accordance with Section 303 of the Bankruptcy Code.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because Plaintiff has not suffered any damages as a result of the conduct alleged in the Complaint because the Debtors' assets are sufficient to pay fully all legitimate asbestos claimants.

NINTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because Plaintiff has failed to state any benefit to the creditors of the Debtors and Non-Debtor Affiliates arising from substantive consolidation.

TENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because the actions taken in connection with the Corporate Restructuring were authorized and complied with all applicable laws and granting substantive consolidation to unwind the Corporate Restructuring would constitute an unconstitutional preemption of state law.

ELEVENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because even if Plaintiff demonstrates a right to relief, which the Non-Debtor Affiliates deny, it possesses adequate remedies at law.

TWELFTH AFFIRMATIVE DEFENSE

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

THIRTEENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred because, at all times, the Non-Debtor Affiliates and Debtors acted in good faith, in compliance with applicable law, and with the goal of funding a Section 524(g) trust that would fairly and efficiently satisfy all current and future asbestos claims against the Debtors. Thus, no basis in law or fact exists to substantively consolidate TTC with Aldrich and TUI with Murray and subject the Non-Debtor Affiliates to the costs, delay, burdens, and value destruction that would be imposed on the Non-Debtor Affiliates and, by extension, the Debtors' bankruptcy estates by substantive consolidation, especially given the facts that the Funding Agreements and fully-funded QSF provide the means to satisfy fully the Debtors' liabilities.

Dated: May 5, 2022

Respectfully submitted,

/s/ Stacy C. Cordes

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