UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION

In re:	)	Chapter 11
	)	
	)	Case No. 5-89-00293 (JAM)
RAYTECH CORPORATION,	)	
	)	
Debtor.	)	
	)	

ANNUAL REPORT AND FINANCIAL STATEMENTS AND ACCOUNT OF THE TRUSTEES OF THE RAYTECH CORPORATION ASBESTOS PERSONAL INJURY SETTLEMENT TRUST FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

TO THE HONORABLE JULIE A. MANNING
CHIEF UNITED STATES BANKRUPTCY JUDGE

Richard A. Lippe, Archie R. Dykes, and Stephen C. Halpern, as Trustees of the Raytech Corporation Asbestos Personal Injury Settlement Trust (the "**Trust**"), submit this Annual Report and the attached Financial Statements and Account for the fiscal year ended December 31, 2023 (the "**Annual Report**").

The Annual Report and Financial Statements and Account are filed in compliance with Section 2.2 of the Raytech Corporation Second Amended and Restated Asbestos Personal Injury Trust Agreement (the "**Trust Agreement**"). All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in Raytech Corporation's Second Amended Plan of Reorganization, as modified July 21, 2000 (the "**Plan**"), together with the First Amended Disclosure Statement with respect thereto, dated May 11, 2000 (the "**Disclosure Statement**").

Section 2.2(c) of the Trust Agreement states:

> The Trustees shall timely account to the Bankruptcy Court as follows:

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> (i) The Trustees shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of the fiscal year, an annual report containing financial statements of the PI Trust (including, without limitation, a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustees and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustees shall provide a copy of such report to the TAC, the Legal Representative, and Reorganized Raytech when such reports are filed with the Bankruptcy Court.
>
> (ii) Simultaneously with delivery of each set of financial statements referred to in Article 2.2(c)(i) above, the Trustees shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. . . .

The purpose of this Annual Report is to report on and provide the basis for the Court's discharge from liability of the Trustees with respect to the actions taken and obligations undertaken on behalf of the Trust by its Trustees during the period from January 1, 2023 through December 31, 2023 (the "**Reporting Period**").

I. Meetings

In 2023, the Trustees held formal meetings on January 26, April 27, July 27, and October 26. The meetings were attended by the Legal Representative for future claimants (the "**Legal Representative**") and one or more representatives of the Trust Advisory Committee (the "**TAC**"). Also in attendance were Stanley J. Levy, advisor to the Trust, Joseph J. Raygada, the Trust's Executive Administrator, and Trust counsel. Other Trust advisors also attended the meetings. All meetings in 2023 were held via videoconference. These meetings customarily include an overview of the status of claims processing and other claims-related issues in addition to a review of the Trust's financial statements prepared by Mr. Raygada. The Managing Trustee

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frequently convened by conference call with Citi Private Bank ("**Citi**") in asset management meetings in order to closely monitor the performance of the Trust's investment portfolio and to review the asset allocation within the portfolio. Citi, which has served as investment manager for the Trust for many years, also attended the formal meetings of the Trust for in-person presentations on investment strategies. Together and individually, the Trustees devoted considerable time to Trust matters outside of formal meetings.

II. Raytech Corporation

Raytech Corporation was wholly owned by the Trust. The Raytech businesses were sold and, after payments to creditors, the sale proceeds were distributed to the Trust. In 2015, the Trustees unanimously approved a motion to formally dissolve the Raytech Corporation. A Certificate of Dissolution was filed with the Delaware Secretary of State on October 22, 2015. Following the three-year wind-down period required by Delaware law, the dissolution was completed and the remaining assets of the Corporation were distributed to the Trust pursuant to a Plan of Distribution executed on November 1, 2018. The dissolution of Raytech Corporation will have no impact on the Trust going forward, nor on these proceedings.

III. Asset Management

As noted above, Citi managed an investment portfolio for the Trust throughout the Reporting Period and regularly advised the Trustees on the portfolio's asset allocation and performance.

At the end of the Reporting Period, the asset allocation for the Trust's investment portfolio was 3.36% in cash and invested cash, 42.25% in fixed income, 12.21% in equities, 36.95% in protected variable annuities; and 5.23% in alternative investments. Throughout the Reporting Period, the Trustees continued to monitor the Trust's investment provisions and asset allocation,

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including with respect to its fixed income, principal protected variable annuity investments, and hedge fund investment.

IV. Trust Administration

Mr. Joe Raygada serves as Executive Administrator of the Trust; Mr. Andrew Oh of Ankura Consulting Group LLC ("**Ankura**") serves as its Director of Claims.

As previously reported, over the past several years, the Trustees sought ways to reduce the operating costs of the Trust without compromising its overall operations. These efforts include alternative fee arrangements with certain trust professionals and the renegotiation of Citi's investment advisory fees. In addition, the Trustees renegotiated the agreement with the Trust's claims processing facility, Claims Processing Facility, Inc. ("**CPF**"), resulting in a reduction of the claims processing fees charged to the Trust. As a result of the Trustees' efforts, the Trust will continue to benefit from significant savings in operating costs going forward.

V. Status of Processing and Payment of Claims

The Trustees entered into a formal agreement on August 31, 2009 with CPF for the processing of claims. The Trust began accepting and processing claims on January 15, 2010.

During the Reporting Period, the Trust received 2,412 claim filings and paid 1,058 claims in the total aggregate amount of $1,023,462. Attached at Exhibit 1 is a summary of the Trust's personal injury claims filings and payments made since the Trust first began receiving personal injury claims.

Effective June 1, 2023, the Trustees, after consulting with their advisors and with the consent of the TAC and Legal Representative, adopted an amendment to the Trust Distribution Procedures ("**TDP**") to implement a $75.00 refundable filing fee for all claims filed with the Trust. The filing fee was implemented in an effort to reduce the amount of deficient claims filed with the

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Trust. The filing fee will be refunded in full to a claimant who receives and accepts payment of a settlement offer from the Trust with respect to the claim for which the filing fee was paid.

VI. The Pro-Rata Percentage

Throughout the Reporting Period, the Trustees utilized the professional services of Mr. Oh and his firm, Ankura, for matters relating to the estimation of claims liabilities, future claims forecasting, and oversight of claims processing in accordance with the TDP, including specifically with respect to the status of the Pro-rata Percentage. There were no changes to the Pro-rata Percentage during the Reporting Period.

VII. Trust Transactions

Pursuant to Section 2.1(c)(xx) of the Trust Agreement, the Trustees have the power to allow transactions between the Trust and Trustees or other affiliated entities under certain circumstances:

> [T]he Trustees shall have the power to . . .
>
> (xx) enter into any contract or otherwise engage in any transaction with any Trustee or any Entity affiliated with any Trustee, provided, however, (1) that such contract or such transaction is approved by the unanimous vote of the Trustees voting thereon, it being understood that to the extent permitted by law the usual rules prohibiting fiduciaries from dealing with themselves as individuals or from dealing with respect to any manner in which they have a personal interest shall not apply to the Trustees, and (2) that any contract or transaction entered into pursuant to this paragraph (xx) shall be disclosed in the report to the Bankruptcy Court described in Section 2.2(c)(i).

The Trust regularly discloses any amounts paid to Trustees or any related person or entity. The fees and expenses paid to the Trustees, TAC, and Legal Representative during the Reporting Period can be found at page 18 of the Raytech Corporation Asbestos Personal Injury Settlement PI Trust's Special-Purpose Financial Statements and Other Financial Information as of December 31, 2023 and 2022 (the "**Audited Financial Statements**").

VIII. Financial

The Audited Financial Statements prepared by the firm of Raphael Goldberg Nikpour Cohen & Sullivan CPA's, PLLC are attached to this report as Exhibit 2, as is required by Section 2.2(c)(i) of the Trust Agreement (set forth above).

IX. Future of Trust

As previously reported, in response to a question posed by the Court during the June 19, 2018 hearing on the Trust's 2017 annual report, this Section regarding the future of the Trust has been added to subsequent annual reports. Section 7.2 of the Trust Agreement provides that the Trust shall terminate ninety (90) days after the first to occur of certain specified events, including (i) if the continued administration of the Trust is uneconomic or inimical to the claimants' best interests or (ii) if the Trust receives no new claim filings for twelve (12) consecutive months.[1]

Based on the most recent actuarial analysis prepared by the Trust's forecasting expert in connection with the Pro-rata Percentage review, the Trust is projected to continue to receive new claim filings through 2050. However, the Trust will likely terminate well before such date when the Trustees, TAC, and Legal Representative determine that the Trust's net operating costs and available assets relative to the aggregate claims being paid do not warrant the continued operation of the Trust. The timing of this decision will be affected by a number of factors including the

[1] Sec. 7.2(a) of the Trust Agreement specifically states as follows: "The PI Trust shall automatically terminate on the date (the "Termination Date") ninety (90) days after the first to occur of the following events: (i) the Trustees decide to terminate the PI Trust because (A) they deem it unlikely that new asbestos claims will be filed against the PI Trust, (B) all PI Trust Claims duly filed with the PI Trust have been liquidated and paid to the extent provided in this PI Trust Agreement and the Procedures or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the Plans, and (C) twelve (12) consecutive months have elapsed during which no new asbestos claim has been filed with the PI Trust; or (ii) if the Trustees have procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the PI Trust in a manner consistent with this PI Trust Agreement and the Procedures, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; (iii) if in the judgment of the Trustees concerned and by the TAC and the Legal Representative, the continued administration of the Trust is uneconomic or inimical to the best interests of the persons holding Asbestos Related Claims and Demands and the Trustees have obtained an order of the Court that the termination of the Trust will not expose or subject Reorganized Raytech or any successor in interest to any increased or undue risk of having any Asbestos Related Claims and Demands asserted against it or them or in any way jeopardize the validity or enforceability of the Permanent Channeling Injunction; or (iv) to the extent that any rule against perpetuities shall be deemed applicable to the PI Trust, twenty-one (21) years less ninety-one (91) days pass after the death of the last survivor of all of the descendants of Joseph P. Kennedy, Sr., of Massachusetts living on the date hereof."

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accuracy of the claims projections made from time-to-time by the Trust's forecasting expert, the ability of the Trust to reduce its operating costs and the returns being generated by the Trust on its assets.

It is currently anticipated that the Trust will continue to operate for the foreseeable future. The Trust fully respects its responsibility to advise the Court well in advance of the occurrence of any anticipated termination event.

Dated: April 26, 2024

Respectfully submitted,

/s/ Richard A. Lippe
Richard A. Lippe, Managing Trustee, on behalf of himself, Archie R. Dykes, Trustee, and Stephen C. Halpern, Trustee

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