UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-31225

ENPRO INDUSTRIES, INC.
(Exact name of registrant, as specified in its charter)

North Carolina	**01-0573945**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**
5605 Carnegie Boulevard, Suite 500, Charlotte, North Carolina	**28209**
(Address of principal executive offices)	**(Zip Code)**

(704) 731-1500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 28, 2015, there were 22,822,574 shares of common stock of the registrant outstanding, which does not include 199,376 shares of common stock held by a subsidiary of the registrant and accordingly are not entitled to be voted. There is only one class of common stock.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
Three Months Ended March 31, 2015 and 2014
(in millions, except per share amounts)

	2015	2014
Net sales	$ 277.5	$ 287.2
Cost of sales	187.7	190.7
Gross profit	89.8	96.5
Operating expenses:		
Selling, general and administrative	77.3	78.9
Other	1.1	0.2
Total operating expenses	78.4	79.1
Operating income	11.4	17.4
Interest expense	(13.0)	(11.1)
Interest income	0.1	0.2
Other expense	(4.1)	(4.2)
Income (loss) before income taxes	(5.6)	2.3
Income tax benefit (expense)	4.0	(1.0)
Net income (loss)	$ (1.6)	$ 1.3
Comprehensive income (loss)	$ (17.8)	$ 0.3
Basic earnings (loss) per share	$ (0.07)	$ 0.06
Diluted earnings (loss) per share	$ (0.07)	$ 0.05

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Three Months Ended March 31, 2015 and 2014
(in millions)

	2015	2014
OPERATING ACTIVITIES		
Net income (loss)	$ (1.6)	$ 1.3
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	7.2	7.5
Amortization	6.9	6.7
Accretion of debt discount	0.3	1.8
Loss on exchange and repurchase of convertible debentures	2.8	3.6
Deferred income taxes	1.5	(12.3)
Stock-based compensation	1.3	2.2
Other non-cash adjustments	0.3	(0.6)
Change in assets and liabilities, net of effects of acquisitions of businesses:		
Accounts receivable, net	(4.1)	(21.0)
Inventories	(11.5)	(9.3)
Accounts payable	(1.2)	2.8
Other current assets and liabilities	(21.0)	(10.5)
Other non-current assets and liabilities	(2.4)	2.8
Net cash used in operating activities	(21.5)	(25.0)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(9.1)	(6.7)
Payments for capitalized internal-use software	(1.1)	(2.8)
Acquisitions, net of cash acquired	(30.6)	(1.9)
Other	—	0.1
Net cash used in investing activities	(40.8)	(11.3)
FINANCING ACTIVITIES		
Net proceeds from short-term borrowings	0.8	0.7
Proceeds from debt	41.4	70.3
Repayments of debt	(23.3)	(34.5)
Repurchase of common stock	(47.4)	—
Dividends paid	(4.8)	—
Repurchase of convertible debentures conversion option	(21.6)	—
Other	(2.0)	(4.7)
Net cash provided by (used in) financing activities	(56.9)	31.8
Effect of exchange rate changes on cash and cash equivalents	(2.8)	(0.1)
Net decrease in cash and cash equivalents	(122.0)	(4.6)
Cash and cash equivalents at beginning of period	194.2	64.4
Cash and cash equivalents at end of period	$ 72.2	$ 59.8
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 27.0	$ 18.1
Income taxes, net	$ 2.2	$ 13.3

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in millions, except share amounts)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 72.2	$ 194.2
Accounts receivable, net	209.8	205.2
Inventories	168.8	159.7
Prepaid expenses and other current assets	38.0	44.0
Total current assets	488.8	603.1
Property, plant and equipment, net	199.3	199.3
Goodwill	237.1	232.4
Other intangible assets	210.8	202.8
Investment in GST	236.9	236.9
Deferred income taxes and income tax receivable	99.1	80.3
Other assets	47.4	49.2
Total assets	$ 1,519.4	$ 1,604.0
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings from GST	$ 24.0	$ 23.6
Notes payable to GST	12.2	11.7
Current maturities of long-term debt	2.2	22.5
Accounts payable	89.5	87.8
Accrued expenses	108.7	131.6
Total current liabilities	236.6	277.2
Long-term debt	340.1	298.6
Notes payable to GST	271.0	259.3
Other liabilities	131.7	130.5
Total liabilities	979.4	965.6
Commitments and contingencies		
Temporary equity	0.1	1.0
Shareholders' equity		
Common stock – $.01 par value; 100,000,000 shares authorized; issued, 23,414,744 shares in 2015 and 24,172,716 shares in 2014	0.2	0.2
Additional paid-in capital	402.4	477.3
Retained earnings	188.9	195.3
Accumulated other comprehensive loss	(50.3)	(34.1)
Common stock held in treasury, at cost – 199,376 shares in 2015 and 200,022 shares in 2014	(1.3)	(1.3)
Total shareholders' equity	539.9	637.4
Total liabilities and equity	$ 1,519.4	$ 1,604.0

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Overview, Basis of Presentation and Recently Issued Authoritative Accounting Guidance

Overview

EnPro Industries, Inc. (“we,” “us,” “our,” “EnPro” or the “Company”) is a leader in the design, development, manufacture and marketing of proprietary engineered industrial products that primarily include: sealing products; heavy-duty truck wheel-end component systems; self-lubricating non-rolling bearing products; precision engineered components and lubrication systems for reciprocating compressors; and heavy-duty, medium-speed diesel, natural gas and dual fuel reciprocating engines, including parts and services.

Basis of Presentation

The accompanying interim consolidated financial statements are unaudited, and certain related information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been omitted in accordance with Rule 10-01 of Regulation S-X. They were prepared following the same policies and procedures used in the preparation of our annual financial statements and reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of results for the periods presented. The Consolidated Balance Sheet as of December 31, 2014 was derived from the audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2014. The results of operations for the interim periods are not necessarily indicative of the results for the fiscal year. These consolidated financial statements should be read in conjunction with our annual consolidated financial statements for the year ended December 31, 2014 included within our annual report on Form 10-K.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amount of assets and liabilities and the disclosures regarding contingent assets and liabilities at period end and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

All intercompany accounts and transactions between our consolidated operations have been eliminated.

Recently Issued Authoritative Accounting Guidance

In May 2014, a comprehensive new revenue recognition standard was issued that will supersede nearly all existing revenue recognition guidance. The new guidance introduces a five-step model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. In April 2015, a one-year deferral of the effective date of the new revenue recognition standard was proposed. If approved, the new standard will become effective for us beginning with the first quarter 2018. We are currently evaluating the new guidance, including possible transition alternatives, to determine the impact it will have on our consolidated financial statements.

In April 2015, a standard was issued that amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015, but early adoption is permitted. We are currently evaluating the impact the adoption of this standard will have on our consolidated financial statements.

2. Acquisitions

In February 2015, we acquired the stock of ATDynamics, Inc. ("ATDynamics"), a privately-held company offering innovative aerodynamic products to the commercial trucking industry. ATDynamics is managed as part of our Stemco division within the Sealing Products segment. ATDynamics, headquartered in Hayward, California, is a leading designer and manufacturer of a suite of aerodynamic products engineered to reduce fuel consumption in the global freight transportation industry.

We paid $30.6 million, net of cash acquired, for the business. The acquisition of ATDynamics includes an agreement that could require us to pay additional consideration based on the future gross profit of ATDynamics during the twelve months subsequent to the acquisition. The range of undiscounted amounts we could pay under the contingent consideration agreement is between $0 and $5.0 million. The fair value of the contingent consideration recognized on the acquisition date was $0.8 million, which is included in accrued expenses in the accompanying Consolidated Balance Sheet as of March 31, 2015.

Because the assets, liabilities and results of operations for this acquisition are not significant to our consolidated financial position or results of operations, pro forma financial information and additional disclosures are not presented.

3. Earnings Per Share

	Three Months Ended March 31,	
	2015	2014
	(in millions, except per share amounts)	
Numerator (basic and diluted):		
Net income (loss)	$ (1.6)	$ 1.3
Denominator:		
Weighted-average shares – basic	23.8	21.3
Share-based awards	—	0.1
Convertible debentures and related warrants	—	3.7
Weighted-average shares – diluted	23.8	25.1
Earnings (loss) per share:		
Basic	$ (0.07)	$ 0.06
Diluted	$ (0.07)	$ 0.05

As discussed further in Note 9, "Long-Term Debt - Convertible Debentures", we previously issued Convertible Senior Debentures (the "Convertible Debentures"). Under the terms of the Convertible Debentures, upon conversion, we will settle the par amount of our obligations in cash and the remaining obligations, if any, in common shares. Pursuant to applicable accounting guidelines, we include the conversion option effect in diluted earnings per share during such periods when our average stock price exceeds the adjusted conversion price ($33.68 per share at March 31, 2015 and $33.79 per share at March 31, 2014). As discussed further in Note 9, "Long-Term Debt - Convertible Debentures", we repurchased a significant portion of our outstanding Convertible Debentures in March 2015.

We used a portion of the net proceeds from the original sale of the Convertible Debentures to enter into call options, consisting of hedge and warrant transactions, which entitle us to purchase shares of our stock from a financial institution at an adjusted price of $33.68 per share and entitle the financial institution to purchase shares of our stock from us at an adjusted price of $46.64 per share. The warrant transactions have a dilutive effect during such periods that the average price per share of our common stock exceeds the $46.64 per share strike price of the warrants. The repurchase transaction discussed above did not reduce the respective obligations under the hedge and warrant transactions entered into in connection with the original sale of the Convertible Debentures, which remain in force with respect to the original amount of the Convertible Debentures. On March 17, 2015, we entered into an agreement with this financial institution to effectively accelerate and offset settlement obligations of the parties under the call options providing for a net-share settlement with shares being delivered to us during the second quarter of 2015.

In the three months ended March 31, 2015, there was a loss attributable to common shares. There were 1.6 million potentially dilutive shares excluded from the calculation of diluted earnings per share since they were antidilutive.

4. Inventories

	March 31, 2015	December 31, 2014
	(in millions)	
Finished products	$ 106.4	$ 101.2
Work in process	25.3	22.1
Raw materials and supplies	45.9	45.7
	177.6	169.0
Reserve to reduce certain inventories to LIFO basis	(12.8)	(12.8)
Manufacturing inventories	164.8	156.2
Incurred costs relating to long-term contracts	9.5	9.1
Progress payments related to long-term contracts	(5.5)	(5.6)
Net balance associated with completed-contract inventories	4.0	3.5
Total inventories	$ 168.8	$ 159.7

We use the last-in, first-out ("LIFO") method of valuing certain of our inventories. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs, which are subject to change until the final year-end LIFO inventory valuation.

Refer to Note 5, "Long-Term Contracts" for additional information about incurred costs and progress payments related to long-term contracts.

5. Long-Term Contracts

Additional information regarding engine contracts accounted for under the percentage-of-completion ("POC") method is as follows:

	March 31, 2015	December 31, 2014
	(in millions)	
Cumulative revenues recognized on uncompleted POC contracts	$ 211.4	$ 198.6
Cumulative billings on uncompleted POC contracts	205.5	200.0
	$ 5.9	$ (1.4)

These amounts were included in the accompanying Consolidated Balance Sheets under the following captions:

	March 31, 2015	December 31, 2014
	(in millions)	
Accounts receivable, net (POC revenue recognized in excess of billings)	$ 7.8	$ 6.3
Accrued expenses (billings in excess of POC revenue recognized)	(1.9)	(7.7)
	$ 5.9	$ (1.4)

During the quarter ending March 31, 2015, total U.S. Dollar equivalent revenues under a multi-year €89.2 million engine sales contract accounted for utilizing the POC method fell below the total projected U.S. Dollar costs as a result of the significant strengthening of the U.S. Dollar as compared to the Euro since the contract date of May 2014. As a result, we recorded a loss provision of $6.2 million during the first quarter of 2015. We have not entered into any transactions to hedge the impact of future foreign exchange rate changes on this contract. An evaluation of the impact of exchange rates on the contract will be performed quarterly for the duration of the contract.

Additional information regarding engine contracts accounted for under the completed-contract method is as follows:

	March 31, 2015	December 31, 2014
	(in millions)	
Incurred costs relating to long-term contracts	$ 6.4	$ 5.9
Progress payments related to long-term contracts	(10.5)	(10.5)
Net balance associated with completed-contract inventories	$ (4.1)	$ (4.6)

Incurred costs related to long-term contracts in the table above represent inventoried work in process and finished products related to engine contracts accounted for under the completed-contract method.

Progress payments related to long-term contracts in the table above are either advanced billings or milestone billings to the customer on contracts accounted for under the completed-contract method. Upon shipment of the completed engine, revenue associated with the engine is recognized, and the incurred inventoried costs and progress payments are relieved.

At March 31, 2015 and December 31, 2014, progress payments related to long-term contracts shown above were in excess of incurred costs resulting in net liability balances. As such, the net liability balances are reflected in accrued expenses on the accompanying Consolidated Balance Sheets. Refer to Note 4, "Inventories" for additional information about incurred costs and progress payments related to long-term contracts for which the incurred costs exceeded the progress payments.

In addition to inventoried costs, we also make deposits and progress payments to certain vendors for long lead time manufactured components associated with engine projects. At March 31, 2015 and December 31, 2014, deposits and progress payments for long lead time components accounted for under the POC method totaled $2.1 million and $2.1 million, respectively, and at March 31, 2015 and December 31, 2014, deposits and progress payments for these long lead time components accounted for under the completed-contract method totaled $0.9 million and $0.8 million, respectively. These deposits and progress payments are classified in prepaid expenses and other current assets in the accompanying Consolidated Balance Sheets.

6. Goodwill and Other Intangible Assets

The changes in the net carrying value of goodwill by reportable segment for the three months ended March 31, 2015, are as follows:

	Sealing Products	Engineered Products	Power Systems	Total
	(in millions)			
Goodwill as of December 31, 2014	$ 169.0	$ 56.3	$ 7.1	$ 232.4
Change due to acquisition	8.8	—	—	8.8
Change due to foreign currency translation	(1.9)	(2.2)	—	(4.1)
Goodwill as of March 31, 2015	$ 175.9	$ 54.1	$ 7.1	$ 237.1

The goodwill balances reflected above are net of accumulated impairment losses of $27.8 million for the Sealing Products segment and $108.7 million for the Engineered Products segment as of March 31, 2015 and December 31, 2014.

Identifiable intangible assets are as follows:

	As of March 31, 2015		As of December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(in millions)			
Amortized:				
Customer relationships	$ 215.4	$ 100.4	$ 213.6	$ 98.2
Existing technology	63.3	23.6	53.7	22.7
Trademarks	35.5	16.4	33.8	16.7
Other	23.0	20.8	24.0	20.8
	337.2	161.2	325.1	158.4
Indefinite-Lived:				
Trademarks	34.8	—	36.1	—
Total	$ 372.0	$ 161.2	$ 361.2	$ 158.4

Amortization expense for the three months ended March 31, 2015 and 2014, was $5.3 million and $5.8 million, respectively.

7. Accrued Expenses

	March 31, 2015	December 31, 2014
	(in millions)	
Salaries, wages and employee benefits	$ 38.9	$ 43.0
Interest	8.6	35.3
Customer advances	7.4	13.5
Income and other taxes	11.5	8.7
Other	42.3	31.1
	$ 108.7	$ 131.6

8. Related Party Transactions

The historical business operations of Garlock Sealing Technologies LLC (“GST LLC”) and The Anchor Packing Company (“Anchor”) resulted in a substantial volume of asbestos litigation in which plaintiffs alleged personal injury or death as a result of exposure to asbestos fibers. Those subsidiaries manufactured and/or sold industrial sealing products, predominately gaskets and packing, that contained encapsulated asbestos fibers. Anchor is an inactive and insolvent indirect subsidiary of Coltec Industries Inc (“Coltec”). Our subsidiaries’ exposure to asbestos litigation and their relationships with insurance carriers have been managed through another Coltec subsidiary, Garrison Litigation Management Group, Ltd. (“Garrison”). GST LLC, Anchor and Garrison are collectively referred to as “GST.”

On June 5, 2010 (the "Petition Date"), GST commenced an asbestos claims resolution process under Chapter 11 of the United States Bankruptcy Code, which is ongoing. The resulting deconsolidation of GST from our financial results, discussed more fully in Note 15, "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd." required certain intercompany indebtedness described below to be reflected on our Consolidated Balance Sheets.

As of March 31, 2015 and December 31, 2014, Coltec Finance Company Ltd., a wholly-owned subsidiary of Coltec, had aggregate, short-term borrowings of $24.0 million and $23.6 million, respectively, from GST’s subsidiaries in Mexico and Australia. These unsecured obligations were denominated in the currency of the lending party, and bear interest based on the applicable one-month interbank offered rate for each foreign currency involved.

Effective as of January 1, 2010, Coltec entered into an original issue amount $73.4 million Amended and Restated Promissory Note due January 1, 2017 (the “Coltec Note”) in favor of GST LLC, and our subsidiary Stemco LP entered into an original issue amount $153.8 million Amended and Restated Promissory Note due January 1, 2017, in favor of GST LLC (the “Stemco Note”, and together with the Coltec Note, the “Notes Payable to GST”). The Notes Payable to GST amended and replaced promissory notes in the same principal amounts which were initially issued in March 2005, and which matured on January 1, 2010.

The Notes Payable to GST bear interest at 11% per annum, of which 6.5% is payable in cash and 4.5% is added to the principal amount of the Notes Payable to GST as payment-in-kind ("PIK") interest, with interest due on January 31 of each year. In conjunction with the interest payments in 2015 and 2014, $17.6 million and $16.9 million, respectively, was paid in cash and PIK interest of $12.2 million and $11.7 million, respectively, was added to the principal balance of the Notes Payable to GST. If GST LLC is unable to pay ordinary course operating expenses, under certain conditions, they can require Coltec and Stemco to pay in cash the accrued PIK interest necessary to meet such ordinary course operating expenses, subject to certain caps. The interest due under the Notes Payable to GST may be satisfied through offsets of amounts due under intercompany services agreements pursuant to which we provide certain corporate services, make available access to group insurance coverage to GST, make advances to third party providers related to payroll and certain benefit plans sponsored by GST, and permit employees of GST to participate in certain of our benefit plans.

The Coltec Note is secured by Coltec's pledge of certain of its equity ownership in specified U.S. subsidiaries. The Stemco Note is guaranteed by Coltec and secured by Coltec's pledge of its interest in Stemco. The Notes Payable to GST are subordinated to any obligations under our senior secured revolving credit facility described in Note 9, "Long-Term Debt - Revolving Credit Facility".

We regularly transact business with GST through the purchase and sale of products. We also provide services for GST including information technology, supply chain, treasury, accounting and tax administration, legal, and human resources under a support services agreement. GST is included in our consolidated U.S. federal income tax return and certain state combined income tax returns. As the parent of these consolidated tax groups, we are liable for, and pay, income taxes owed by the entire group. We have agreed with GST to allocate group taxes to GST based on the U.S. consolidated tax return regulations and current income tax accounting guidance. This method generally allocates taxes to GST as if it were a separate taxpayer. As a result, we carry an income tax receivable from GST related to this allocation.

Amounts included in our consolidated financial statements arising from transactions with GST include the following:

Description	Consolidated Statements of Operations Caption	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
		(in millions)	
Sales to GST	Net sales	$ 6.1	$ 6.9
Purchases from GST	Cost of sales	$ 5.3	$ 6.2
Interest expense to GST	Interest expense	$ 7.8	$ 7.5

Description	Consolidated Balance Sheets Caption	March 31, 2015	December 31, 2014
		(in millions)	
Due from GST	Accounts receivable, net	$ 9.1	$ 18.5
Income tax receivable from GST	Deferred income taxes and income tax receivable	$ 78.5	$ 73.0
Due from GST	Other assets	$ 1.1	$ 1.1
Due to GST	Accounts payable	$ 7.2	$ 7.5
Accrued interest to GST	Accrued expenses	$ 7.7	$ 29.8

9. Long-Term Debt

Convertible Debentures

In October 2005, we issued $172.5 million in aggregate principal amount of Convertible Debentures, net of an original issue discount of $61.3 million. The Convertible Debentures that remain outstanding bear interest at the annual rate of 3.9375%, with interest due on April 15 and October 15 of each year, and will mature on October 15, 2015, unless they are converted prior to that date. The Convertible Debentures are direct, unsecured and unsubordinated obligations and rank equal in priority with all unsecured and unsubordinated indebtedness and senior in right of payment to all subordinated indebtedness. They do not contain any financial covenants.

Holders may convert the Convertible Debentures into cash and shares of our common stock, under certain circumstances. As of April 1, 2015, the Convertible Debentures remained convertible by holders of the Convertible Debentures.

This conversion right was triggered because the closing price per share of EnPro's common stock exceeded $43.79, or 130% of the adjusted conversion price of $33.68, for at least twenty (20) trading days during the thirty (30) consecutive trading day period ending on March 31, 2015. The Convertible Debentures will be convertible until June 30, 2015, and may be convertible thereafter if one or more of the conversion conditions is satisfied during future measurement periods. Because the Convertible Debentures are currently convertible, we classified the excess cash required to redeem the Convertible Debentures over their carrying value as temporary equity.

In March 2015, we purchased for cash approximately $21.3 million in aggregate principal amount of Convertible Debentures in a privately negotiated transaction. We paid $44.9 million to complete the transaction of which $23.3 million was allocated to the extinguishment of the liability component and the remaining $21.6 million was allocated to the reacquisition of the associated conversion option. We recognized a $2.8 million pre-tax loss on the transaction ($1.8 million net of tax) which is included in other (non-operating) expense in the accompanying Consolidated Statement of Operations.

This transaction reduced the aggregate principal amount of the Convertible Debentures outstanding to approximately $2.2 million.

The debt discount, $0.1 million as of March 31, 2015, is being amortized through interest expense until the maturity date of October 15, 2015, resulting in an effective interest rate of approximately 9.5%. Interest expense related to the Convertible Debentures for the three months ended March 31, 2015 and 2014 includes $0.2 million and $1.6 million, respectively, of contractual interest coupon and $0.2 million and $1.8 million, respectively, of debt discount amortization.

Senior Notes

In September 2014, we completed an offering of $300 million aggregate principal amount of our 5.875% Senior Notes due 2022 (the "Senior Notes"). We issued the notes net of an original issue discount of $2.4 million.

The Senior Notes are unsecured, unsubordinated obligations of EnPro and mature on September 15, 2022. Interest on the Senior Notes accrues at a rate of 5.875% per annum and is payable semi-annually in cash in arrears on March 15 and September 15 of each year. The debt discount is being amortized through interest expense until the maturity date resulting in an effective interest rate of 6.0%. The Senior Notes are required to be guaranteed on a senior unsecured basis by each of EnPro's existing and future direct and indirect domestic subsidiaries that is a borrower under, or guarantees, our indebtedness under the Revolving Credit Facility or guarantees any other Capital Markets Indebtedness (as defined in the indenture governing the Senior Notes) of EnPro or any of the guarantors.

On or after September 15, 2017, we may, on any one or more occasions, redeem all or a part of the Senior Notes at specified redemption prices plus accrued and unpaid interest. In addition, we may redeem a portion of the aggregate principal amount of the Senior Notes before September 15, 2017 with the net cash proceeds from certain equity offerings at a specified redemption price plus accrued and unpaid interest, if any. We may also redeem some or all of the Senior Notes before September 15, 2017 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, plus a "make whole" premium.

Each holder of the Senior Notes may require us to repurchase some or all of the Senior Notes for cash upon the occurrence of a defined "change of control" event. Our ability to redeem the Senior Notes prior to maturity is subject to certain conditions, including in certain cases the payment of make-whole amounts.

The indenture governing the Senior Notes includes covenants that restrict our ability to engage in certain activities, including incurring additional indebtedness and paying dividends, subject in each case to specified exceptions and qualifications set forth in the indenture.

Revolving Credit Facility

We have a $300 million senior secured revolving credit facility (the "Revolving Credit Facility"). Borrowings under the Revolving Credit Facility bear interest at an annual rate of LIBOR plus 1.75% or base rate plus 0.75%, although the interest rates under the Revolving Credit Facility are subject to incremental increases based on a consolidated total leverage ratio. In addition, a commitment fee accrues with respect to the unused amount of the Revolving Credit Facility.

EnPro and Coltec are the permitted borrowers under the Revolving Credit Facility. Each of our domestic, consolidated subsidiaries (other than GST and their respective subsidiaries, unless they elect to guarantee upon becoming consolidated subsidiaries in the future) are required to guarantee the obligations of the borrowers under the Revolving Credit Facility, and each of our existing domestic, consolidated subsidiaries (which does not include the domestic entities of GST) has provided such a guarantee.

Borrowings under the Revolving Credit Facility are secured by a first priority pledge of certain of our assets. The Revolving Credit Facility contains financial covenants and required financial ratios, including a maximum consolidated total net leverage and a minimum consolidated interest coverage as defined in the agreement. It also contains affirmative and negative covenants which are subject to customary exceptions and qualifications.

The borrowing availability under our Revolving Credit Facility at March 31, 2015 was $247.9 million after giving consideration to $10.7 million of outstanding letters of credit and $41.4 million of outstanding revolver borrowings.

10. Pensions and Postretirement Benefits

The components of net periodic benefit cost for the Company's U.S. and foreign defined benefit pension and other postretirement plans for the three months ended March 31, 2015 and 2014, are as follows:

	Three Months Ended March 31,			
	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
	(in millions)			
Service cost	$ 1.6	$ 2.0	$ 0.1	$ 0.2
Interest cost	3.0	2.8	0.1	0.1
Expected return on plan assets	(4.7)	(4.2)	—	—
Amortization of net loss	1.9	0.7	—	—
Deconsolidation of GST	(0.2)	(0.2)	—	—
Net periodic benefit cost	$ 1.6	$ 1.1	$ 0.2	$ 0.3

We do not anticipate making any contributions to our U.S. defined benefit pension plans in the year ending December 31, 2015.

11. Shareholders' Equity

On January 13, 2015, we adopted a policy under which we intend to declare regular quarterly cash dividends on our common stock, as determined by our board of directors, after taking into account our cash flows, earnings, financial position and other relevant matters. In accordance with this policy we declared a cash dividend of $0.20 per share payable on March 16, 2015 to shareholders of record at the close of business on March 2, 2015. Total dividend payments of $4.8 million were made during the three months ended March 31, 2015. Additionally, we declared a quarterly dividend of $0.20 per share to be paid on June 15, 2015 to shareholders of record at the close of business on June 1, 2015.

On February 19, 2015, our board of directors authorized the repurchase up to $80.0 million of our outstanding common shares. During the three months ended March 31, 2015 we repurchased 0.8 million shares for $54.3 million. Of this amount $47.4 million had settled as of March 31, 2015. The repurchase plan was completed in April 2015 after purchasing an additional 0.4 million shares.

12. Business Segment Information

We aggregate our operating businesses into three reportable segments. The factors considered in determining our reportable segments are the economic similarity of the businesses, the nature of products sold or services provided, the production processes and the types of customers and distribution methods. Our reportable segments are managed separately based on these differences.

Our Sealing Products segment designs, manufactures and sells sealing products, including: metallic, non-metallic and composite material gaskets, dynamic seals, compression packing, resilient metal seals, elastomeric seals, hydraulic components, expansion joints, heavy-duty truck wheel-end component systems including brake products, heavy-duty truck aerodynamic products, flange sealing and isolation products, pipeline casing spacers/isolators, casing end seals, modular sealing systems for sealing pipeline penetrations, hole forming products, manhole infiltration sealing systems, safety-related signage for pipelines, bellows and bellows assemblies, pedestals for semiconductor manufacturing, and PTFE products.

Our Engineered Products segment includes operations that design, manufacture and sell self-lubricating, non-rolling metal-polymer, solid polymer and filament wound bearing products, aluminum blocks for hydraulic applications, and precision engineered components and lubrication systems for reciprocating compressors.

Our Power Systems segment designs, manufactures, sells and services heavy-duty, medium-speed diesel, natural gas and dual fuel reciprocating engines.

Segment profit is total segment revenue reduced by operating expenses, restructuring and other costs identifiable with the segment. Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains and losses related to the sale of assets, and income taxes are not included in the computation of segment profit. The accounting policies of the reportable segments are the same as those for EnPro.

Segment operating results and other financial data for the three months ended March 31, 2015 and 2014 were as follows:

	2015	2014
	(in millions)	
Sales		
Sealing Products	$ 160.9	$ 155.0
Engineered Products	77.2	91.8
Power Systems	40.2	41.1
	278.3	287.9
Intersegment sales	(0.8)	(0.7)
Net sales	$ 277.5	$ 287.2
Segment Profit		
Sealing Products	$ 18.0	$ 17.1
Engineered Products	3.4	8.7
Power Systems	0.6	3.3
Total segment profit	22.0	29.1
Corporate expenses	(9.8)	(10.1)
Interest expense, net	(12.9)	(10.9)
Other expense, net	(4.9)	(5.8)
Income (loss) before income taxes	$ (5.6)	$ 2.3

Segment assets are as follows:

	March 31, 2015	December 31, 2014
	(in millions)	
Sealing Products	$ 623.0	$ 578.3
Engineered Products	302.5	308.7
Power Systems	143.8	145.6
Corporate	450.1	571.4
	$ 1,519.4	$ 1,604.0

13. Fair Value Measurements

We utilize a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect our own assumptions.

Assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Fair Value Measurements as of	
	March 31, 2015	December 31, 2014
	(in millions)	
Assets		
Cash equivalents:		
Money market	$ —	$ 117.7
Time deposits	23.8	22.8
	23.8	140.5
Deferred compensation assets	5.7	5.6
	$ 29.5	$ 146.1
Liabilities		
Deferred compensation liabilities	$ 7.9	$ 7.9

Our cash equivalents and deferred compensation assets and liabilities are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

The carrying values of our significant financial instruments reflected in the Consolidated Balance Sheets approximated their respective fair values except for the following instruments:

	March 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
Long-term debt	$ 342.3	$ 358.5	$ 321.1	$ 345.3
Notes payable to GST	$ 283.2	$ 292.1	$ 271.0	$ 278.3

The fair values for long-term debt are based on quoted market prices for identical liabilities, but these would be considered Level 2 computations because the market is not active. The notes payable to GST computations would be considered Level 2 since they are based on rates available to us for debt with similar terms and maturities.

14. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component (after tax) for the three months ended March 31, 2015 are as follows:

(in millions)	Unrealized Translation Adjustments	Pension and Other Postretirement Plans	Total
Beginning balance	$ 17.0	$ (51.1)	$ (34.1)
Other comprehensive income before reclassifications	(17.5)	—	(17.5)
Amounts reclassified from accumulated other comprehensive loss	—	1.3	1.3
Net current-period other comprehensive income (loss)	(17.5)	1.3	(16.2)
Ending balance	$ (0.5)	$ (49.8)	$ (50.3)

Changes in accumulated other comprehensive income by component (after tax) for the three months ended March 31, 2014 are as follows:

(in millions)	Unrealized Translation Adjustments	Pension and Other Postretirement Plans	Total
Beginning balance	$ 42.6	$ (28.2)	$ 14.4
Other comprehensive income before reclassifications	(1.4)	—	(1.4)
Amounts reclassified from accumulated other comprehensive income	—	0.4	0.4
Net current-period other comprehensive income (loss)	(1.4)	0.4	(1.0)
Ending balance	$ 41.2	$ (27.8)	$ 13.4

Reclassifications out of accumulated other comprehensive income (loss) for the three months ended March 31, 2015 and 2014 are as follows:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Statement of Operations Caption
(in millions)	Three Months Ended March 31,		
	2015	2014	
Amortization of pension and other postretirement plans:			
Actuarial losses	$ 1.9	$ 0.7	(1)
Tax benefit	(0.6)	(0.3)	Income tax expense
Net of tax	$ 1.3	$ 0.4	

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost. (See Note 10, “Pensions and Postretirement Benefits” for additional details).

15. Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd.

On the Petition Date, GST LLC, Anchor and Garrison filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court (the "Bankruptcy Court"). The filings were the initial step in a claims resolution process, which is ongoing. The goal of the process is an efficient and permanent resolution of all pending and future asbestos claims through court approval of a plan of reorganization that will establish a trust to resolve and pay all asbestos claims. GST seeks an agreement with asbestos claimants and other creditors on the terms of a plan for the establishment of such a trust and repayment of creditors in full, or in the absence of such an agreement, an order of the Bankruptcy Court confirming such a plan.

In November 2011, GST filed a proposed plan of reorganization with the Bankruptcy Court. GST's initial proposed plan called for a trust to be formed, to which GST and affiliates would contribute $200 million and which would be the exclusive remedy for future asbestos personal injury claimants – those whose claims arise after confirmation of the plan. The initial proposed plan provided that each present asbestos personal injury claim, i.e., any pending claim or one that arises between the Petition Date and plan confirmation, would be assumed by reorganized GST and resolved either by settlement (pursuant to a matrix contained in the proposed plan or as otherwise agreed), or by payment in full of any final judgment entered after trial in federal court. The initial proposed plan was revised and replaced by GST's first amended proposed plan of reorganization filed in May 2014.

On April 13, 2012, the Bankruptcy Court granted a motion by GST for the Bankruptcy Court to estimate the allowed amount of present and future asbestos claims against GST for mesothelioma, a rare cancer attributed to asbestos exposure, for purposes of determining the feasibility of a proposed plan of reorganization. The estimation trial began on July 22, 2013 and concluded on August 22, 2013.

On January 10, 2014, Bankruptcy Judge George Hodges announced his estimation decision in a 65-page order. Citing with approval the methodology put forth by GST at trial, the judge determined that $125 million is the amount sufficient to satisfy GST's liability for present and future mesothelioma claims. Judge Hodges adopted GST's "legal liability" approach to estimation, focused on the merits of claims, and rejected asbestos claimant representatives' approach, which focused solely on GST's historical settlement history. The judge's liability determination is for mesothelioma claims only. The court has not yet determined amounts for GST's liability for other asbestos claims and for administrative costs that would be required to review and process claims and payments, which will add to the amount.

In his opinion, Judge Hodges wrote, "The best evidence of Garlock's aggregate responsibility is the projection of its legal liability that takes into consideration causation, limited exposure and the contribution of exposures to other products."

The decision validates the positions that GST has been asserting for the more than four years it has been in this process. Following are several important findings in the opinion:

- Garlock's products resulted in a relatively low exposure to asbestos to a limited population, and its legal responsibility for causing mesothelioma is relatively *de minimis*.

- Chrysotile, the asbestos fiber type used in almost all of Garlock's asbestos products, is far less toxic than other forms of asbestos. The court found reliable and persuasive Garlock's expert epidemiologist, who testified that there is no statistically significant association between low dose chrysotile exposure and mesothelioma.

- The population that was exposed to Garlock's products was necessarily exposed to far greater quantities of higher potency asbestos from the products of others.

- The estimates of Garlock's aggregate liability that are based on its historic settlement values are not reliable because those values are infected with the impropriety of some law firms and inflated by the cost of defense.

In June 2014, the official committee representing current asbestos claimants filed a motion with the Bankruptcy Court asking the court to re-open the estimation process for further discovery and alleging that GST misled the court in various respects during the estimation trial. On December 4, 2014, the Bankruptcy Court denied the Committee's motion to re-open.

On May 29, 2014, GST filed its first amended proposed plan of reorganization. The first amended plan provided $275 million in total funding for (a) present and future asbestos claims against GST that have not been resolved by settlement or verdict prior to the Petition Date, and (b) administrative and litigation costs.

On January 14, 2015, we announced that GST and we had reached agreement with the Future Claimants' Representative that includes a second amended plan of reorganization. This revised plan was filed with the Bankruptcy Court on January 14, 2015 and supersedes the prior plans filed by GST. If approved by the Bankruptcy Court and implemented, the revised plan will provide certainty and finality to the expenditures necessary to resolve all current and future asbestos claims against GST and against its Garrison and Anchor Packing subsidiaries. The Future Claimants' Representative has agreed to support, recommend and vote in favor of the revised plan, which provides payments to all claimants who have a compensable disease and had meaningful contact with GST asbestos containing products.

The revised plan provides for the establishment of two facilities – a settlement facility (which would receive $220 million from GST and $30 million from Coltec upon consummation of the plan and additional contributions from GST aggregating $77.5 million over the seven years following consummation of the plan) and a litigation fund (which would receive $30 million from GST upon consummation of the plan) to fund the defense and payment of claims of claimants who elect to pursue litigation under the plan rather than accept the settlement option under the plan. Funds contained in the settlement facility and the litigation fund would provide the exclusive remedies for current and future GST asbestos claimants other than claimants whose claims had been resolved by settlement or verdict prior to the Petition Date and were not paid prior to the Petition Date. The plan provides that GST will pay in full claims that had been resolved by settlement or verdict prior to the Petition Date that were not paid prior to the Petition Date (with respect to claims resolved by verdict, such payment will be made only to the extent the verdict becomes final). The revised plan provides that if the actual amount of claims that had been resolved by settlement or verdict prior to the Petition Date that were not paid prior to the Petition Date is less than $10.0 million GST will contribute the difference to the settlement facility. In addition, the revised plan provides that, during the 40-year period following confirmation of the plan, GST would, if necessary, make supplementary annual contributions, subject to specified maximum annual amounts that decline over the period, to maintain a specified balance at specified dates of the litigation fund. The maximum aggregate amount of all such contingent supplementary contributions over that period is $132 million. GST, and we, believe that initial contributions to the litigation fund may likely be sufficient to permit the balance of that facility to exceed the specified thresholds over the 40-year period and, accordingly, that the low end of a range of reasonably possible loss associated with these contingent supplementary contributions is $0. Under the plan, EnPro would guarantee GST’s payment of the $77.5 million of deferred contributions plus accrued interest to the settlement facility and, to the extent they are required, the supplementary contributions to the litigation fund. Additional details of the revised plan are described below in Note16, “Commitments and Contingencies - Asbestos - GST’s Second Amended Proposed Plan of Reorganization.”

The revised plan incorporates the Bankruptcy Court's determination in January 2014 that $125 million is sufficient to satisfy GST's aggregate liability for present and future mesothelioma claims; however, it also provides additional funds to provide full payment for non-mesothelioma claims and to gain the support of the Future Claimants' Representative of the plan. Under the terms of the plan, we would retain 100% of the equity interests of GST LLC. The plan also provides for the extinguishment of any derivative claims against us based on GST asbestos products and operations.

We anticipate that payments under the plan to the settlement facility and litigation fund by GST, which will be paid primarily from GST cash balances and remaining insurance and the payment to the settlement facility by Coltec, will be deductible against U.S. taxes. We plan to seek an IRS determination to that effect.

We expect continued opposition from the committee representing current asbestos claimants (the "Current Asbestos Claimants Committee") and their law firms to the revised plan of reorganization.

On April 10, 2015, the Bankruptcy Court entered an order that approved the disclosure statement for the second amended plan of reorganization, established an asbestos claims bar date and approved procedures for voting and soliciting votes for the second amended plan. The Bankruptcy Court also approved the method for providing notice of the second amended plan and asbestos claims bar date to known and unknown claimants and the form and substances of the notices. Under such order, proofs of claim must be filed on or before October 6, 2015 for all claims based on asbestos-related diseases diagnosed on or before August 1, 2014 for which lawsuits against any defendant or claims against any trusts were filed on or before August 1, 2015, or be forever barred. The Bankruptcy Court has scheduled the hearing on confirmation of the second amended plan of reorganization to commence on June 20, 2016.

If the Bankruptcy Court confirms the second amended plan, all present and future asbestos claims against GST will be discharged and an injunction will be entered giving GST permanent protection from future asbestos litigation.

Confirmation and consummation of the plan are subject to a number of risks and uncertainties, including the actions and decisions of creditors and other third parties who have an interest in the bankruptcy proceedings, delays in the confirmation or effective date of a plan of reorganization due to factors beyond GST's or our control, which would result in greater costs and the impairment of value of GST, appeals and other challenges to the plan, and risks and uncertainties affecting GST and Coltec's ability to fund anticipated contributions under the plan as a result of adverse changes in their results of operations, financial condition and capital resources, including as a result of economic factors beyond their control. Accordingly, we cannot assure you that GST will be able to obtain Bankruptcy Court approval of its second amended plan of reorganization and the settlement and resolution of claims and related releases of liability embodied therein, and the time period for the resolution of the bankruptcy proceedings is not presently determinable.

GST continues to hope that it can reach a consensual resolution that will also be acceptable to representatives of current claimants, recognizing that an agreed settlement would provide the best path to certainty and finality through section 524(g) of the Bankruptcy Code, provide for faster and more efficient completion of the case, save significant future costs, and allow for the attainment of complete finality.

Financial Results

Condensed combined financial information for GST is set forth below, presented on a historical cost basis.

GST
(Debtor-in-Possession)
Condensed Combined Statements of Operations (Unaudited)
(in millions)

	Three Months Ended March 31,	
	2015	**2014**
Net sales	$ 54.2	$ 59.0
Cost of sales	33.8	35.9
Gross profit	20.4	23.1
Operating expenses:		
Selling, general and administrative	10.7	10.9
Asbestos-related	(0.2)	0.3
Other	0.1	0.5
Total operating expenses	10.6	11.7
Operating income	9.8	11.4
Interest income, net	8.0	7.6
Income before reorganization expenses and income taxes	17.8	19.0
Reorganization expenses	(3.5)	(2.9)
Income before income taxes	14.3	16.1
Income tax expense	(4.8)	(5.6)
Net income	$ 9.5	$ 10.5
Comprehensive income	$ 6.5	$ 10.5

GST
(Debtor-in-Possession)
Condensed Combined Statements of Cash Flows (Unaudited)
Three Months Ended March 31, 2015 and 2014
(in millions)

	2015	**2014**
Net cash provided by operating activities	$ 11.1	$ 6.1
Investing activities		
Purchases of property, plant and equipment	(1.0)	(1.6)
Net payments on loans to affiliates	(0.8)	(0.7)
Other	0.1	(0.3)
Net cash used in investing activities	(1.7)	(2.6)
Effect of exchange rate changes on cash and cash equivalents	(1.4)	(0.1)
Net increase in cash and cash equivalents	8.0	3.4
Cash and cash equivalents at beginning of period	66.0	42.8
Cash and cash equivalents at end of period	$ 74.0	$ 46.2

GST
(Debtor-in-Possession)
Condensed Combined Balance Sheets (Unaudited)
(in millions)

	March 31, 2015	December 31, 2014
Assets:		
Current assets	$ 359.5	$ 370.9
Asbestos insurance receivable	80.7	80.7
Deferred income taxes	87.8	85.6
Notes receivable from affiliate	271.0	259.3
Other assets	72.4	73.5
Total assets	$ 871.4	$ 870.0
Liabilities and Shareholder's Equity:		
Current liabilities	$ 32.5	$ 42.7
Other liabilities	91.7	86.6
Liabilities subject to compromise (A)	339.1	339.1
Total liabilities	463.3	468.4
Shareholder's equity	408.1	401.6
Total liabilities and shareholder's equity	$ 871.4	$ 870.0

(A) Liabilities subject to compromise include pre-petition unsecured claims which may be resolved at amounts different from those recorded in the condensed combined balance sheets. Liabilities subject to compromise consist principally of asbestos-related claims. GST has undertaken to project the number and ultimate cost of all present and future bodily injury claims expected to be asserted, based on actuarial principles, and to measure probable and estimable liabilities under generally accepted accounting principles. GST has accrued $337.5 million as of March 31, 2015 for asbestos related claims. The accrual consists of total funding consisting of (a) $327.5 million for present and future asbestos claims against GST that have not been resolved by settlement prior to the Petition Date plus litigation and administrative expenses, and (b) $10.0 million for claims resolved by enforceable settlement and were not paid prior to the Petition Date and contributions by GST to the settlement facility under the revised plan to the extent such claims are less than $10.0 million. See Note 16, "Commitments and Contingencies – Asbestos."

16. Commitments and Contingencies

General

A description of environmental, asbestos and other legal matters relating to certain of our subsidiaries is included in this section. In addition to the matters noted herein, we are from time to time subject to, and are presently involved in, other litigation and legal proceedings arising in the ordinary course of business. We believe the outcome of such other litigation and legal proceedings will not have a material adverse effect on our financial condition, results of operations and cash flows. Expenses for administrative and legal proceedings are recorded when incurred.

Environmental

Our facilities and operations are subject to federal, state and local environmental and occupational health and safety requirements of the U.S. and foreign countries. We take a proactive approach in our efforts to comply with environmental, health and safety laws as they relate to our manufacturing operations and in proposing and implementing any remedial plans that may be necessary. We also regularly conduct comprehensive environmental, health and safety audits at our facilities to maintain compliance and improve operational efficiency.

Although we believe past operations were in substantial compliance with the then applicable regulations, we or one or more of our subsidiaries are involved with various remediation activities at 15 sites where the future cost per site for us or our subsidiary is expected to exceed $100,000. Investigations have been completed for 11 sites and are in progress at the other four sites. Our costs at a majority of these sites relate to remediation projects for soil and groundwater contamination at former operating facilities that were sold or closed.

Our policy is to accrue environmental investigation and remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. The measurement of the liability is based on an evaluation of currently available facts with respect to each individual situation and takes into consideration factors such as existing technology, presently enacted laws and regulations and prior experience in remediation of contaminated sites. Liabilities are established for all sites based on these factors. As assessments and remediation progress at individual sites, these liabilities are reviewed periodically and adjusted to reflect additional technical data and legal information. As of March 31, 2015 and December 31, 2014, we had accrued liabilities of $17.0 million and $17.3 million, respectively, for estimated future expenditures relating to environmental contingencies. These amounts have been recorded on an undiscounted basis in the Consolidated Balance Sheets. Given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of other parties potentially being liable, technology and information related to individual sites, we do not believe it is possible to develop an estimate of the range of reasonably possible environmental loss in excess of our recorded liabilities.

During 2013, we accrued a liability of $6.3 million related to environmental remediation costs associated with the pre-1983 site ownership and operation of the former Trent Tube facility in East Troy, Wisconsin. The Trent Tube facility was operated by Crucible Materials Corporation from 1983 until its closure in 1998. Crucible Materials Corporation commenced environmental remediation activities at the site in 1999. In connection with the bankruptcy of Crucible Materials Corporation, a trust was established to fund the remediation of the site. We have reviewed the trust's assets and have valued them at $750,000 for our internal purposes. During 2013, the Wisconsin Department of Natural Resources first notified us of potential liability for remediation of the site as a potentially responsible party under Wisconsin's “Spill Act” which provides that potentially responsible parties may be jointly and severally liable for site remediation. On April 1, 2015, we entered into a Consent Order with the Wisconsin Department of Natural Resources regarding remediation and, based on our evaluation of the site, believe that the amounts previously reserved are adequate to fulfill our obligations under the order.

Except as described below, we believe that our accruals for specific environmental liabilities are adequate for those liabilities based on currently available information. Actual costs to be incurred in future periods may vary from estimates because of the inherent uncertainties in evaluating environmental exposures due to unknown and changing conditions, changing government regulations and legal standards regarding liability.

Based on our prior ownership of Crucible Steel Corporation a/k/a Crucible, Inc. (“Crucible”), we may have additional contingent liabilities in one or more significant environmental matters. One such matter, which is included in the 15 sites referred to above, is the Lower Passaic River Study Area of the Diamond Alkali Superfund Site in New Jersey. Crucible operated a steel mill abutting the Passaic River in Harrison, New Jersey from the 1930s until 1974, which was one of many industrial operations on the river dating back to the 1800s. Certain contingent environmental liabilities related to this site were retained by Coltec when Coltec sold a majority interest in Crucible Materials Corporation (the successor of Crucible) in 1985. The United States Environmental Protection Agency (the “EPA”) has notified Coltec that it is a potentially responsible party (“PRP”) for Superfund response actions in the lower 17-mile stretch of the Passaic River known as the Lower Passaic River Study Area. Coltec and approximately 70 of the numerous other PRPs, known as the Cooperating Parties Group, are parties to a May 2007 Administrative Order on Consent with the EPA to perform a Remedial Investigation/Feasibility Study (“RI/FS”) of the contaminants in the Lower Passaic River Study Area. The RI/FS is ongoing and has not been completed. Separately, on April 11, 2014, the EPA released its Focused Feasibility Study (the “FFS”) with its proposed plan for remediating the lower eight miles of the Lower Passaic River Study Area. The FFS calls for bank-to-bank dredging and capping of the riverbed of that portion of the river and estimates a range of the present value of aggregate remediation costs of approximately $953 million to approximately $1.731 billion, although estimates of the costs and the timing of costs are inherently imprecise. The FFS is subject to a 90-day public comment period, which expired on August 28, 2014, and potential revision, including the adoption of a less extensive remedy, in light of comments that were received. No final allocations of responsibility have been made among the numerous PRPs that have received notices from the EPA, there are numerous identified PRPs that have not yet received PRP notices from the EPA, and there are likely many PRPs that have not yet been identified. During the fourth quarter of 2014, we accrued a liability of $3.5 million related to environmental remediation costs associated with the Lower Passaic River Study Area, which is our estimate of the low end of a range of reasonably possible costs. Based on our evaluation of the site, we are unable to estimate the upper end of a range of reasonably possible costs. Our actual remediation costs could be significantly greater than the $3.5 million we accrued.

Another such matter involves the Onondaga Lake Superfund Site (the “Onondaga Site”) located near Syracuse, New York. Crucible operated a steel mill facility adjacent to Onondaga Lake from 1911 to 1983. The New York State Department of Environmental Conservation (“NYSDEC”) has notified the Company and Coltec, as well as other parties, demanding reimbursement of unquantified environmental response costs incurred by NYSDEC and the EPA at the Onondaga Site. NYSDEC and EPA have alleged that contamination from the Crucible facility contributed to the need for environmental response actions at the Onondaga Site. In addition, Honeywell International Inc. (“Honeywell”), which has undertaken certain remediation activities at the Onondaga Site under the supervision of NYSDEC and the EPA, has informed the Company that it had claims against Coltec related to investigation and remediation at the Onondaga Site. In addition, the Company has received notice from the Natural Resource Trustees for the Onondaga Lake Superfund Site (which are the U. S. Department of Interior, NYSDEC, and the Onondaga Nation) alleging that Coltec is considered to be a potentially responsible party for natural resource damages at the Onondaga Site. We have entered into tolling agreements with NYSDEC, the EPA and Honeywell. At this time, based on limited information we have with respect to estimated remediation costs and the respective allocation of responsibility for remediation among potentially responsible parties, we cannot estimate a reasonably possible range of loss associated with Crucible's activities that may have affected the Onondaga Site.

Except with respect to specific Crucible environmental matters for which we have accrued a portion of the liability set forth above, including the Lower Passaic River Study Area, we are unable to estimate a reasonably possible range of loss related to any other contingent environmental liability based on our prior ownership of Crucible.

See the section entitled "Crucible Steel Corporation a/k/a Crucible, Inc." in this footnote for additional information.

In addition, Coltec has received a notice from the EPA stating that Coltec is a potentially responsible party under CERCLA as the successor to a former operator in 1954 and 1955 of two uranium mines in Arizona. At this time, we have not yet determined whether any predecessor entity operated these mines in that period and have limited information regarding the sites and any potential remediation that may be required. As such, we cannot estimate a reasonably possible range of loss associated with cleanup at these sites.

Colt Firearms and Central Moloney

We may have contingent liabilities related to divested businesses for which certain of our subsidiaries retained liability or are obligated under indemnity agreements. These contingent liabilities include, but are not limited to, potential product liability and associated claims related to firearms manufactured prior to March 1990 by Colt Firearms, a former operation of Coltec, and for electrical transformers manufactured prior to May 1994 by Central Moloney, another former Coltec operation. We believe that these potential contingent liabilities are not material to our financial condition, results of operation and cash flows. Coltec also has ongoing obligations, which are included in other liabilities in our Consolidated Balance Sheets, with regard to workers' compensation, retiree medical and other retiree benefit matters that relate to Coltec's periods of ownership of these operations.

Crucible Steel Corporation a/k/a Crucible, Inc.

Crucible, which was engaged primarily in the manufacture and distribution of high technology specialty metal products, was a wholly owned subsidiary of Coltec until 1983 when its assets and liabilities were distributed to a new Coltec subsidiary, Crucible Materials Corporation. Coltec sold a majority of the outstanding shares of Crucible Materials Corporation in 1985 and divested its remaining minority interest in 2004. Crucible Materials Corporation filed for Chapter 11 bankruptcy protection in May 2009.

In conjunction with the closure of a Crucible plant in the early 1980s, Coltec was required to fund a trust for retiree medical benefits for certain employees at the plant. This trust (the "Benefits Trust") pays for these retiree medical benefits on an ongoing basis. Coltec has no ownership interest in the Benefits Trust, and thus the assets and liabilities of this trust are not included in our Consolidated Balance Sheets. Under the terms of the Benefits Trust agreement, the trustees retained an actuary to assess the adequacy of the assets in the Benefits Trust in 1995, 2005 and 2015. The actuarial reports in 1995 and 2005 determined that the Benefits Trust has sufficient assets to fund the payment of future benefits. The third actuarial report released in January 2015, also determined that the Benefits Trust had sufficient assets to fund the payment of future benefits.

We have certain ongoing obligations, which are included in other liabilities in our Consolidated Balance Sheets, including workers' compensation, retiree medical and other retiree benefit matters, in addition to those mentioned previously related to Coltec's period of ownership of Crucible. Based on Coltec's prior ownership of Crucible, we may have certain additional contingent liabilities, including liabilities in one or more significant environmental matters included in the matters discussed in "Environmental," above. We are investigating these matters and are unable to estimate a reasonably possible range of loss related to these contingent liabilities.

Warranties

We provide warranties on many of our products. The specific terms and conditions of these warranties vary depending on the product and the market in which the product is sold. We record a liability based upon estimates of the costs we may incur under our warranties after a review of historical warranty experience and information about specific warranty claims. Adjustments are made to the liability as claims data and historical experience necessitate.

Changes in the carrying amount of the product warranty liability for the three months ended March 31, 2015 and 2014 are as follows:

	2015	2014
	(in millions)	
Balance at beginning of year	$ 3.5	$ 3.8
Charges (credits) to expense	1.1	(0.3)
Settlements made (primarily payments)	(0.4)	(0.3)
Balance at end of period	$ 4.2	$ 3.2

BorgWarner

A subsidiary of BorgWarner Inc. ("BorgWarner") has asserted claims against GGB France E.U.R.L. ("GGB France") with respect to certain bearings supplied by GGB France to BorgWarner and used by BorgWarner in manufacturing hydraulic control units included in motor vehicle automatic transmission units. BorgWarner and GGB France are participating in a technical review before a panel of experts to determine, among other things, whether there were any defects in the bearings, whether any defect caused the damages claimed by BorgWarner and whether GGB was bound by certain notification requirements, which technical review is a required predicate to the commencement of a legal proceeding for damages. On October 14, 2014, BorgWarner filed a writ of claims with the Commercial Court of Brive-la-Gaillarde in France seeking monetary damages. On December 19, 2014, BorgWarner initiated "fast track" proceedings, which is a French legal process typically used for uncontested claims. On January 30, 2015, GGB France filed a writ of response challenging BorgWarner's attempt to use the "fast track" process and, on February 4, 2015, GGB France filed a writ of response seeking to stay the proceedings on the merits pending the completion of the technical review. On April 2, 2015, the Commercial Court of Brive-la-Gaillarde rejected BorgWarner's requests for "fast track" proceedings. The timing of the decision with respect to GGB France's writ of response seeking to stay the proceeding on the merits is uncertain. There is no fixed deadline for the completion of the technical review and the presentation of the expert panel's findings. We believe that GGB France has valid factual and legal defenses to these claims and we are vigorously defending these claims. At this point in the technical review process we are unable to estimate a reasonably possible range of loss related to these claims.

Asbestos

Background on Asbestos-Related Litigation. The historical business operations of GST LLC and Anchor resulted in a substantial volume of asbestos litigation in which plaintiffs alleged personal injury or death as a result of exposure to asbestos fibers in products produced or sold by GST LLC or Anchor, together with products produced and sold by numerous other companies. GST LLC and Anchor manufactured and/or sold industrial sealing products that contained encapsulated asbestos fibers. Other of our subsidiaries that manufactured or sold equipment that may have at various times in the past contained asbestos-containing components have also been named in a number of asbestos lawsuits, but neither we nor any of our subsidiaries other than GST LLC and Anchor have ever paid an asbestos claim.

Since the first asbestos-related lawsuits were filed against GST LLC in 1975, GST LLC and Anchor have processed more than 900,000 claims to conclusion, and, together with insurers, have paid over $1.4 billion in settlements and judgments and over $400 million in fees and expenses. Our subsidiaries' exposure to asbestos litigation and their relationships with insurance carriers have been managed through Garrison.

Subsidiary Chapter 11 Filing and Effect. On the Petition Date, GST LLC, Garrison and Anchor filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court. The filings were the initial step in a claims resolution process, which is ongoing. See Note 15, "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd." for additional information about this process and its impact on us.

During the pendency of the Chapter 11 proceedings, certain actions proposed to be taken by GST not in the ordinary course of business are subject to approval by the Bankruptcy Court. As a result, during the pendency of these proceedings, we do not have exclusive control over these companies. Accordingly, as required by GAAP, GST was deconsolidated beginning on the Petition Date.

As a result of the initiation of the Chapter 11 proceedings, the resolution of asbestos claims is subject to the jurisdiction of the Bankruptcy Court. The filing of the Chapter 11 cases automatically stayed the prosecution of pending asbestos bodily injury and wrongful death lawsuits, and initiation of new such lawsuits, against GST. Further, the Bankruptcy Court issued an order enjoining plaintiffs from bringing or further prosecuting asbestos products liability actions against affiliates of GST, including EnPro, Coltec and all their subsidiaries, during the pendency of the Chapter 11 proceedings, subject to further order. As a result, except as a result of the resolution of appeals from verdicts rendered prior to the Petition Date and the elimination of claims as a result of information obtained in the Chapter 11 proceedings, the numbers of asbestos claims pending against our subsidiaries have not changed since the Petition Date, and those numbers continue to be as reported in our 2009 Form 10-K and our quarterly reports for the first and second quarters of 2010.

Pending Claims. On the Petition Date, according to Garrison's claim records, there were more than 90,000 total claims pending against GST LLC, of which approximately 5,800 were claims alleging the disease mesothelioma. Mesothelioma is a rare cancer of the protective lining of many of the body’s internal organs, principally the lungs. The primary cause of mesothelioma is believed to be exposure to asbestos. As a result of asbestos tort reform during the 2000s, most active asbestos-related lawsuits, and a large majority of the amount of payments made by our subsidiaries in the years immediately preceding the Petition Date, have been of claims alleging mesothelioma. In total, GST LLC has paid $563.2 million to resolve a total of 15,300 mesothelioma claims, and another 5,700 mesothelioma claims have been dismissed without payment.

In order to estimate the allowed amount for mesothelioma claims against GST, the Bankruptcy Court approved a process whereby all current GST LLC mesothelioma claimants were required to respond to a questionnaire about their claims. Questionnaires were distributed to the mesothelioma claimants identified in Garrison’s claims database. Many of the 5,800 claimants (over 500) did not respond to the questionnaire at all; many others (more than 1,900) clarified that: claimants do not have mesothelioma, claimants cannot establish exposure to GST products, claims were dismissed, settled or withdrawn, claims were duplicates of other filed claims, or claims were closed or inactive. Still others responded to the questionnaire but their responses were deficient in some material respect. As a result of this process, less than 3,300 claimants presented questionnaires asserting mesothelioma claims against GST LLC as of the Petition Date and many of them did not establish exposure to GST products or had claims that are otherwise deficient.

Since the Petition Date, many asbestos-related lawsuits have been filed by claimants against other companies in state and federal courts, and many of those claimants might also have included GST LLC as a defendant but for the bankruptcy injunction. Many of those claimants likely will make claims against GST in the bankruptcy proceeding.

Product Defenses. We believe that the asbestos-containing products manufactured or sold by GST could not have been a substantial contributing cause of any asbestos-related disease. The asbestos in the products was encapsulated, which means the asbestos fibers incorporated into the products during the manufacturing process were sealed in binders. The products were also nonfriable, which means they could not be crumbled by hand pressure. The U.S. Occupational Safety and Health Administration, which began generally requiring warnings on asbestos-containing products in 1972, has never required that a warning be placed on products such as GST LLC’s gaskets. Even though no warning label was required, GST LLC included one on all of its asbestos-containing products beginning in 1978. Further, gaskets such as those previously manufactured and sold by GST LLC are one of the few asbestos-containing products still permitted to be manufactured under regulations of the U.S. Environmental Protection Agency. Nevertheless, GST LLC discontinued all manufacture and distribution of asbestos-containing products in the U.S. during 2000 and worldwide in mid-2001.

Appeals. GST LLC has a record of success in trials of asbestos cases, especially before the bankruptcies of many of the historically significant asbestos defendants that manufactured raw asbestos, asbestos insulation, refractory products or other dangerous friable asbestos products. However, it has on occasion lost jury verdicts at trial. GST has consistently appealed when it has received an adverse verdict and has had success in a majority of those appeals. At March 31, 2015, two GST LLC appeals are pending from adverse decisions totaling $1.5 million.

GST LLC won reversals of adverse verdicts in one of three recent appellate decisions. In September 2011, the United States Court of Appeals for the Sixth Circuit overturned a $500,000 verdict against GST LLC that was handed down in 2009 by a Kentucky federal court jury. The federal appellate court found that GST LLC’s motion for judgment as a matter of law should have been granted because the evidence was not sufficient to support a determination of liability. The Sixth Circuit’s chief judge wrote that, “On the basis of this record, saying that exposure to Garlock gaskets was a substantial cause of [claimant’s] mesothelioma would be akin to saying that one who pours a bucket of water into the ocean has substantially contributed to the ocean’s volume.” In May 2011, a three-judge panel of the Kentucky Court of Appeals upheld GST LLC’s $700,000 share of a 2009 jury verdict, which included punitive damages, in a lung cancer case against GST LLC in Kentucky state court. This verdict, which was secured by a bond pending the appeal, was paid in June 2012. In a Kentucky appeal from a 2006 verdict against GST LLC, another Kentucky Court of Appeals panel upheld, in August 2014, GST LLC's share of the verdict and a $600,000 punitive damage award. The verdict against GST LLC totaled $874,000. This verdict and post-judgment interest were secured by a bond in the amount of $1.1 million. The plaintiff in the case agreed to resolve the case, including claims for post-judgment interest, for the amount of the bond and to forego additional accrued interest on the verdict, and GST LLC agreed to discontinue further appeals. Because the Company was responsible to the bonding company for the bond amount, the Company's Coltec subsidiary purchased the verdict from the plaintiff in September 2014 for the amount of the $1.1 million bond. As a result, Coltec has a claim against GST LLC for the amount of the judgment, including post-judgment interest.

Insurance Coverage. At March 31, 2015 we had $100.7 million of insurance coverage we believe is available to cover current and future asbestos claims payments and certain expense payments. GST has collected insurance payments totaling $95.6 million since the Petition Date. Of the $100.7 million of available insurance coverage remaining, we consider $100.0 million (99%) to be of high quality because the insurance policies are written or guaranteed by U.S.-based carriers whose credit rating by S&P is investment grade (BBB-) or better, and whose AM Best rating is excellent (A-) or better. Of the $100.7 million, $64.6 million is allocated to claims that were paid by GST LLC prior to the initiation of the Chapter 11 proceedings and submitted to insurance companies for reimbursement, and the remainder is allocated to pending and estimated future claims. There are specific agreements in place with carriers covering $66.2 million of the remaining available coverage. Based on those agreements and the terms of the policies in place and prior decisions concerning coverage, we believe that substantially all of the $100.7 million of insurance proceeds will ultimately be collected, although there can be no assurance that the insurance companies will make the payments as and when due. The $100.7 million is in addition to the $0.2 million collected in the first three months of 2015. Based on those agreements and policies, some of which define specific annual amounts to be paid and others of which limit the amount that can be recovered in any one year, we anticipate that $38.7 million will become collectible at the conclusion of GST's Chapter 11 proceeding and, assuming the insurers pay according to the agreements and policies, that the following amounts should be collected in the years set out below regardless of when the case concludes:

2015 – $20 million (in the remaining nine months of 2015)
2016 – $18 million
2017 – $13 million
2018 – $11 million

GST LLC has received $8.3 million of insurance recoveries from insolvent carriers since 2007, including a $185,000 payment received in the first quarter of 2015, and may receive additional payments from insolvent carriers in the future. No anticipated insolvent carrier collections are included in the $100.7 million of anticipated collections. The insurance available to cover current and future asbestos claims is from comprehensive general liability policies that cover Coltec and certain of its other subsidiaries in addition to GST LLC for periods prior to 1985 and therefore could be subject to potential competing claims of other covered subsidiaries and their assignees.

Liability Estimate. Our recorded asbestos liability as of the Petition Date was $472.1 million. We based that recorded liability on an estimate of probable and estimable expenditures to resolve asbestos personal injury claims under generally accepted accounting principles, made with the assistance of Garrison and an estimation expert, Bates White, retained by GST LLC's counsel. The estimate developed was an estimate of the most likely point in a broad range of potential amounts that GST LLC might pay to resolve asbestos claims (by settlement in the majority of the cases except those dismissed or tried) over the ten-year period following the date of the estimate in the state court system, plus accrued but unpaid legal fees. The estimate, which was not discounted to present value, did not reflect GST LLC's views of its actual legal liability. GST LLC has continuously maintained that its products could not have been a substantial contributing cause of any asbestos disease. Instead, the liability estimate reflected GST LLC's recognition that most claims would be resolved more efficiently and at a significantly lower total cost through settlements without any actual liability determination.

From the Petition Date through the first quarter of 2014, neither we nor GST endeavored to update the accrual except as necessary to reflect payments of accrued fees and the disposition of cases on appeal. In each asbestos-driven Chapter 11 case that has been resolved previously, the amount of the debtor's liability has been determined as part of a consensual plan of reorganization agreed to by the debtor, its asbestos claimants and a legal representative for its potential future claimants. GST did not believe that there was a reliable process by which an estimate of such a consensual resolution could be made and therefore believed that there was no basis upon which it could revise the estimate last updated prior to the Petition Date.

Given the Bankruptcy Court's January 2014 decision estimating GST's liability for present and future mesothelioma claims at $125 million and GST's filing in May 2014 of its first amended proposed plan of reorganization setting out its intention to fund a plan with total consideration of $275 million, GST undertook to revise its estimate of its ultimate expenditures to resolve all present and future asbestos claims against it to be no less than the amounts required under its amended proposed plan. Similarly, while GST believed it to be an unlikely worst case scenario, GST believed its ultimate expenditures to resolve all asbestos claims against it could be no more than the total value of GST. As a result, GST believed that its ultimate asbestos expenditures would be somewhere in that range between those two values and therefore revised its estimate to the low end of the range. Accordingly, at June 30, 2014, GST revised its estimate of its ultimate expenditures to resolve all present and future asbestos claims to $279.6 million, the amount of expenditures necessary to resolve all asbestos claims under that amended plan.

In light of the filing of the second amended proposed plan of reorganization by GST on January 14, 2015, GST undertook to further revise its ultimate costs to resolve all asbestos claims against it. Under this revised plan, not less than $367.5 million will be required to fund the resolution of all GST asbestos claims, $30 million of which will be funded by Coltec. As a result, GST believes the low end of the range of values that will be necessary for it to fund to resolve all present and future claims is now $337.5 million. Accordingly, GST has revised its estimate of its ultimate asbestos expenditures to $337.5 million and has recorded its liability at March 31, 2015 at that amount. GST's estimate of its ultimate asbestos expenditures of $337.5 million does not include any amount with respect to the contingent supplementary contributions to the litigation fund contemplated by the revised plan as GST believes that initial contributions to the litigation fund may likely be sufficient to permit the balance of that facility to exceed the specified thresholds over the 40-year period for such contributions and, accordingly, that the low end of a range of reasonably possible loss associated with these contingent supplementary contributions is $0.

GST's First Amended Proposed Plan of Reorganization. On May 29, 2014, GST filed an amended proposed plan of reorganization and a proposed disclosure statement for such amended plan. The plan provided $275 million in total funding for (a) present and future asbestos claims against GST that have not been resolved by settlement or verdict prior to the Petition Date, and (b) administrative and litigation costs. The $275 million was to be funded by GST ($245 million) and the Company's subsidiary, Coltec Industries Inc ($30 million), through two facilities - a settlement facility and a litigation facility. Funds contained in the settlement facility and the litigation facility would have provided the exclusive remedies for current and future GST asbestos claimants, other than claimants whose claims had been resolved by settlement or verdict prior to the Petition Date and were not paid prior to the Petition Date. The $275 million amount was more than double the $125 million that the Bankruptcy Court found to be a reasonable and reliable measure of the amount sufficient to satisfy present and future mesothelioma claims against GST, and was determined based on an economic analysis of the feasibility of the proposed plan. This plan was superseded by GST's second amended proposed plan of reorganization, discussed below.

GST's Second Amended Proposed Plan of Reorganization. On January 14, 2015, we announced that GST and we had reached agreement with the Future Claimants' Representative that includes a second amended proposed plan of reorganization. The Future Claimants' Representative agreed to support, vote for and help GST gain confirmation of this revised plan of reorganization in exchange for an increase in the funds available for settlements, limited revisions to the criteria and procedures for settlements, and a limited funding backstop to the litigation option that the plan offers to claimants who choose not to accept the plan's settlement option. Terms of the second amended proposed plan of reorganization, including the $30 million contribution to be made by Coltec to the settlement facility under the revised plan and our guarantee of GST's obligations to make contributions to the settlement facility and the litigation fund under the plan after the consummation of the plan, are described above in Note 15, "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd."

The revised plan would establish two facilities to resolve unliquidated present and future asbestos claims – a settlement facility and a litigation fund. The settlement facility, administered by an independent trustee, will handle settlement offers under the plan. Claimants will be able to compute their offers from a matrix in the plan that contains objective criteria such as disease, age, whether the injured party left or will leave a spouse, and whether there are dependents. The amounts of the matrix values have been set based on an economic analysis and are designed to ensure that the funding provides future claimants the same recoveries as comparable current claimants.

The settlement facility will provide claimants with both an expedited review option and an individual review option. Under expedited review, a claimant can receive a quick and efficient settlement once he or she provides required evidence of a compensable disease and meaningful exposure to GST asbestos products. Under individual review, a claimant can potentially receive a significantly higher settlement offer if he or she can demonstrate certain additional factors. In order to receive a higher amount than the expedited option offers, claimants or their representatives will have to certify to the claimants' complete exposure histories and authorize Garrison to investigate and monitor both their tort and trust claims.

Garrison, as reorganized under the plan, will receive a $30 million contribution from GST LLC to maintain and administer the litigation fund separate from the settlement facility. Garrison will manage the litigation of claims from claimants who reject settlement offers from the settlement facility and choose instead to pursue a remedy in court. A case management order will govern the way those claims can be pursued.

Claimants who choose to litigate must file their claims in the Bankruptcy Court in North Carolina. The Bankruptcy Court will oversee discovery and other pre-trial matters before referring cases to the federal district court in Charlotte for trial under the Federal Rules of Evidence. The Charlotte federal court will have discretion about where to send each case for the actual trial. The case management order will also require that claimants identify and disclose all trust claims and provide authorization for Garrison to retrieve all their trust submissions directly from trusts.

The second amended plan includes provisions referred to as the "Parent Settlement" for the resolution and extinguishment of any and all alleged derivative claims against us based on GST asbestos products and entry of an injunction permanently protecting us from the assertion of such claims. As consideration for the Parent Settlement, (a) Coltec will contribute $30 million of the amount proposed to be paid into the settlement facility to pay future claimants, (b) Coltec will fund Anchor’s costs of dissolution (up to $500,000), (c) EnPro will guarantee all contributions to the settlement facility and litigation fund by GST after the effective date of the second amended plan, and (d) Coltec and its affiliates will subordinate their interests in certain insurance coverage to GST’s obligations to make payments to the settlement facility and litigation fund after the effective date of the second amended plan. Those provisions are incorporated into the terms of the second amended plan only in the context of the specifics of the plan, which would result in the equity interests of GST LLC being retained by the reconsolidation of GST LLC into the Company with substantial equity above the amount of equity currently included in our consolidated financial statements, and an injunction protecting us from future GST claims. As a result of Coltec’s agreement to fund a contribution of $30 million to the settlement facility pursuant to the revised plan of reorganization, we recorded a $30 million charge to establish this liability in our 2014 results.

Confirmation and consummation of the second amended plan are subject to a number of risks and uncertainties, including the actions and decisions of creditors and other third parties that have an interest in the bankruptcy proceedings, delays in the confirmation or effective date of a plan of reorganization due to factors beyond GST's or our control, which would result in greater costs and the impairment of value of GST, challenges to confirmation of the plan, including appeals, and risks and uncertainties affecting GST and Coltec's ability to fund anticipated contributions under the plan as a result of adverse changes in their results of operations, financial condition and capital resources, including as a result of economic factors beyond their control. Accordingly, we cannot assure you that GST will be able to obtain final approval of its second amended plan of reorganization and the settlement and resolution of claims and related releases of liability embodied therein, and the time period for the resolution of the bankruptcy proceedings is not presently determinable.

17. Supplemental Guarantor Financial Information

In September 2014, we completed the offering of our Senior Notes. The Senior Notes are fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by our existing and future 100% owned direct and indirect domestic subsidiaries, which does not include GST and the domestic subsidiaries of GST, that are each guarantors of our Revolving Credit Facility (collectively, the “Guarantor Subsidiaries”). Our subsidiaries organized outside of the United States, (collectively, the “Non-Guarantor Subsidiaries”) do not guarantee the Senior Notes. A Guarantor Subsidiary's guarantee is subject to release in certain circumstances, including (i) the sale, disposition, exchange or other transfer (including through merger, consolidation, amalgamation or otherwise) of the capital stock of the subsidiary made in a manner not in violation of the indenture governing the Senior Notes; (ii) the designation of the subsidiary as an “Unrestricted Subsidiary” under the indenture governing the Senior Notes; (iii) the legal defeasance or covenant defeasance of the Senior Notes in accordance with the terms of the indenture; or (iv) the subsidiary ceasing to be a subsidiary of the Company as a result of any foreclosure of any pledge or security interest securing our Revolving Credit Facility or other exercise of remedies in respect thereof.

The following tables present condensed consolidating financial information for EnPro Industries, Inc. (the "Parent"), the Guarantor Subsidiaries on a combined basis, the Non-Guarantor Subsidiaries on a combined basis and the eliminations necessary to arrive at our consolidated results. The consolidating financial information reflects our investments in subsidiaries using the equity method of accounting. These tables are not intended to present our results of operations, cash flows or financial condition for any purpose other than to comply with the specific requirements for subsidiary guarantor reporting.

ENPRO INDUSTRIES, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
Three Months Ended March 31, 2015
(in millions)

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 189.0	$ 99.2	$ (10.7)	$ 277.5
Cost of sales	—	135.4	63.0	(10.7)	187.7
Gross profit	—	53.6	36.2	—	89.8
Operating expenses:					
Selling, general and administrative	9.3	37.0	31.0	—	77.3
Other	0.1	0.2	0.8	—	1.1
Total operating expenses	9.4	37.2	31.8	—	78.4
Operating income (loss)	(9.4)	16.4	4.4	—	11.4
Interest income (expense), net	0.1	(12.9)	(0.1)	—	(12.9)
Other expense	(2.8)	(1.3)	—	—	(4.1)
Income (loss) before income taxes	(12.1)	2.2	4.3	—	(5.6)
Income tax benefit (expense)	3.7	(0.7)	1.0	—	4.0
Income (loss) before equity in earnings of subsidiaries.	(8.4)	1.5	5.3	—	(1.6)
Equity in earnings of subsidiaries, net of tax	6.8	5.3	—	(12.1)	—
Net income (loss)	$ (1.6)	$ 6.8	$ 5.3	$ (12.1)	$ (1.6)
Comprehensive loss	$ (17.8)	$ (9.4)	$ (12.0)	$ 21.4	$ (17.8)

ENPRO INDUSTRIES, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
Three Months Ended March 31, 2014
(in millions)

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 182.0	$ 113.8	$ (8.6)	$ 287.2
Cost of sales	—	129.4	69.9	(8.6)	190.7
Gross profit	—	52.6	43.9	—	96.5
Operating expenses:					
Selling, general and administrative	9.4	36.0	33.5	—	78.9
Other	0.1	0.1	—	—	0.2
Total operating expenses	9.5	36.1	33.5	—	79.1
Operating income (loss)	(9.5)	16.5	10.4	—	17.4
Interest income (expense), net	1.7	(12.6)	—	—	(10.9)
Other expense	(3.6)	(0.6)	—	—	(4.2)
Income (loss) before income taxes	(11.4)	3.3	10.4	—	2.3
Income tax benefit (expense)	3.0	(0.8)	(3.2)	—	(1.0)
Income (loss) before equity in earnings of subsidiaries	(8.4)	2.5	7.2	—	1.3
Equity in earnings of subsidiaries, net of tax	9.7	7.2	—	(16.9)	—
Net income	$ 1.3	$ 9.7	$ 7.2	$ (16.9)	$ 1.3
Comprehensive income	$ 0.3	$ 8.7	$ 5.7	$ (14.4)	$ 0.3

ENPRO INDUSTRIES, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)
Three Months Ended March 31, 2015
(in millions)

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
NET CASH USED IN OPERATING ACTIVITIES	$ (7.8)	$ (4.6)	$ (9.1)	$ —	$ (21.5)
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(0.1)	(4.9)	(4.1)	—	(9.1)
Payments for capitalized internal-use software	—	(0.9)	(0.2)	—	(1.1)
Acquisitions, net of cash acquired	—	(30.6)	—	—	(30.6)
Net cash used in investing activities	(0.1)	(36.4)	(4.3)	—	(40.8)
FINANCING ACTIVITIES					
Net payments on loans between subsidiaries	107.0	(115.3)	8.3	—	—
Net proceeds from short-term borrowings	—	—	0.8	—	0.8
Proceeds from debt	—	41.4	—	—	41.4
Repayments of debt	(23.3)	—	—	—	(23.3)
Repurchase of common stock	(47.4)	—	—	—	(47.4)
Dividends paid	(4.8)	—	—	—	(4.8)
Repurchase of convertible debentures conversion option	(21.6)	—	—	—	(21.6)
Other	(2.0)	—	—	—	(2.0)
Net cash provided by (used in) financing activities	7.9	(73.9)	9.1	—	(56.9)
Effect of exchange rate changes on cash and cash equivalents	—	—	(2.8)	—	(2.8)
Net decrease in cash and cash equivalents	—	(114.9)	(7.1)	—	(122.0)
Cash and cash equivalents at beginning of period	—	114.9	79.3	—	194.2
Cash and cash equivalents at end of period	$ —	$ —	$ 72.2	$ —	$ 72.2

ENPRO INDUSTRIES, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)
Three Months Ended March 31, 2014
(in millions)

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (19.9)	$ (13.5)	$ 9.0	$ (0.6)	$ (25.0)
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(0.1)	(4.3)	(2.3)	—	(6.7)
Payments for capitalized internal-use software	—	(1.3)	(1.5)	—	(2.8)
Acquisitions, net of cash acquired	—	(1.9)	—	—	(1.9)
Other	—	—	0.1	—	0.1
Net cash used in investing activities	(0.1)	(7.5)	(3.7)	—	(11.3)
FINANCING ACTIVITIES					
Net payments on loans between subsidiaries	24.7	(14.8)	(9.9)	—	—
Intercompany dividends	—	—	(0.6)	0.6	—
Net proceeds from short-term borrowings	—	—	0.7	—	0.7
Proceeds from debt	—	70.3	—	—	70.3
Repayments of debt	—	(34.5)	—	—	(34.5)
Other	(4.7)	—	—	—	(4.7)
Net cash provided by (used in) financing activities	20.0	21.0	(9.8)	0.6	31.8
Effect of exchange rate changes on cash and cash equivalents	—	—	(0.1)	—	(0.1)
Net decrease in cash and cash equivalents	—	—	(4.6)	—	(4.6)
Cash and cash equivalents at beginning of period	—	—	64.4	—	64.4
Cash and cash equivalents at end of period	$ —	$ —	$ 59.8	$ —	$ 59.8

ENPRO INDUSTRIES, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)
As of March 31, 2015
(in millions)

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ —	$ —	$ 72.2	$ —	$ 72.2
Accounts receivable, net	—	139.5	70.3	—	209.8
Intercompany receivables	—	9.3	2.5	(11.8)	—
Inventories	—	113.9	54.9	—	168.8
Prepaid expenses and other current assets	15.8	23.6	11.4	(12.8)	38.0
Total current assets	15.8	286.3	211.3	(24.6)	488.8
Property, plant and equipment, net	0.3	134.0	65.0	—	199.3
Goodwill	—	168.2	68.9	—	237.1
Other intangible assets	—	177.3	33.5	—	210.8
Investment in GST	—	236.9	—	—	236.9
Intercompany receivables	132.7	5.1	1.9	(139.7)	—
Investment in subsidiaries	705.1	272.1	—	(977.2)	—
Other assets	11.4	106.7	28.9	(0.5)	146.5
Total assets	$ 865.3	$ 1,386.6	$ 409.5	$ (1,142.0)	$ 1,519.4
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings from GST	$ —	$ —	$ 24.0	$ —	$ 24.0
Notes payable to GST	—	12.2	—	—	12.2
Current maturities of long-term debt	2.1	0.1	—	—	2.2
Accounts payable	1.0	56.2	32.3	—	89.5
Intercompany payables	—	2.5	9.3	(11.8)	—
Accrued expenses	12.9	71.9	36.7	(12.8)	108.7
Total current liabilities	16.0	142.9	102.3	(24.6)	236.6
Long-term debt	297.8	42.1	0.2	—	340.1
Notes payable to GST	—	271.0	—	—	271.0
Intercompany payables	—	127.1	12.6	(139.7)	—
Other liabilities	11.5	98.4	22.3	(0.5)	131.7
Total liabilities	325.3	681.5	137.4	(164.8)	979.4
Temporary equity	0.1	—	—	—	0.1
Shareholders’ equity	539.9	705.1	272.1	(977.2)	539.9
Total liabilities and equity	$ 865.3	$ 1,386.6	$ 409.5	$ (1,142.0)	$ 1,519.4

ENPRO INDUSTRIES, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)
As of December 31, 2014
(in millions)

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ —	$ 114.9	$ 79.3	$ —	$ 194.2
Accounts receivable, net	—	139.1	66.1	—	205.2
Intercompany receivables	—	6.3	2.1	(8.4)	—
Inventories	—	103.6	56.1	—	159.7
Prepaid expenses and other current assets	28.7	23.4	10.0	(18.1)	44.0
Total current assets	28.7	387.3	213.6	(26.5)	603.1
Property, plant and equipment, net	0.2	130.3	68.8	—	199.3
Goodwill	—	159.4	73.0	—	232.4
Other intangible assets	—	166.5	36.3	—	202.8
Investment in GST	—	236.9	—	—	236.9
Intercompany receivables	240.5	6.1	3.6	(250.2)	—
Investment in subsidiaries	699.2	285.6	—	(984.8)	—
Other assets	17.7	98.0	20.7	(6.9)	129.5
Total assets	$ 986.3	$ 1,470.1	$ 416.0	$ (1,268.4)	$ 1,604.0
LIABILITIES AND EQUITY					
Current liabilities					
Short-term borrowings from GST	$ —	$ —	$ 23.6	$ —	$ 23.6
Notes payable to GST	—	11.7	—	—	11.7
Current maturities of long-term debt	22.4	0.1	—	—	22.5
Accounts payable	0.5	55.2	32.1	—	87.8
Intercompany payables	—	2.1	6.3	(8.4)	—
Accrued expenses	12.3	100.1	37.3	(18.1)	131.6
Total current liabilities	35.2	169.2	99.3	(26.5)	277.2
Long-term debt	297.7	0.7	0.2	—	298.6
Notes payable to GST	—	259.3	—	—	259.3
Intercompany payables	0.8	243.4	6.0	(250.2)	—
Other liabilities	14.2	98.3	24.9	(6.9)	130.5
Total liabilities	347.9	770.9	130.4	(283.6)	965.6
Temporary equity	1.0	—	—	—	1.0
Shareholders' equity	637.4	699.2	285.6	(984.8)	637.4
Total liabilities and equity	$ 986.3	$ 1,470.1	$ 416.0	$ (1,268.4)	$ 1,604.0

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following is management's discussion and analysis of certain significant factors that have affected our financial condition, cash flows and operating results during the periods included in the accompanying unaudited consolidated financial statements and the related notes. You should read this in conjunction with those financial statements and the audited consolidated financial statements and related notes included in our annual report on Form 10-K for the fiscal year ended December 31, 2014.

Forward-Looking Information

This quarterly report on Form 10-Q includes statements that reflect projections or expectations of the future financial condition, results of operations and business of EnPro that are subject to risk and uncertainty. We believe those statements to be "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this report, the words "may," "hope," "will," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," "likely," and other expressions generally identify forward-looking statements.

We cannot guarantee actual results or events will not differ materially from those projected, estimated, assigned or anticipated in any of the forward-looking statements contained in this report. Important factors that could result in those differences include those specifically noted in the forward-looking statements and those identified in Item 1A, "Risk Factors" of the Company's annual report on Form 10-K for the year ended December 31, 2014, which include:

- the value of pending claims and the number and value of future asbestos claims against our subsidiaries;
- risks inherent and potential adverse developments that may occur in the Chapter 11 reorganization proceeding involving Garlock Sealing Technologies LLC ("GST LLC"), The Anchor Packing Company ("Anchor") and Garrison Litigation Management Group, Ltd. ("Garrison," and, together with GST LLC and Anchor, "GST"), including risks presented by efforts of asbestos claimant representatives to assert claims against us based on various theories of derivative corporate responsibility, including veil piercing and alter ego;
- general economic conditions in the markets served by our businesses, some of which are cyclical and experience periodic downturns;
- prices and availability of raw materials;
- the impact of fluctuations in currency exchange rates; and
- the amount of any payments required to satisfy contingent liabilities related to discontinued operations of our predecessors, including liabilities for certain products, environmental matters, employee benefit obligations and other matters.

We caution our shareholders not to place undue reliance on these statements, which speak only as of the date on which such statements were made.

Whenever you read or hear any subsequent written or oral forward-looking statements attributed to us or any person acting on our behalf, you should keep in mind the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Overview and Outlook

Overview. We design, develop, manufacture, service and market proprietary engineered industrial products. We have 64 primary manufacturing facilities located in 13 countries, including the United States.

We manage our business as three segments: a Sealing Products segment, an Engineered Products segment, and a Power Systems segment.

Our Sealing Products segment designs, manufactures and sells sealing products, including: metallic, non-metallic and composite material gaskets; dynamic seals; compression packing; resilient metal seals; elastomeric seals; hydraulic components; expansion joints; pipeline casing spacers/isolators; casing end seals; modular sealing systems for sealing pipeline penetrations; hole forming products; manhole infiltration sealing systems; safety-related signage for pipelines; heavy-duty truck wheel-end component systems, including brake products, brake drums, suspension products and tire pressure management products; heavy-duty truck aerodynamic products; bellows and bellows assemblies; pedestals for semiconductor manufacturing; and PTFE products. These products are used in a variety of industries, including chemical and petrochemical processing, petroleum extraction and refining, pulp and paper processing, power generation, food and pharmaceutical processing, primary metal manufacturing, mining, water and waste treatment, heavy-duty trucking, aerospace, medical, filtration and semiconductor fabrication. In many of these industries, performance and durability are vital for safety and environmental protection. Many of our products are used in highly demanding applications, e.g., where extreme temperatures, extreme pressures, corrosive environments, strict tolerances, and/or worn equipment make product performance difficult.

Our Engineered Products segment includes operations that design, manufacture and sell self-lubricating, non-rolling, metal-polymer, solid polymer and filament wound bearing products, aluminum blocks for hydraulic applications and precision engineered components and lubrication systems for reciprocating compressors. These products are used in a wide range of applications, including the automotive, pharmaceutical, pulp and paper, natural gas, health, power generation, machine tools, air treatment, refining, petrochemical and general industrial markets.

Our Power Systems segment designs, manufactures, sells and services heavy-duty, medium-speed diesel, natural gas and dual fuel reciprocating engines. The United States government and the general markets for marine propulsion, power generation, and pump and compressor applications use these products and services.

The historical business operations of certain subsidiaries of the Company's subsidiary, Coltec Industries Inc ("Coltec"), principally GST LLC and Anchor Packing Company ("Anchor"), have resulted in a substantial volume of asbestos litigation in which plaintiffs have alleged personal injury or death as a result of exposure to asbestos fibers. Information about GST LLC's asbestos litigation is contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations in the "Asbestos" subsection of the "Contingencies" section and in Note 16 to our Consolidated Financial Statements.

On June 5, 2010 (the "Petition Date"), GST LLC, Anchor and Garrison filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Western District of North Carolina in Charlotte (the "Bankruptcy Court"). GST LLC, Anchor and Garrison are sometimes referred to jointly as "GST" in this report. The filings were the initial step in a claims resolution process, which is ongoing. GST LLC is one of the businesses in our broader Garlock group and, prior to the Petition Date, was included in our Sealing Products segment. GST LLC and its subsidiaries operate five primary manufacturing facilities, including operations in Palmyra, New York and Houston, Texas. The filings did not include EnPro Industries, Inc. or any other EnPro Industries, Inc. operating subsidiary.

GST LLC now operates in the ordinary course under court protection from asbestos claims. All pending litigation against GST is stayed during the process. We address our actions to permanently resolve GST LLC's asbestos litigation in this Management's Discussion and Analysis of Financial Condition and Results of Operation in the "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd." section.

The financial results of GST and subsidiaries were included in our consolidated results through June 4, 2010, the day prior to the Petition Date. However, U.S. generally accepted accounting principles require an entity that files for protection under the U.S. Bankruptcy Code, whether solvent or insolvent, whose financial statements were previously consolidated with those of its parent, as GST's and its subsidiaries' were with ours, generally must be prospectively deconsolidated from the parent and the investment accounted for using the cost method. At deconsolidation, our investment was recorded at its estimated fair value as of June 4, 2010, resulting in a gain for reporting purposes. The cost method requires us to present our ownership interests in the net assets of GST at the Petition Date as an investment and not recognize any income or loss from GST and subsidiaries in our results of operations during the reorganization period. Our investment of $236.9 million as of March 31, 2015 and December 31, 2014 was subject to periodic reviews for impairment. When GST emerges from the jurisdiction of the Bankruptcy Court, the subsequent accounting will be determined based upon the applicable facts and circumstances at such time, including the terms of any plan of reorganization. See Note 15 to our Consolidated Financial Statements in this Form 10-Q for condensed financial information of GST and subsidiaries.

In January 2015, we announced that GST and we had reached agreement with the Future Claimants' Representative that includes a revised plan of reorganization. The Future Claimants' Representative has agreed to support, recommend and vote in favor of the revised plan. On January 14, 2015, GST filed the revised plan of reorganization which provides for (a) the treatment of present and future asbestos claims against GST that have not been resolved by settlement or verdict prior to the Petition Date, and (b) administrative and litigation costs. The revised plan of reorganization provides for the establishment of two facilities - a settlement facility (which would receive $220 million from GST and $30 million from our consolidated subsidiary, Coltec Industries Inc ("Coltec"), upon consummation of the plan and additional contributions by GST aggregating $77.5 million over the seven years following consummation of the plan) and a litigation fund (which would receive $30 million from GST upon consummation of the plan) to fund the defense and payment of claims of claimants who elect to pursue litigation under the plan rather than accept the settlement option under the plan. Funds contained in the settlement facility and the litigation fund would provide the exclusive remedies for current and future GST asbestos claimants other than claimants whose claims had been resolved by settlement or verdict prior to the Petition Date and were not paid prior to the Petition Date.

The plan provides that GST will pay in full claims that had been resolved by settlement or verdict prior to the Petition Date that were not paid prior to the Petition Date (with respect to claims resolved by verdict, such payment will be made only to the extent the verdict becomes final). The amount of such claims resolved by verdict is $2.5 million. GST estimates the range of its aggregate liability for the unpaid settled asbestos claims to be from $3.1 million to $16.4 million, and the revised plan provides that if the actual amount is less than $10.0 million GST will contribute the difference to the settlement facility. In addition, the revised plan provides that, during the 40-year period following confirmation of the plan, GST would, if necessary, make supplementary annual contributions, subject to specified maximum annual amounts that decline over the period, to maintain a specified balance at specified dates of the litigation fund. The maximum aggregate amount of all such contingent supplementary contributions over that period is $132 million. Under the plan, EnPro would guarantee GST's payment of the $77.5 million of deferred contributions plus accrued interest to the settlement facility and, to the extent they are required, the supplementary contributions to the litigation fund.

The revised plan incorporates the Bankruptcy Court's determination in January 2014 that $125 million is sufficient to satisfy GST's aggregate liability for present and future mesothelioma claims; however, it also provides additional funds to provide full payment for non-mesothelioma claims and to gain the support of the Future Claimants' Representative of the plan. Under the terms of the plan, we would retain 100% of the equity interests of GST LLC. The plan also provides for the extinguishment of all derivative claims against us based on GST asbestos products and operations. The revised plan has not yet been confirmed by the Bankruptcy Court (and other necessary approvals have not been obtained), and there is no certainty that the Bankruptcy Court will confirm the plan (or grant other necessary preliminary approvals) or that the conditions to effectiveness of the plan will be satisfied or waived.

On February 12, 2015, we acquired the stock of ATDynamics, Inc. ("ATDynamics"), a privately-held company offering innovative aerodynamic products to the commercial trucking industry for $30.6 million, net of cash acquired. ATDynamics has become part of EnPro's Stemco division within the Sealing Products segment. ATDynamics, headquartered in Hayward, California, is the leading designer and manufacturer of a suite of clean technology products engineered to reduce fuel consumption in the global freight transportation industry.

We completed our most recent required annual impairment test of goodwill as of October 1, 2014. The estimated fair value of our Compressor Products International ("CPI") reporting unit exceeded its book value by 10%. CPI is included in our Engineered Products segment and has $48.9 million of goodwill allocated to it.

The future cash flows modeled for CPI at October 1, 2014 were dependent on certain implemented restructuring initiatives to remove some labor and facilities costs from our cost structure and the implementation of a customer-focused organizational realignment to identify price and volume opportunities to optimize sales and profitability in the currently weak oil and gas business environment. New initiatives were launched in the first quarter of 2015 to further reduce costs and identify and evaluate new strategic options and opportunities to improve business performance given the continuing weakness in demand in the oil and gas market. As an initial step in the efforts of maximizing the returns on CPI's assets, we reduced headcount at CPI by approximately 30 positions at the end of the first quarter of 2015, which is expected to generate $3 million in annualized cost savings. Additional strategic measures are expected to be implemented during 2015 to further adjust CPI's cost structure to improve profitability and returns. However, there is uncertainty associated with the magnitude of the incremental savings and profitability improvement to be realized by recently completed, planned and potential restructuring initiatives. Continued weakness or further deterioration affecting customers in the oil and gas markets may adversely affect actual and projected cash flows for CPI to an extent that new savings opportunities and strategic initiatives will not be able to fully compensate. We will continue to closely monitor developments in markets impacting CPI, including the actual and projected benefits of CPI's restructuring and strategic initiatives on operating results and cash flows in evaluating the goodwill associated with CPI for possible impairment.

Outlook

Original Equipment Manufacturer order activity remains firm in our semiconductor, aerospace and trucking markets, and we have a healthy backlog and order rate in the Power Systems segment. Our automotive and general industrial markets are stable at this point in the year as consumers have benefited from lower gasoline prices and an improving U.S. economy. However, economic volatility outside of North America and slowing project and maintenance spending in the oil and gas markets has negatively impacted a few of our businesses. In addition, the significant weakening of the euro and other foreign currencies has had a negative transaction and translation effect on our sales and earnings for the quarter, and at the quarter-end level will negatively impact the Company's financial performance as compared to the same periods in 2014. Longer term, we expect continued benefits from our strategic growth initiatives including growth from recent strategic acquisitions.

Our effective tax rate is directly impacted by the relative proportions of revenue and income before taxes in the jurisdictions in which we operate. Based on the expected mix of domestic and foreign earnings, we anticipate our annual effective tax rate for 2015 will be between 30% and 34%. Discrete tax events may cause our effective rate to fluctuate on a quarterly basis. Certain events, including, for example, acquisitions and other business changes, which are difficult to predict, may also cause our effective tax rate to fluctuate. The anticipated effective tax rate will likely be higher than prior results primarily due to the expiration of certain US federal tax provisions that have not been renewed for 2015. These include the research and development credit, certain employment credits, and an exclusion for passive income earned by controlled foreign corporations. The absence of an exclusion for passive income earned between our affiliated foreign subsidiaries is taxed in the US as a dividend, in addition to being taxed in the local jurisdiction. If these tax incentives are renewed during the year, it could have a significant effect on tax expense in the period when renewed. We are subject to changing tax laws, regulations, and interpretations in multiple jurisdictions. Corporate tax reform continues to be a priority in the U.S. and other jurisdictions. Changes to the tax system in the U.S. could have significant effects, positive and negative, on our effective tax rate, and on our deferred tax assets and liabilities.

Our U.S. defined benefit plans continue to be well funded. We do not expect to make any contributions in 2015, based on currently available data, which is subject to change, and consultation with our actuaries. Future contribution requirements, if any, depend on pension asset returns, pension valuation assumptions, plan design, and legislative actions.

We estimate annual pension expense for the full year of 2015 will be approximately $5.0 million, which would be $2.5 million more than in 2014. The expected increase in pension expense is primarily due to a lower discount rate used in the actuarial computations and updates to the actuarially determined mortality tables. Even with the impact of these assumptions, the estimated 2015 pension expense is lower than historical expense amounts primarily due to significant contributions made during 2013 and 2014, and the strong returns on pension assets. These estimates are based on current assumptions and pension expense may increase in subsequent years if discount rates decline or other changes in actuarial assumptions increase the projected benefit obligation.

In connection with our growth strategy, we will continue to evaluate making additional acquisitions in 2015; however, the effect of such acquisitions cannot be predicted and therefore is not reflected in this outlook.

We address our outlook regarding our actions to permanently resolve GST LLC's asbestos litigation in this Management's Discussion and Analysis of Financial Condition and Results of Operations in the "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd." and "Subsidiary Bankruptcy" sections.

Results of Operations

	Three Months Ended March 31,	
	2015	**2014**
	(in millions)	
Sales		
Sealing Products	$ 160.9	$ 155.0
Engineered Products	77.2	91.8
Power Systems	40.2	41.1
	278.3	287.9
Intersegment sales	(0.8)	(0.7)
Net sales	$ 277.5	$ 287.2
Segment Profit		
Sealing Products	$ 18.0	$ 17.1
Engineered Products	3.4	8.7
Power Systems	0.6	3.3
Total segment profit	22.0	29.1
Corporate expenses	(9.8)	(10.1)
Interest expense, net	(12.9)	(10.9)
Other expense, net	(4.9)	(5.8)
Income (loss) before income taxes	$ (5.6)	$ 2.3

Segment profit is total segment sales reduced by operating expenses, restructuring and other expenses identifiable with the segment. Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains and losses related to the sale of assets, impairments, and income taxes are not included in the computation of segment profit. The accounting policies of the reportable segments are the same as those for EnPro.

Other expense, net in the table above contains all items included in other (operating) expense and other expense (non-operating) on our Consolidated Statements of Operations for the quarters ended March 31, 2015 and 2014 with the exception of $1.0 million and $0.1 million, respectively, of restructuring costs. As noted previously, restructuring costs are considered to be a part of segment profit. Additionally, other expense, net in the table above for the quarters ended March 31, 2015 and 2014 includes $0.7 million and $1.5 million, respectively, of miscellaneous expenses that are either not associated with a particular segment or not considered part of administering the corporate headquarters. These expenses are included in selling, general and administrative expense on our Consolidated Statements of Operations.

First Quarter of 2015 Compared to the First Quarter of 2014

Sales decreased 3.4% to $277.5 million in the first quarter of 2015 from $287.2 million in the first quarter of 2014. The following table summarizes the impact of acquisitions, divestiture and foreign currency by segment:

Sales	**Percent Change 1st Quarter 2015 vs. 1st Quarter 2014**				
increase/(decrease)	Acquisitions	Divestiture	Foreign Currency	Organic	Total
EnPro Industries, Inc.	4.0%	(3.0)%	(5.4)%	1.0 %	(3.4)%
Sealing Products	7.4%	(5.6)%	(4.0)%	6.0 %	3.8 %
Engineered Products	n/a	n/a	(10.2)%	(5.7)%	(15.9)%
Power Systems	n/a	n/a	(1.8)%	(0.4)%	(2.2)%

Following are the key points regarding changes in sales for the first quarter of 2015 compared to the same period in 2014:

- Unfavorable foreign currency exchange rate impact in the first quarter of 2015 for all segments as compared to the exchange rates during the first quarter of 2014; due to the strengthening of the US Dollar against the Euro and most other currencies in which we do business.
- Four acquisitions added $11.5 million in sales to the Sealing Products segment for the first quarter of 2015.
- The GRT business unit which was divested in the fourth quarter of 2014, and had been included in the Sealing Products segment, had sales of $8.7 million in the first quarter of 2014.

See below for additional discussion on segment sales and segment profits.

Corporate expenses for the first quarter of 2015 decreased $0.3 million as compared to the same period in 2014. The decrease was primarily driven by a $1.5 million decrease in purchased services, offset by a $1.2 million increase in compensation and benefits.

Interest expense, net in the first quarter of 2015 increased by $2.0 million as compared to the same period of 2014, primarily due to the increased level of borrowings since March 31, 2014, including the issuance of $300 million in aggregate principal amount of our 5.875% Senior Notes due 2022.

Other expense, net in the first quarter of 2015 decreased by $0.9 million as compared to the same period of 2014, primarily due to lower losses from the extinguishment of debt (decrease of $0.8 million).

We recorded income tax benefit of $4.0 million on pre-tax loss from continuing operations of $5.6 million in the first quarter of 2015, resulting in an effective tax rate for the quarter of 71.7%. During the first quarter of 2014, our effective tax rate was 45.7% as we recorded an income tax expense of $1.0 million on pre-tax income of $2.3 million. The volatility in the tax rate is magnified by the near break-even pre-tax loss affected by normal permanent book and tax differences. In addition, we released a valuation allowance in France where an entity has demonstrated sustained earnings to overcome a history of negative evidence. Although realization is not assured, management believes it is more likely than not that all of the deferred tax asset will be realized. The full $3.2 million benefit of this valuation allowance release is recorded as a discrete item in the first quarter of 2015. Without discrete items our effective tax rate is 30.6% in the first quarter of 2015, versus 29.7% in the first quarter of 2014. This rate generally fluctuates based on the portion of our profits earned within the U.S. versus lower rate foreign jurisdictions.

Net loss was $1.6 million, or $0.07 per share, in the first quarter of 2015 compared to net income of $1.3 million, or $0.05 per share, in the same quarter of 2014. Earnings per share are expressed on a diluted basis.

Following is a discussion of operating results for each segment during the quarter:

Sealing Products. Sales increased 3.8% to $160.9 million in the first quarter of 2015 from $155.0 million in the same quarter of 2014. Excluding the benefit of acquisitions ($11.5 million) and the GRT divestiture completed in the fourth quarter of 2014 ($8.7 million), and the unfavorable foreign exchange translation impact ($6.2 million), sales were up 6.0% or $9.3 million. Higher demand in the North American heavy-duty truck markets served by Stemco (increase of $9.1 million) the nuclear, semiconductor and aerospace markets served by Technetics (increase of $1.0 million) more than offset lower volumes at the consolidated Garlock operations (decrease of $1.5 million) primarily due to lower activity in oil and gas markets.

Segment profit increased 5.3% to $18.0 million in the first quarter of 2015 from $17.1 million in the same quarter of 2014. Excluding the unfavorable impact of foreign exchange, the impact of acquisitions and the divestiture of GRT, segment profit increased by 19.7%. The increase in segment profit was primarily due to the increase volumes at Stemco and Technetics noted above, partially offset by the lower volume at the consolidated Garlock operations.

Engineered Products. Sales decreased by 15.9% to $77.2 million in the first quarter of 2015 from $91.8 million in the same quarter of 2014. Excluding the impact of unfavorable foreign exchange ($9.4 million), sales were down 5.7% or $5.2 million, primarily due to volume declines at GGB of $2.1 million and at CPI of $3.6 million. These volume declines were partially offset by improved pricing (increase of $0.5 million).

Segment profit decreased to $3.4 million in the first quarter of 2015 from $8.7 million in the same quarter last year. Excluding the effect of unfavorable foreign exchange, segment profit declined by $4.2 million. The decrease in segment profit was driven by the volume declines noted above and restructuring costs at CPI of $1.0 million related to headcount reductions during the first quarter of 2015.

Power Systems. Sales decreased 2.2% to $40.2 million in the first quarter of 2015 from $41.1 million in the same quarter of 2014. The decrease in sales was due to a $7.1 million decline in percentage of completion based engine revenues due to lower engine program spending, which was partially offset by a $6.3 million increase in aftermarket parts and service revenues.

Segment profit decreased to $0.6 million in the first quarter of 2015 from $3.3 million in the same quarter last year. Segment profit for the first quarter of 2015 includes a loss provision of $6.2 million as a result of the effect of foreign exchange rates on Fairbanks Morse Engine's ("FME") Euro-denominated contract with Electricite de France ("EDF"). Under the multi-year contract, signed in May 2014 and valued at 89.2 million Euros, FME will provide engines for back-up power for EDF's French nuclear facilities. Since the contract was signed, the U.S. Dollar has strengthened significantly against the Euro, resulting in total U.S. Dollar equivalent revenues, calculated at the exchange rate in effect at the end of the first quarter of 2015, falling below total projected U.S. Dollar costs for the EDF contract. This evaluation is based upon the 2015 quarter-end U.S. Dollar to Euro exchange rate of $1.10. At the time the contract was signed, the exchange rate was $1.36. The evaluation of the impact of exchange rates on the contract will be updated on a quarterly basis for the duration of the contract. The foreign exchange driven loss provision on the EDF contract was partially offset by the margin obtained on increased aftermarket parts and service revenues. Excluding the loss provision, operating margins for the segment would have increased from 8.0% in the first quarter of 2014 to 16.9% in the first quarter of 2015.

Liquidity and Capital Resources

Cash requirements for, but not limited to, working capital, capital expenditures, acquisitions, pension contributions, and debt repayments have been funded from cash balances on hand, issuance of our 5.875% Senior Notes due 2022, revolver borrowings and cash generated from operations. We are proactively pursuing acquisition opportunities. It is possible our cash requirements for one or more acquisition opportunities could exceed our cash balance at the time of closing. Should we need additional capital, we have resources available, which are discussed in this section under the heading “Capital Resources.”

As of March 31, 2015, we held all of our $72.2 million of cash and cash equivalents outside of the United States. If the funds held outside the United States were needed for our operations in the U.S., we have several methods to repatriate, including repayment of intercompany loans or distributions of previously taxed income. Other distributions may require us to incur U.S. or foreign taxes to repatriate these funds. However, our intent is to permanently reinvest these funds outside the U.S. and our current plans do not create a need to repatriate cash to fund our U.S. operations.

Cash Flows

Operating activities used $21.5 million of cash in the first three months of 2015 compared to $25.0 million in the same period last year. The decrease in cash used was due to lower pension contributions of approximately $5 million and lower income taxes paid of approximately $11 million, partially offset by higher interest payments of approximately $9 million and lower operating income of $6 million.

Investing activities used $40.8 million and $11.3 million of cash during the first three months of 2015 and 2014, respectively, primarily to fund acquisitions, capital expenditures and enterprise resource and planning system implementations.

Financing activities used $56.9 million in cash in the first three months of 2015, primarily from $44.9 million spent to repurchase the majority of our outstanding convertible debentures, $47.4 million spent to repurchase 0.8 million shares of our outstanding common stock and the payment of $4.8 million of dividends. These activities were funded by cash on hand and additional borrowings of $41.4 million from our revolving credit facility. Financing activities in the first three months of 2014 provided cash of $31.8 million, primarily consisting of net borrowings under our revolving credit facility.

Capital Resources

Senior Secured Revolving Credit Facility. On August 28, 2014, we amended and restated the agreement governing our senior secured revolving credit facility (the “Credit Facility Amendment”). The Credit Facility Amendment provides for a five-year, $300 million senior secured revolving credit facility (the “Revolving Credit Facility”). Borrowings under the Revolving Credit Facility bear interest at an annual rate of LIBOR plus 1.75% or base rate plus 0.75%, although the interest rates under the Revolving Credit Facility are subject to incremental increases based on a consolidated total leverage ratio. In addition, a commitment fee accrues with respect to the unused amount of the Revolving Credit Facility at an annual rate of 0.20%, which rate is also subject to incremental increases based on a consolidated total leverage ratio.

The Credit Facility Amendment contains events of default including, but not limited to, nonpayment of principal or interest, violation of covenants, breaches of representations and warranties, cross-default to other debt, bankruptcy and other insolvency events, material judgments, certain ERISA events, actual or asserted invalidity of loan documentation, certain changes of control of EnPro Industries, Inc., the invalidity of subordination provisions of subordinated indebtedness, the failure of the domestic entities of GST to become guarantors following their exit from bankruptcy and reconsolidation with EnPro Industries, Inc. for financial reporting purposes and, upon the same event, the failure to pledge the equity interests of GST (on the same basis on which the equity of other consolidated subsidiaries of EnPro Industries, Inc. is pledged) as collateral to secure obligations under the Credit Facility Amendment.

The borrowing availability at March 31, 2015, under the Revolving Credit Facility was $247.9 million, representing the full $300 million amount of the Revolving Credit Facility less $10.7 million reserved for outstanding letters of credit and $41.4 million of outstanding borrowings.

Convertible Debentures. In October 2005, we issued $172.5 million in aggregate principal amount of Convertible Debentures, net of an original issue discount of $61.3 million. The Convertible Debentures that remain outstanding bear interest at the annual rate of 3.9375%, with interest due on April 15 and October 15 of each year, and will mature on October 15, 2015, unless they are converted prior to that date. The Convertible Debentures are direct, unsecured and unsubordinated obligations and rank equal in priority with all unsecured and unsubordinated indebtedness and senior in right of payment to all subordinated indebtedness. They do not contain any financial covenants and are not redeemable at our option.

Holders may convert the Convertible Debentures into cash and shares of our common stock, under certain circumstances described more fully in our most recent Form 10-K. As of April 1, 2015, the Convertible Debentures remained convertible by holders of the Convertible Debentures. This conversion right was triggered because the closing price per share of EnPro’s common stock exceeded $43.79, or 130% of the adjusted conversion price of $33.68, for at least twenty (20) trading days during the thirty (30) consecutive trading day period ending on March 31, 2015. The Convertible Debentures will be convertible until June 30, 2015, and may be convertible thereafter if one or more of the conversion conditions is satisfied during future measurement periods. Upon a conversion, we will be required to make a cash payment of up to $1,000 for each $1,000 in principal amount of the Convertible Debentures being converted, with the remaining conversion value of the Convertible Debentures, if any, being paid in shares of our common stock. Because the Convertible Debentures are currently convertible, we classified the excess cash required to redeem the Convertible Debentures over their carrying value as temporary equity.

In 2014, we entered into privately negotiated transactions with certain holders of approximately $97.7 million in aggregate principal amount of the Convertible Debentures to exchange them for an aggregate of approximately 3.0 million shares of EnPro's common stock, plus cash payments of accrued and unpaid interest and for fractional shares. We recognized a

$6.0 million pre-tax loss on the exchange ($3.8 million net of tax). There was also a $1.4 million additional tax benefit recorded directly to equity.

In 2014, we also completed a cash tender to purchase any and all of the remaining Convertible Debentures at a price based on the volume-weighted average price of our common stock over a measurement period plus a premium and accrued and unpaid interest. We purchased approximately $51.3 million in aggregate principal amount of Convertible Debentures validly tendered and not validly withdrawn in the tender offer. Including transaction costs, we paid $105.6 million to complete the transaction of which $52.0 million was allocated to the extinguishment of the liability component and the remaining $53.6 million was allocated to the reacquisition of the associated conversion option. We recognized a $4.0 million pre-tax loss on the transaction ($2.5 million net of tax). In addition, there was a $0.8 million tax benefit recorded directly to equity.

In March 2015, we purchased for cash approximately approximately $21.3 million in aggregate principal amount of Convertible Debentures in a privately negotiated transaction. We paid $44.9 million to complete the transaction of which $23.3 million was allocated to the extinguishment of the liability component and the remaining $21.6 million was allocated to the reacquisition of the associated conversion option. We recognized a $2.8 million pre-tax loss on the transaction ($1.8 million net of tax) which is included in other (non-operating) expense in the accompanying Consolidated Statement of Operations.

These transactions reduced the aggregate principal amount of the Convertible Debentures outstanding to approximately $2.2 million.

We used a portion of the net proceeds from the original sale of the Convertible Debentures to enter into call options, consisting of hedge and warrant transactions, which entitle us to purchase shares of our stock from a financial institution at an adjusted price of $33.68 per share and entitle the financial institution to purchase shares of our stock from us at an adjusted price of $46.64 per share. The repurchase transactions mentioned above did not reduce the respective obligations under the hedge and warrant transactions entered into in connection with the original sale of the Convertible Debentures, which remain in force with respect to the original amount of the Convertible Debentures. On March 17, 2015, we entered into an agreement with this financial institution to effectively accelerate and offset settlement obligations of the parties under the call options providing for a net-share settlement with shares being delivered to us during the second quarter of 2015.

Senior Notes. In September 2014, we completed an offering of $300 million aggregate principal amount of our 5.875% Senior Notes due 2022 (the “Senior Notes”). The offer was made in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Senior Notes are unsecured, unsubordinated obligations of EnPro and mature on September 15, 2022. Interest on the Senior Notes accrues at a rate of 5.875% per annum and is payable semi-annually in cash in arrears on March 15 and September 15 of each year, commencing March 15, 2015. The Senior Notes are required to be guaranteed on a senior unsecured basis by each of EnPro’s existing and future direct and indirect domestic subsidiaries that is a borrower under, or guarantees, our indebtedness under the Revolving Credit Facility or guarantees any other Capital Markets Indebtedness (as defined in the indenture governing the Senior Notes) of EnPro or any of the guarantors.

In connection with the issuance of the Senior Notes, we entered into a registration rights agreement (the “Registration Rights Agreement”) in which we agreed to file a registration statement with respect to a registered exchange offer to exchange the Senior Notes for new registered notes, with terms substantially identical in all material respects with the Senior Notes. If we have not completed the exchange offer on or before the 300th day after September 16, 2014, the exchange offer registration statement ceases to be effective during the period required under the Registration Rights Agreement or, if applicable, a shelf registration statement covering resales of the Senior Notes has not been filed or declared effective within 300 days after September 16, 2014 or such shelf registration statement ceases to be effective at any time during the two-year period the shelf registration period is required to be kept effective (subject to certain exceptions), each of which is referred to as a “registration default,” then additional interest will accrue on the principal amount of the Senior Notes at a rate of 0.25% per annum for the first 90-day period immediately following the occurrence of such registration default and by an additional 0.25% per annum with respect to each subsequent 90-day period, up to a maximum additional rate of 1.00% per annum thereafter, until the registration default has been cured. We expect to complete the exchange offer in the second quarter of 2015.

Share Repurchase Program. In February 2015, the Company initiated an $80 million share repurchase program. In the first quarter of 2015, the Company repurchased and retired 814,727 shares at a weighted average price of $66.61. The shares were purchased through the Company’s open market plan which was completed in April 2015 (purchasing an additional 383,610 shares in April, completing the program with a total of 1,198,337 shares at a weighted average price of $66.76. The repurchase of shares pursuant to the open market plan was conducted in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, which prescribes price, volume and procedural requirements for an issuer purchasing its shares.

Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd.

The historical business operations of GST LLC and Anchor resulted in a substantial volume of asbestos litigation in which plaintiffs alleged personal injury or death as a result of exposure to asbestos fibers. Those subsidiaries manufactured and/or sold industrial sealing products, predominately gaskets and packing, containing encapsulated asbestos fibers. Anchor is an inactive and insolvent indirect subsidiary of Coltec. The Company's subsidiaries' exposure to asbestos litigation and their relationships with insurance carriers have been managed through another Coltec subsidiary, Garrison.

On the Petition Date, GST LLC, Anchor and Garrison filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in Bankruptcy Court. The filings were the initial step in a claims resolution process, which is ongoing. The goal of the process is an efficient and permanent resolution of all current and future asbestos claims through court approval of a plan of reorganization, which is expected to establish a trust to which all asbestos claims will be channeled for resolution. GST intends to seek an agreement with asbestos claimants and other creditors on the terms of a plan for the establishment of such a trust and repayment of other creditors in full, or in the absence of such an agreement an order of the Bankruptcy Court confirming such a plan.

Prior to its deconsolidation effective on the Petition Date, GST LLC and its subsidiaries operated as part of the Garlock group of companies within EnPro's Sealing Products segment. GST LLC designs, manufactures and sells sealing products, including metallic, non-metallic and composite material gaskets, rotary seals, compression packing, resilient metal seals, elastomeric seals, hydraulic components, and expansion joints. GST LLC and its subsidiaries operate five primary manufacturing facilities, including GST LLC's operations in Palmyra, New York and Houston, Texas.

Garrison's principal business historically has been to manage the defense of all asbestos-related litigation affecting the Company's subsidiaries, principally GST LLC and Anchor, arising from their sale or use of products or materials containing asbestos, and to manage, bill and collect available insurance proceeds. When it commenced business in 1996, Garrison acquired certain assets of GST LLC and assumed certain liabilities stemming from asbestos-related claims against GST LLC. Garrison is not itself a defendant in asbestos-related litigation and has no direct liability for asbestos-related claims. Rather, it has assumed GST LLC's liability for such claims and agreed to indemnify GST LLC from liability with respect to such claims. Anchor was a distributor of products containing asbestos and was acquired by GST LLC in 1987. Anchor has been inactive and insolvent since 1993.

The financial results of GST and subsidiaries have been excluded from our consolidated results since the Petition Date. The investment in GST is presented using the cost method during the reorganization period and is subject to periodic reviews for impairment. The cost method requires us to present our ownership interests in the net assets of GST at the Petition Date as an investment and to not recognize any income or loss from GST and subsidiaries in our results of operations during the reorganization period. When GST emerges from the jurisdiction of the Bankruptcy Court, the subsequent accounting will be determined based upon the applicable circumstances and facts at such time, including the terms of any plan of reorganization. See Note 15 to our Consolidated Financial Statements for condensed financial information for GST and subsidiaries.

GST is included in our consolidated U.S. federal income tax return and certain state combined income tax returns. As the parent of these consolidated tax groups, we are liable for, and pay, income taxes owed by the entire group. We have agreed with GST to allocate group taxes to GST based on the U.S. consolidated tax return regulations and current accounting guidance. This method generally allocates current and deferred taxes to GST as if it were a separate taxpayer. As a result, we carry an income tax receivable from GST related to this allocation. At March 31, 2015, this amount was $78.5 million. This receivable is expected to be collected at a future date.

We have assessed GST LLC's and Garrison's liquidity position as a result of the bankruptcy filing and believe they can continue to fund their operating activities, and those of their subsidiaries, and meet their capital requirements for the foreseeable future. However, the ability of GST LLC and Garrison to continue as going concerns is dependent upon their ability to resolve their ultimate asbestos liability in the bankruptcy from their net assets, future cash flows, and available insurance proceeds, whether through the confirmation of a plan of reorganization or otherwise. As a result of the bankruptcy filing and related events, there can be no assurance the carrying values of the assets, including the carrying value of the business and the tax receivable, will be realized or that liabilities will be liquidated or settled for the amounts recorded. In addition, a plan of reorganization, or rejection thereof, could change the amounts reported in the GST LLC and Garrison financial statements and cause a material change in the carrying amount of our investment. For additional information about GST's bankruptcy proceeding, see Note 15 to our Consolidated Financial Statements and the sections entitled "Contingencies – Subsidiary Bankruptcy," and "- Asbestos" in this Management's Discussion and Analysis of Financial Condition and Results of Operation.

Critical Accounting Policies and Estimates

Please refer to our annual report on Form 10-K for the fiscal year ended December 31, 2014, for a complete list of our critical accounting policies and estimates.

Contingencies

General

A description of environmental, asbestos and other legal matters relating to certain of our subsidiaries is included in this section. In addition to the matters noted herein, we are from time to time subject to, and are presently involved in, other litigation and legal proceedings arising in the ordinary course of business. We believe the outcome of such other litigation and legal proceedings will not have a material adverse effect on our financial condition, results of operations and cash flows. Expenses for administrative and legal proceedings are recorded when incurred.

Environmental

Our facilities and operations are subject to federal, state and local environmental and occupational health and safety requirements of the U.S. and foreign countries. We take a proactive approach in our efforts to comply with environmental, health and safety laws as they relate to our manufacturing operations and in proposing and implementing any remedial plans that may be necessary. We also regularly conduct comprehensive environmental, health and safety audits at our facilities to maintain compliance and improve operational efficiency.

Although we believe past operations were in substantial compliance with the then applicable regulations, we or one or more of our subsidiaries are involved with various remediation activities at 15 sites where the future cost per site for us or our subsidiary is expected to exceed $100,000. Investigations have been completed for 11 sites and are in progress at the other four sites. The majority of these sites relate to remediation projects at former operating facilities that were sold or closed and primarily deal with soil and groundwater contamination.

During 2013, we accrued a liability of $6.3 million related to environmental remediation costs associated with the pre-1983 site ownership and operation of the former Trent Tube facility in East Troy, Wisconsin. The Trent Tube facility was operated by Crucible Materials Corporation from 1983 until its closure in 1998. Crucible Materials Corporation commenced environmental remediation activities at the site in 1999. In connection with the bankruptcy of Crucible Materials Corporation, a trust was established to fund the remediation of the site. We have reviewed the trust's assets and have valued them at $750,000 for our internal purposes. During 2013, the Wisconsin Department of Natural Resources first notified us of potential liability for remediation of the site as a potentially responsible party under Wisconsin's “Spill Act” which provides that potentially responsible parties may be jointly and severally liable for site remediation. On April 1, 2015, we entered into a Consent Order with the Wisconsin Department of Natural Resources regarding remediation and, based on our evaluation of the site, believe that the amounts previously reserved are adequate to fulfill our obligations under the order.

Based on our prior ownership of Crucible Steel Corporation a/k/a Crucible, Inc. (“Crucible”), we may have additional contingent liabilities in one or more significant environmental matters. One such matter, which is included in the 15 sites referred to above, is the Lower Passaic River Study Area of the Diamond Alkali Superfund Site in New Jersey. Crucible operated a steel mill abutting the Passaic River in Harrison, New Jersey from the 1930s until 1974, which was one of many industrial operations on the river dating back to the 1800s. Certain contingent environmental liabilities related to this site were retained by Coltec when Coltec sold a majority interest in Crucible Materials Corporation (the successor of Crucible) in 1985. The United States Environmental Protection Agency (the “EPA”) has notified Coltec that it is a potentially responsible party (“PRP”) for Superfund response actions in the lower 17-mile stretch of the Passaic River known as the Lower Passaic River Study Area. Coltec and approximately 70 of the numerous other PRPs, known as the Cooperating Parties Group, are parties to a May 2007 Administrative Order on Consent with the EPA to perform a Remedial Investigation/Feasibility Study (“RI/FS”) of the contaminants in the Lower Passaic River Study Area. The RI/FS is ongoing and has not been completed. Separately, on April 11, 2014, the EPA released its Focused Feasibility Study (the “FFS”) with its proposed plan for remediating the lower eight miles of the Lower Passaic River Study Area. The FFS calls for bank-to-bank dredging and capping of the riverbed of that portion of the river and estimates a range of the present value of aggregate remediation costs of approximately $953 million to approximately $1.731 billion, although estimates of the costs and the timing of costs are inherently imprecise. The FFS is subject to a 90-day public comment period, which expired on August 28, 2014, and potential revision, including the adoption of a less extensive remedy, in light of comments that were received. No final allocations of responsibility have been made among the numerous PRPs that have received notices from the EPA, there are numerous identified PRPs that have not yet received PRP notices from the EPA, and there are likely many PRPs that have not yet been identified. During the fourth quarter of 2014, we accrued a liability of $3.5 million related to environmental remediation costs associated with the Lower Passaic River Study Area, which is our estimate of the low end of a range of reasonably possible costs. Based on our evaluation of the site, we are unable to estimate the upper end of a range of reasonably possible costs. Our actual remediation costs could be significantly greater than the $3.5 million we accrued.

Another such matter involves the Onondaga Lake Superfund Site (the "Onondaga Site") located near Syracuse, New York. Crucible operated a steel mill facility adjacent to Onondaga Lake from 1911 to 1983. The New York State Department of Environmental Conservation ("NYSDEC") has notified the Company and Coltec, as well as other parties, demanding reimbursement of unquantified environmental response costs incurred by NYSDEC and the EPA at the Onondaga Site. NYSDEC and EPA have alleged that contamination from the Crucible facility contributed to the need for environmental response actions at the Onondaga Site. In addition, Honeywell International Inc. ("Honeywell"), which has undertaken certain remediation activities at the Onondaga Site under the supervision of NYSDEC and the EPA, has informed the Company that it had claims against Coltec related to investigation and remediation at the Onondaga Site. In addition, the Company has received notice from the Natural Resource Trustees for the Onondaga Lake Superfund Site (which are the U. S. Department of Interior, NYSDEC, and the Onondaga Nation) alleging that Coltec is considered to be a potentially responsible party for natural resource damages at the Onondaga Site. We have entered into tolling agreements with NYSDEC, the EPA and Honeywell. At this time, based on limited information we have with respect to estimated remediation costs and the respective allocation of responsibility for remediation among potentially responsible parties, we cannot estimate a reasonably possible range of loss associated with Crucible's activities that may have affected the Onondaga Site.

Except with respect to specific Crucible environmental matters for which we have accrued a portion of the liability set forth above, including the Lower Passaic River Study Area, we are unable to estimate a reasonably possible range of loss related to any other contingent environmental liability based on our prior ownership of Crucible.

As of March 31, 2015 and December 31, 2014, we had accrued liabilities of $17.0 million and $17.3 million, respectively, for estimated future expenditures relating to environmental contingencies. Given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of other parties potentially being liable, technology and information related to individual sites, we do not believe it is possible to develop an estimate of the range of reasonably possible environmental loss in excess of our recorded liabilities. In addition, based on our prior ownership of Crucible, we may have additional contingent liabilities in one or more significant environmental matters, which are included in the 15 sites referred to above. Except with respect to specific Crucible environmental matters for which we have accrued a portion of the liability set forth above, we are unable to estimate a reasonably possible range of loss related to these contingent liabilities. See Note 16 to the Consolidated Financial Statements for additional information regarding our environmental contingencies and see the section titled "Crucible Steel Corporation a/k/a Crucible, Inc." in this Management's Discussion and Analysis of Financial Condition and Results of Operation.

In addition, Coltec has received a notice from the EPA stating that Coltec is a potentially responsible party under CERCLA as the successor to a former operator in 1954 and 1955 of two uranium mines in Arizona. At this time, we have not yet determined whether any predecessor entity operated these mines in that period and have limited information regarding the sites and any potential remediation that may be required. As such, we cannot estimate a reasonably possible range of loss associated with cleanup at these sites.

Colt Firearms and Central Moloney

We may have contingent liabilities related to divested businesses for which certain of our subsidiaries retained liability or are obligated under indemnity agreements. These contingent liabilities include, but are not limited to, potential product liability and associated claims related to firearms manufactured prior to March 1990 by Colt Firearms, a former operation of Coltec, and for electrical transformers manufactured prior to May 1994 by Central Moloney, another former Coltec operation. We believe that these potential contingent liabilities are not material to our financial condition, results of operation and cash flows. Coltec also has ongoing obligations, which are included in other liabilities in our Consolidated Balance Sheets, with regard to workers' compensation, retiree medical and other retiree benefit matters that relate to Coltec's periods of ownership of these operations.

Crucible Steel Corporation a/k/a Crucible, Inc.

Crucible, which was engaged primarily in the manufacture and distribution of high technology specialty metal products, was a wholly owned subsidiary of Coltec until 1983 when its assets and liabilities were distributed to a new Coltec subsidiary, Crucible Materials Corporation. Coltec sold a majority of the outstanding shares of Crucible Materials Corporation in 1985 and divested its remaining minority interest in 2004. Crucible Materials Corporation filed for Chapter 11 bankruptcy protection in May 2009 and is no longer conducting operations. We have certain ongoing obligations, which are included in other liabilities in our Consolidated Balance Sheets, including workers' compensation, retiree medical and other retiree benefit matters, related to Coltec's period of ownership of Crucible. Based on Coltec's prior ownership of Crucible, we may have certain other contingent liabilities, including liabilities in one or more significant environmental matters included in the matters discussed in "Environmental," above. We are investigating these matters. Except with respect to those matters for which we have an accrued liability as discussed in "Environmental" above, we are unable to estimate a reasonably possible range of loss related to these contingent liabilities. See Note 16 to the Consolidated Financial Statements for information about certain liabilities relating to Coltec's ownership of Crucible.

BorgWarner

A subsidiary of BorgWarner Inc. ("BorgWarner") has asserted claims against GGB France E.U.R.L. ("GGB France") with respect to certain bearings supplied by GGB France to BorgWarner and used by BorgWarner in manufacturing hydraulic control units included in motor vehicle automatic transmission units. BorgWarner and GGB France are participating in a technical review before a panel of experts to determine, among other things, whether there were any defects in the bearings, whether any defect caused the damages claimed by BorgWarner and whether GGB was bound by certain notification requirements, which technical review is a required predicate to the commencement of a legal proceeding for damages. On October 14, 2014, BorgWarner filed a writ of claims with the Commercial Court of Brive-la-Gaillarde in France seeking monetary damages. On December 19, 2014, BorgWarner initiated "fast track" proceedings, which is a French legal process typically used for uncontested claims. On January 30, 2015, GGB France filed a writ of response challenging BorgWarner's attempt to use the "fast track" process and, on February 4, 2015, GGB France filed a writ of response seeking to stay the proceedings on the merits pending the completion of the technical review. On April 2, 2015, the Commercial Court of Brive-la-Gaillarde rejected BorgWarner's requests for "fast track" proceedings. The timing of the decision with respect to GGB France's writ of response seeking to stay the proceeding on the merits is uncertain. There is no fixed deadline for the completion of the technical review and the presentation of the expert panel's findings. We believe that GGB France has valid factual and legal defenses to these claims and we are vigorously defending these claims. At this point in the technical review process we are unable to estimate a reasonably possible range of loss related to these claims.

Subsidiary Bankruptcy

Three of our subsidiaries filed voluntary Chapter 11 bankruptcy petitions on the Petition Date as a result of tens of thousands of pending and estimated future asbestos personal injury claims. The filings were the initial step in a claims resolution process, which is ongoing. The goal of the process is an efficient and permanent resolution of all pending and future asbestos claims through court approval of a plan of reorganization that will establish a trust to resolve and pay all asbestos claims.

In November 2011, GST filed a proposed plan of reorganization with the Bankruptcy Court. GST's initial proposed plan called for a trust to be formed, to which GST and affiliates would contribute $200 million and which would be the exclusive remedy for future asbestos personal injury claimants – those whose claims arise after confirmation of the plan. The initial proposed plan provided that each present personal injury claim (any pending claim or one that arises between the Petition Date and plan confirmation) would be assumed by reorganized GST and resolved either by settlement pursuant to a matrix contained in the proposed plan or as otherwise agreed, or by payment in full of any judgment entered after trial in federal court. The initial proposed plan was revised and replaced by GST's first amended proposed plan of reorganization filed in May 2014.

On April 13, 2012, the Bankruptcy Court granted a motion by GST for the Bankruptcy Court to estimate the allowed amount of present and future asbestos claims against GST for mesothelioma, a rare cancer attributed to asbestos exposure, for purposes of determining the feasibility of a proposed plan of reorganization. The estimation trial began on July 22, 2013 and concluded on August 22, 2013.

On January 10, 2014, Bankruptcy Judge George Hodges announced his estimation decision in a 65-page order. Citing with approval the methodology put forth by GST at trial, the judge determined that $125 million is the amount sufficient to satisfy GST's liability for present and future mesothelioma claims. Judge Hodges adopted GST's "legal liability" approach to estimation, focused on the merits of claims, and rejected asbestos claimant representatives' approach, which focused solely on GST's historical settlement history. The judge's liability determination is for mesothelioma claims only. The court has not yet determined amounts for GST's liability for other asbestos claims and for administrative costs that would be required to review and process claims and payments, which will add to the amount.

In his opinion, Judge Hodges wrote, "The best evidence of Garlock's aggregate responsibility is the projection of its legal liability that takes into consideration causation, limited exposure and the contribution of exposures to other products."

The decision validates the positions that GST has been asserting for the more than four years it has been in this process. Following are several important findings in the opinion:

- Garlock's products resulted in a relatively low exposure to asbestos to a limited population, and its legal responsibility for causing mesothelioma is relatively *de minimis*.

- Chrysotile, the asbestos fiber type used in almost all of Garlock's asbestos products, is far less toxic than other forms of asbestos. The court found reliable and persuasive Garlock's expert epidemiologist, who testified that there is no statistically significant association between low dose chrysotile exposure and mesothelioma.

- The population that was exposed to Garlock's products was necessarily exposed to far greater quantities of higher potency asbestos from the products of others.

- The estimates of Garlock's aggregate liability that are based on its historic settlement values are not reliable because those values are infected with the impropriety of some law firms and inflated by the cost of defense.

In June 2014, the official committee representing current asbestos claimants filed a motion with the Bankruptcy Court asking the court to re-open the estimation process for further discovery and alleging that GST misled the court in various respects during the estimation trial. On December 4, 2014, the Bankruptcy Court denied the Committee's motion to re-open.

On May 29, 2014, GST filed its first amended proposed plan of reorganization. The first amended plan provided $275 million in total funding for (a) present and future asbestos claims against GST that have not been resolved by settlement or verdict prior to the Petition Date, and (b) administrative and litigation costs.

On January 14, 2015, we announced that GST and we had reached agreement with the Future Claimants' Representative that includes a second amended plan of reorganization. This revised plan was filed with the Bankruptcy Court on January 14, 2015 and supersedes the prior plans filed by GST. If approved by the Bankruptcy Court and implemented, the revised plan will provide certainty and finality to the expenditures necessary to resolve all current and future asbestos claims against GST and against its Garrison and Anchor Packing subsidiaries. The Future Claimants' Representative has agreed to support, recommend and vote in favor of the revised plan, which provides payments to all claimants who have a compensable disease and had meaningful contact with GST asbestos containing products.

The revised plan provides for the establishment of two facilities – a settlement facility (which would receive $220 million from GST and $30 million from Coltec upon consummation of the plan and additional contributions from GST aggregating $77.5 million over the seven years following consummation of the plan) and a litigation fund (which would receive $30 million from GST upon consummation of the plan) to fund the defense and payment of claims of claimants who elect to pursue litigation under the plan rather than accept the settlement option under the plan. Funds contained in the settlement facility and the litigation fund would provide the exclusive remedies for current and future GST asbestos claimants other than claimants whose claims had been resolved by settlement or verdict prior to the Petition Date and were not paid prior to the Petition Date. The plan provides that GST will pay in full claims that had been resolved by settlement or verdict prior to the Petition Date that were not paid prior to the Petition Date (with respect to claims resolved by verdict, such payment will be made only to the extent the verdict becomes final). The revised plan provides that if the actual amount of claims that had been resolved by settlement or verdict prior to the Petition Date that were not paid prior to the Petition Date is less than $10.0 million GST will contribute the difference to the settlement facility. In addition, the revised plan provides that, during the 40-year period following confirmation of the plan, GST would, if necessary, make supplementary annual contributions, subject to specified maximum annual amounts that decline over the period, to maintain a specified balance at specified dates of the litigation fund. The maximum aggregate amount of all such contingent supplementary contributions over that period is $132 million. GST, and we, believe that initial contributions to the litigation fund may likely be sufficient to permit the balance of that facility to exceed the specified thresholds over the 40-year period and, accordingly, that the low end of a range of reasonably possible loss associated with these contingent supplementary contributions is $0. Under the plan, EnPro would guarantee GST's payment of the $77.5 million of deferred contributions plus accrued interest to the settlement facility and, to the extent they are required, the supplementary contributions to the litigation fund. Additional details of the revised plan are described below in Note16, "Commitments and Contingencies - Asbestos - GST's Second Amended Proposed Plan of Reorganization."

The revised plan incorporates the Bankruptcy Court's determination in January 2014 that $125 million is sufficient to satisfy GST's aggregate liability for present and future mesothelioma claims; however, it also provides additional funds to provide full payment for non-mesothelioma claims and to gain the support of the Future Claimants' Representative of the plan. Under the terms of the plan, we would retain 100% of the equity interests of GST LLC. The plan also provides for the extinguishment of any derivative claims against us based on GST asbestos products and operations.

We anticipate that payments under the plan to the settlement facility and litigation fund by GST, which will be paid primarily from GST cash balances and remaining insurance and the payment to the settlement facility by Coltec, will be deductible against U.S. taxes. We plan to seek an IRS determination to that effect.

We expect continued opposition from the committee representing current asbestos claimants (the "Current Asbestos Claimants Committee") and their law firms to the revised plan of reorganization.

On April 10, 2015, the Bankruptcy Court entered an order that approved the disclosure statement for the second amended plan of reorganization, established an asbestos claims bar date and approved procedures for voting and soliciting votes for the second amended plan. The Bankruptcy Court also approved the method for providing notice of the second amended plan and asbestos claims bar date to known and unknown claimants and the form and substances of the notices. Under such order, proofs of claim must be filed on or before October 6, 2015 for all claims based on asbestos-related diseases diagnosed on or before August 1, 2014 for which lawsuits against any defendant or claims against any trusts were filed on or before August 1, 2015, or be forever barred. The Bankruptcy Court has scheduled the hearing on confirmation of the second amended plan of reorganization to commence on June 20, 2016.

If the Bankruptcy Court confirms the second amended plan, all present and future asbestos claims against GST will be discharged and an injunction will be entered giving GST permanent protection from future asbestos litigation.

Confirmation and consummation of the plan are subject to a number of risks and uncertainties, including the actions and decisions of creditors and other third parties who have an interest in the bankruptcy proceedings, delays in the confirmation or effective date of a plan of reorganization due to factors beyond GST's or our control, which would result in greater costs and the impairment of value of GST, appeals and other challenges to the plan, and risks and uncertainties affecting GST and Coltec's ability to fund anticipated contributions under the plan as a result of adverse changes in their results of operations, financial condition and capital resources, including as a result of economic factors beyond their control. Accordingly, we cannot assure you that GST will be able to obtain Bankruptcy Court approval of its second amended plan of reorganization and the settlement and resolution of claims and related releases of liability embodied therein, and the time period for the resolution of the bankruptcy proceedings is not presently determinable.

During the course of the Chapter 11 proceedings, the claimant representatives have asserted that affiliates of the filed entities, including the Company and Coltec, should be held responsible for the asbestos liabilities of the filed entities under various theories of derivative corporate responsibility including veil-piercing and alter ego. Claimant representatives filed a motion with the Bankruptcy Court asking for permission to sue us based on those theories. In a decision dated June 7, 2012, the Bankruptcy Court denied the claimant representatives' motion without prejudice, thereby potentially allowing the representatives to re-file the motion after the estimation trial. We believe there is no reason for the claimant representatives to re-file the motion because the judge's estimation decision leaves no doubt that GST is capable of fully funding any plan of reorganization in the case that fully satisfies such claims. Pursuant to the plan, these claims and any other derivative claims would be resolved and enjoined.

While the Future Claimants' Representative has agreed to support the revised plan of reorganization, GST continues to hope that it can reach a consensual resolution that will also be acceptable to representatives of current asbestos claimants, recognizing that an agreed settlement with all claimants representatives would provide the best path to certainty and finality through section 524(g) of the Bankruptcy Code, provide for faster and more efficient completion of the case, save significant future costs, and allow for the attainment of complete finality. From time to time during the case we have engaged in settlement discussions with representatives of the Current Asbestos Claimants Committee and we anticipate that we will continue to do so; however, there can be no assurance that a settlement will be reached and, if so, when that might occur.

From the Petition Date through March 31, 2015, GST has recorded Chapter 11 case-related fees and expenses totaling $122.0 million. The total includes $61.1 million for fees and expenses of GST’s counsel and experts; $48.9 million for fees and expenses of counsel and experts for the asbestos claimants’ committee, and $12.0 million for the fees and expenses of the Future Claims Representative and his counsel and experts. GST recorded $3.5 million of those case-related fees and expenses in the first quarter of 2015, compared to $2.9 million in the first quarter of 2014.

See the additional information provided earlier under the heading “Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd.”, the discussion under the heading “Asbestos”, which follows, and Notes 15 and 16 to our Consolidated Financial Statements.

Asbestos

Background on Asbestos-Related Litigation. The historical business operations of GST LLC and Anchor resulted in a substantial volume of asbestos litigation in which plaintiffs alleged personal injury or death as a result of exposure to asbestos fibers in products produced or sold by GST LLC or Anchor, together with products produced and sold by numerous other companies. GST LLC and Anchor manufactured and/or sold industrial sealing products that contained encapsulated asbestos fibers. Other of our subsidiaries that manufactured or sold equipment that may have at various times in the past contained asbestos-containing components have also been named in a number of asbestos lawsuits, but only GST LLC and Anchor have ever paid an asbestos claim.

Since the first asbestos-related lawsuits were filed against GST LLC in 1975, GST LLC and Anchor have processed more than 900,000 claims to conclusion, and, together with insurers, have paid over $1.4 billion in settlements and judgments and over $400 million in fees and expenses. Our subsidiaries' exposure to asbestos litigation and their relationships with insurance carriers have been managed through Garrison.

Beginning in 2000, the top-tier asbestos defendants – companies that paid most of the plaintiffs' damages because they produced and sold huge quantities of highly friable asbestos products – sought bankruptcy protection and stopped paying asbestos claims in the tort system. The bankruptcies of many additional producers of friable asbestos products followed. The plaintiffs could no longer pursue actions against these large defendants during the pendency of their bankruptcy proceedings, even though these defendants had historically been determined to be the largest contributors to asbestos-related injuries. Many plaintiffs pursued GST LLC in civil court actions to recover compensation formerly paid by top-tier bankrupt companies under state law principles of joint and several liability and began identifying GST LLC's non-friable sealing products as a primary cause of their asbestos diseases, while generally denying exposure to the friable products of companies in bankruptcy. GST LLC believes this targeting strategy effectively shifted damages caused by top-tier defendants that produced friable asbestos products to GST LLC, thereby materially increasing GST LLC's cost of defending and resolving claims.

Almost all of the top-tier defendants that sought bankruptcy relief in the early 2000s have now emerged, or are positioning to emerge, from bankruptcy. Their asbestos liabilities have been assumed by wealthy 524(g) trusts created in the bankruptcies with assets contributed by the emerging former defendants and their affiliates. With the emergence of these companies from bankruptcy, many plaintiffs seek compensation from the 524(g) trusts. These trusts have aggregate assets exceeding $30 billion ($36.8 billion according to a study released in September 2011 by the United States Government Accountability Office) specifically set aside to compensate individuals with asbestos diseases caused by the friable products of those defendants. We believe that as billions of dollars of 524(g) trust assets continue to become available to claimants, defendants will obtain significant reductions in their costs to defend and resolve claims. As of the Petition Date, however, the establishment of these 524(g) trusts had taken longer than anticipated and the trusts had a significant backlog of claims that accumulated while the trusts were being established. Additionally, procedures adopted for the submissions of asbestos claims in bankruptcy cases and against 524(g) trusts make it difficult for GST LLC and other tort-system co-defendants to gain access to information about claims made against bankrupt defendants or the accompanying evidence of exposure to the asbestos-containing products of such bankrupt defendants. We believe that these procedures enable claimants to "double dip" by collecting payments from remaining defendants in the tort system under joint-and-several-liability principles for injuries caused by the former top-tier defendants while also collecting substantial additional amounts from 524(g) trusts established by those former defendants to pay asbestos claims. Because of these factors, while several 524(g) trusts had begun making substantial payments to claimants prior to the Petition Date, GST LLC had not yet experienced a significant reduction in damages being sought from GST LLC.

<u>Subsidiary Chapter 11 Filing and Its Effect</u>. In light of GST LLC's experience that (a) its cost of defending and resolving claims had not yet declined as anticipated although 524(g) trusts had begun making substantial payments to claimants, and (b) new mesothelioma claims filings against it in recent years had not declined at a rate similar to the rate of decline in disease incidence, GST initiated voluntary proceedings under Chapter 11 of the United States Bankruptcy Code as a means to determine and comprehensively resolve their asbestos liability. The filings were the initial step in the claims resolution process, which is ongoing.

During the pendency of the Chapter 11 proceedings, certain actions proposed to be taken by GST not in the ordinary course of business are subject to approval by the Bankruptcy Court. As a result, during the pendency of these proceedings, we do not have exclusive control over these companies. Accordingly, as required by GAAP, GST was deconsolidated beginning on the Petition Date.

As a result of the initiation of the Chapter 11 proceedings, the resolution of asbestos claims is subject to the jurisdiction of the Bankruptcy Court. The filing of the Chapter 11 cases automatically stayed the prosecution of pending asbestos bodily injury and wrongful death lawsuits, and initiation of new such lawsuits, against GST. Further, the Bankruptcy Court issued an order enjoining plaintiffs from bringing or further prosecuting asbestos products liability actions against affiliates of GST, including EnPro, Coltec and all their subsidiaries, during the pendency of the Chapter 11 proceedings, subject to further order. As a result, except as a result of the resolution of appeals from verdicts rendered prior to the Petition Date and the elimination of claims as a result of information obtained in the Chapter 11 proceedings, the numbers of asbestos claims pending against our subsidiaries have not changed since the Petition Date, and those numbers continue to be as reported in our 2009 Form 10-K and our quarterly reports for the first and second quarters of 2010. See the section entitled "Subsidiary Bankruptcy" in this Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information and an update on the GST asbestos claims resolution process.

Pending Claims. On the Petition Date, according to Garrison's claim records, there were more than 90,000 total claims pending against GST LLC, of which approximately 5,800 were claims alleging the disease mesothelioma. Mesothelioma is a rare cancer of the protective lining of many of the body's internal organs, principally the lungs. The primary cause of mesothelioma is believed to be exposure to asbestos. As a result of asbestos tort reform during the 2000s, most active asbestos-related lawsuits, and a large majority of the amount of payments made by our subsidiaries in the years immediately preceding the Petition Date, have been of claims alleging mesothelioma. In total, GST LLC has paid $563.2 million to resolve a total of 15,300 mesothelioma claims, and another 5,700 mesothelioma claims have been dismissed without payment.

In order to estimate the allowed amount for mesothelioma claims against GST, the Bankruptcy Court approved a process whereby all current GST LLC mesothelioma claimants were required to respond to a questionnaire about their claims. Questionnaires were distributed to the mesothelioma claimants identified in Garrison's claims database. Many of the 5,800 claimants (over 500) did not respond to the questionnaire at all; many others (more than 1,900) clarified that: claimants do not have mesothelioma, claimants cannot establish exposure to GST products, claims were dismissed, settled or withdrawn, claims were duplicates of other filed claims, or claims were closed or inactive. Still others responded to the questionnaire but their responses were deficient in some material respect. As a result of this process, less than 3,300 claimants presented questionnaires asserting mesothelioma claims against GST LLC as of the Petition Date and many of them did not establish exposure to GST products or had claims that are otherwise deficient.

Since the Petition Date, many asbestos-related lawsuits have been filed by claimants against other companies in state and federal courts, and many of those claimants might also have included GST LLC as a defendant but for the bankruptcy injunction. Many of those claimants likely will make claims against GST in the bankruptcy proceeding.

Product Defenses. We believe that the asbestos-containing products manufactured or sold by GST could not have been a substantial contributing cause of any asbestos-related disease. The asbestos in the products was encapsulated, which means the asbestos fibers incorporated into the products during the manufacturing process were sealed in binders. The products were also nonfriable, which means they could not be crumbled by hand pressure. The U.S. Occupational Safety and Health Administration, which began generally requiring warnings on asbestos-containing products in 1972, has never required that a warning be placed on products such as GST LLC's gaskets. Even though no warning label was required, GST LLC included one on all of its asbestos-containing products beginning in 1978. Further, gaskets such as those previously manufactured and sold by GST LLC are one of the few asbestos-containing products still permitted to be manufactured under regulations of the U.S. Environmental Protection Agency. Nevertheless, GST LLC discontinued all manufacture and distribution of asbestos-containing products in the U.S. during 2000 and worldwide in mid-2001.

Appeals. GST LLC has a record of success in trials of asbestos cases, especially before the bankruptcies of many of the historically significant asbestos defendants that manufactured raw asbestos, asbestos insulation, refractory products or other dangerous friable asbestos products. However, it has on occasion lost jury verdicts at trial. GST has consistently appealed when it has received an adverse verdict and has had success in a majority of those appeals. At March 31, 2015, two GST LLC appeals are pending from adverse decisions totaling $1.5 million.

GST LLC won reversals of adverse verdicts in one of three recent appellate decisions. In September 2011, the United States Court of Appeals for the Sixth Circuit overturned a $500,000 verdict against GST LLC that was handed down in 2009 by a Kentucky federal court jury. The federal appellate court found that GST LLC's motion for judgment as a matter of law should have been granted because the evidence was not sufficient to support a determination of liability. The Sixth Circuit's chief judge wrote that, "On the basis of this record, saying that exposure to Garlock gaskets was a substantial cause of [claimant's] mesothelioma would be akin to saying that one who pours a bucket of water into the ocean has substantially contributed to the ocean's volume." In May 2011, a three-judge panel of the Kentucky Court of Appeals upheld GST LLC's $700,000 share of a 2009 jury verdict, which included punitive damages, in a lung cancer case against GST LLC in Kentucky state court. This verdict, which was secured by a bond pending the appeal, was paid in June 2012. In a Kentucky appeal from a 2006 verdict against GST LLC, another Kentucky Court of Appeals panel upheld, in August 2014, GST LLC's share of the verdict and a $600,000 punitive damage award. The verdict against GST LLC totaled $874,000. This verdict and post-judgment interest were secured by a bond in the amount of $1.1 million. The plaintiff in the case agreed to resolve the case, including claims for post-judgment interest, for the amount of the bond and to forego additional accrued interest on the verdict, and GST LLC agreed to discontinue further appeals. Because the Company was responsible to the bonding company for the bond amount, the Company's Coltec subsidiary purchased the verdict from the plaintiff in September 2014 for the amount of the $1.1 million bond. As a result, Coltec has a claim against GST LLC for the amount of the judgment, including post-judgment interest.

Insurance Coverage. At March 31, 2015, we had $100.7 million of insurance coverage we believe is available to cover current and future asbestos claims payments and certain expense payments. GST has collected insurance payments totaling $95.6 million since the Petition Date. Of the $100.7 million of available insurance coverage remaining, we consider $100.0 million (99%) to be of high quality because the insurance policies are written or guaranteed by U.S.-based carriers whose credit rating by S&P is investment grade (BBB-) or better, and whose AM Best rating is excellent (A-) or better. Of the $100.7 million, $64.6 million is allocated to claims that were paid by GST LLC prior to the initiation of the Chapter 11 proceedings and submitted to insurance companies for reimbursement, and the remainder is allocated to pending and estimated future claims. There are specific agreements in place with carriers covering $66.2 million of the remaining available coverage. Based on those agreements and the terms of the policies in place and prior decisions concerning coverage, we believe that substantially all of the $100.7 million of insurance proceeds will ultimately be collected, although there can be no assurance that the insurance companies will make the payments as and when due. The $100.7 million is in addition to the $0.2 million collected in the first three months of 2015. Based on those agreements and policies, some of which define specific annual amounts to be paid and others of which limit the amount that can be recovered in any one year, we anticipate that $38.7 million will become collectible at the conclusion of GST's Chapter 11 proceeding and, assuming the insurers pay according to the agreements and policies, that the following amounts should be collected in the years set out below regardless of when the case concludes:

2015 – $20 million (in the remaining nine months of 2015)
2016 – $18 million
2017 – $13 million
2018 – $11 million

GST LLC has received $8.3 million of insurance recoveries from insolvent carriers since 2007, including a $185,000 payment received in the first quarter of 2015, and may receive additional payments from insolvent carriers in the future. No anticipated insolvent carrier collections are included in the $100.7 million of anticipated collections. The insurance available to cover current and future asbestos claims is from comprehensive general liability policies that cover Coltec and certain of its other subsidiaries in addition to GST LLC for periods prior to 1985 and therefore could be subject to potential competing claims of other covered subsidiaries and their assignees.

Liability Estimate. Our recorded asbestos liability as of the Petition Date was $472.1 million. We based that recorded liability on an estimate of probable and estimable expenditures to resolve asbestos personal injury claims under generally accepted accounting principles, made with the assistance of Garrison and an estimation expert, Bates White, retained by GST LLC's counsel. The estimate developed was an estimate of the most likely point in a broad range of potential amounts that GST LLC might pay to resolve asbestos claims (by settlement in the majority of the cases except those dismissed or tried) over the ten-year period following the date of the estimate in the state court system, plus accrued but unpaid legal fees. The estimate, which was not discounted to present value, did not reflect GST LLC's views of its actual legal liability. GST LLC has continuously maintained that its products could not have been a substantial contributing cause of any asbestos disease. Instead, the liability estimate reflected GST LLC's recognition that most claims would be resolved more efficiently and at a significantly lower total cost through settlements without any actual liability determination.

From the Petition Date through the first quarter of 2014, neither we nor GST endeavored to update the accrual except as necessary to reflect payments of accrued fees and the disposition of cases on appeal. In each asbestos-driven Chapter 11 case that has been resolved previously, the amount of the debtor's liability has been determined as part of a consensual plan of reorganization agreed to by the debtor, its asbestos claimants and a legal representative for its potential future claimants. GST did not believe that there was a reliable process by which an estimate of such a consensual resolution could be made and therefore believed that there was no basis upon which it could revise the estimate last updated prior to the Petition Date.

Given the Bankruptcy Court's January 2014 decision estimating GST's liability for present and future mesothelioma claims at $125 million and GST's filing in May 2014 of its first amended proposed plan of reorganization setting out its intention to fund a plan with total consideration of $275 million, GST undertook to revise its estimate of its ultimate expenditures to resolve all present and future asbestos claims against it to be no less than the amounts required under its amended proposed plan. Similarly, while GST believed it to be an unlikely worst case scenario, GST believed its ultimate expenditures to resolve all asbestos claims against it could be no more than the total value of GST. As a result, GST believed that its ultimate asbestos expenditures would be somewhere in that range between those two values and therefore revised its estimate to the low end of the range. Accordingly, at June 30, 2014, GST revised its estimate of its ultimate expenditures to resolve all present and future asbestos claims to $279.6 million, the amount of expenditures necessary to resolve all asbestos claims under that amended plan.

In light of the filing of the second amended proposed plan of reorganization by GST on January 14, 2015, GST undertook to further revise its ultimate costs to resolve all asbestos claims against it. Under this revised plan, not less than $367.5 million will be required to fund the resolution of all GST asbestos claims, $30 million of which will be funded by Coltec. As a result, GST believes the low end of the range of values that will be necessary for it to fund to resolve all present and future claims is now $337.5 million. Accordingly, GST has revised its estimate of its ultimate asbestos expenditures to $337.5 million and has recorded its liability at March 31, 2015 at that amount. GST's estimate of its ultimate asbestos expenditures of $337.5 million does not include any amount with respect to the contingent supplementary contributions to the litigation fund contemplated by the revised plan as GST believes that initial contributions to the litigation fund may likely be sufficient to permit the balance of that facility to exceed the specified thresholds over the 40-year period for such contributions and, accordingly, that the low end of a range of reasonably possible loss associated with these contingent supplementary contributions is $0.

GST's First Amended Proposed Plan of Reorganization. On May 29, 2014, GST filed an amended proposed plan of reorganization and a proposed disclosure statement for such amended plan. The plan provided $275 million in total funding for (a) present and future asbestos claims against GST that have not been resolved by settlement or verdict prior to the Petition Date, and (b) administrative and litigation costs. The $275 million was to be funded by GST ($245 million) and the Company's subsidiary, Coltec Industries Inc ($30 million), through two facilities - a settlement facility and a litigation facility. Funds contained in the settlement facility and the litigation facility would have provided the exclusive remedies for current and future GST asbestos claimants, other than claimants whose claims had been resolved by settlement or verdict prior to the Petition Date and were not paid prior to the Petition Date. The $275 million amount was more than double the $125 million that the Bankruptcy Court found to be a reasonable and reliable measure of the amount sufficient to satisfy present and future mesothelioma claims against GST, and was determined based on an economic analysis of the feasibility of the proposed plan. This plan was superseded by GST's second amended proposed plan of reorganization, discussed below.

GST's Second Amended Proposed Plan of Reorganization. On January 14, 2015, we announced that GST and we had reached agreement with the Future Claimants' Representative that includes a second amended proposed plan of reorganization. The Future Claimants' Representative agreed to support, vote for and help GST gain confirmation of this revised plan of reorganization in exchange for an increase in the funds available for settlements, limited revisions to the criteria and procedures for settlements, and a limited funding backstop to the litigation option that the plan offers to claimants who choose not to accept the plan’s settlement option. Terms of the second amended proposed plan of reorganization, including the $30 million contribution to be made by Coltec to the settlement facility under the revised plan and our guarantee of GST's obligations to make contributions to the settlement facility and the litigation fund under the plan after the consummation of the plan, are described above in Note 15, "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd."

The revised plan would establish two facilities to resolve unliquidated present and future asbestos claims – a settlement facility and a litigation fund. The settlement facility, administered by an independent trustee, will handle settlement offers under the plan. Claimants will be able to compute their offers from a matrix in the plan that contains objective criteria such as disease, age, whether the injured party left or will leave a spouse, and whether there are dependents. The amounts of the matrix values have been set based on an economic analysis and are designed to ensure that the funding provides future claimants the same recoveries as comparable current claimants.

The settlement facility will provide claimants with both an expedited review option and an individual review option. Under expedited review, a claimant can receive a quick and efficient settlement once he or she provides required evidence of a compensable disease and meaningful exposure to GST asbestos products. Under individual review, a claimant can potentially receive a significantly higher settlement offer if he or she can demonstrate certain additional factors. In order to receive a higher amount than the expedited option offers, claimants or their representatives will have to certify to the claimants’ complete exposure histories and authorize Garrison to investigate and monitor both their tort and trust claims.

Garrison, as reorganized under the plan, will receive a $30 million contribution from GST LLC to maintain and administer the litigation fund separate from the settlement facility. Garrison will manage the litigation of claims from claimants who reject settlement offers from the settlement facility and choose instead to pursue a remedy in court. A case management order will govern the way those claims can be pursued.

Claimants who choose to litigate must file their claims in the Bankruptcy Court in North Carolina. The Bankruptcy Court will oversee discovery and other pre-trial matters before referring cases to the federal district court in Charlotte for trial under the Federal Rules of Evidence. The Charlotte federal court will have discretion about where to send each case for the actual trial. The case management order will also require that claimants identify and disclose all trust claims and provide authorization for Garrison to retrieve all their trust submissions directly from trusts.

The second amended plan includes provisions referred to as the "Parent Settlement" for the resolution and extinguishment of any and all alleged derivative claims against us based on GST asbestos products and entry of an injunction permanently protecting us from the assertion of such claims. As consideration for the Parent Settlement, (a) Coltec will contribute $30 million of the amount proposed to be paid into the settlement facility to pay future claimants, (b) Coltec will fund Anchor’s costs of dissolution (up to $500,000), (c) EnPro will guarantee all contributions to the settlement facility and litigation fund by GST after the effective date of the second amended plan, and (d) Coltec and its affiliates will subordinate their interests in certain insurance coverage to GST’s obligations to make payments to the settlement facility and litigation fund after the effective date of the second amended plan. Those provisions are incorporated into the terms of the second amended plan only in the context of the specifics of the plan, which would result in the equity interests of GST LLC being retained by the reconsolidation of GST LLC into the Company with substantial equity above the amount of equity currently included in our consolidated financial statements, and an injunction protecting us from future GST claims. As a result of Coltec's agreement to fund a contribution of $30 million to the settlement facility pursuant to the revised plan of reorganization, we recorded a $30 million charge to establish this liability in our 2014 results.

Confirmation and consummation of the second amended plan are subject to a number of risks and uncertainties, including the actions and decisions of creditors and other third parties that have an interest in the bankruptcy proceedings, delays in the confirmation or effective date of a plan of reorganization due to factors beyond GST's or our control, which would result in greater costs and the impairment of value of GST, challenges to confirmation of the plan, including appeals, and risks and uncertainties affecting GST and Coltec's ability to fund anticipated contributions under the plan as a result of adverse changes in their results of operations, financial condition and capital resources, including as a result of economic factors beyond their control. Accordingly, we cannot assure you that GST will be able to obtain final approval of its second amended plan of reorganization and the settlement and resolution of claims and related releases of liability embodied therein, and the time period for the resolution of the bankruptcy proceedings is not presently determinable.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in foreign currency exchange rates and interest rates that could impact our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular operating and financing activities and through the use of derivative financial instruments. We intend to use derivative financial instruments as risk management tools and not for speculative investment purposes. For information about our interest rate risk, see "Quantitative and Qualitative Disclosures about Market Risk – Interest Rate Risk" in our annual report on Form 10-K for the year ended December 31, 2014, and the following section.

Foreign Currency Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of our foreign subsidiaries, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. Our objective is to control our exposure to these risks and limit the volatility in our reported earnings due to foreign currency fluctuations through our normal operating activities and, where appropriate, through foreign currency forward contracts and option contracts. The notional amount of foreign exchange contracts hedging foreign currency transactions was $4.8 million and $5.5 million at March 31, 2015 and December 31, 2014, respectively.

Commodity Risk

We source a wide variety of materials and components from a network of global suppliers. While such materials are typically available from numerous suppliers, commodity raw materials such as steel, engineered plastics, copper and polymers, are subject to price fluctuations, which could have a negative impact on our results. We strive to pass along such commodity price increases to customers to avoid profit margin erosion and utilize lean initiatives to further mitigate the impact of commodity raw material price fluctuations as we achieve improved efficiencies. We do not hedge commodity risk with any market risk sensitive instruments.

Item 4. Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The purpose of our disclosure controls and procedures is to provide reasonable assurance that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (the "Exchange Act"), including this report, is recorded, processed, summarized and reported within the time periods specified, and that such information is accumulated and communicated to our management to allow timely decisions regarding disclosure.

Based on the controls evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified, and that management will be timely alerted to material information required to be included in our periodic reports filed with the Securities and Exchange Commission.

In addition, no change in our internal control over financial reporting has occurred during the quarter ended March 31, 2015, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

A description of environmental, asbestos and other legal matters is included in Note 16 to the Consolidated Financial Statements in this report, which is incorporated herein by reference. A description of the bankruptcy proceeding filed by certain of the Company's subsidiaries, and an update on and discussion of the implications of that proceeding and related activities are included in Note 8 and Note 15 to the Consolidated Financial Statements in this report, which are incorporated herein by reference. Those matters are also discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations. In addition to the matters noted and discussed in those sections of this report, we are from time to time subject to, and are presently involved in, other litigation and legal proceedings arising in the ordinary course of business. We believe that the outcome of such other litigation and legal proceedings will not have a material adverse effect on our financial condition, results of operations and cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table sets forth all purchases made by or on behalf of the Company or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) under the Exchange Act, of shares of the Company's common stock during each month in the first quarter of 2015.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
January 1 – January 31, 2015	—	—	—	—
February 1 – February 28, 2015	—	—	—	—
March 1 – March 31, 2015	728 (1)	$ 66.06 (1)	—	—
Total	728 (1)	$ 66.06 (1)	—	—

(1) In March 2015, a total of 728 shares were transferred to a rabbi trust that we established in connection with our Deferred Compensation Plan for Non-Employee Directors, pursuant to which non-employee directors may elect to defer directors' fees into common stock units. Coltec furnished these shares in exchange for management and other services provided by EnPro. 106 of these shares were valued at a price of $67.73, the average of the high and low trading price of our common stock on March 16, 2015, and 622 of these shares were valued at a price of $65.77 per share, the average of the high and low trading price of our common stock on March 31, 2015. Accordingly, the total 728 shares were valued at a weighted average price of $66.06. We do not consider the transfer of shares from Coltec in this context to be pursuant to a publicly announced plan or program.

Item 6. Exhibits.

The exhibits to this report on Form 10-Q are listed in the accompanying Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Charlotte, North Carolina on this 4th day of May, 2015.

ENPRO INDUSTRIES, INC.

By: /s/ Robert S. McLean

Robert S. McLean
Vice President, General Counsel and
Secretary

By: /s/ Steven R. Bower

Steven R. Bower
Vice President, Chief Accounting Officer and Controller

EXHIBIT INDEX

3.1	Restated Articles of Incorporation of EnPro Industries, Inc. (incorporated by reference to Exhibit 3.1 to the Form 10-Q for the period ended June 30, 2008 filed by EnPro Industries, Inc. (File No. 001-31225))
3.2	Restated Bylaws of EnPro Industries, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K dated October 31, 2014 filed by EnPro Industries, Inc. (File No. 001-31225))
10.1*	Transition Agreement dated February 18, 2015 between Alexander W. Pease and EnPro Industries, Inc.
10.2*	Management Continuity Agreement dated as of March 31, 2015 between EnPro Industries, Inc. and Steven R. Bower
23.1*	Consent of Bates White, LLC
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a – 14(a)/15d – 14(a)
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a – 14(a)/15d – 14(a)
32*	Certification pursuant to Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

Exhibit 10.1

TRANSITION AGREEMENT

February 18, 2015

Alexander W. Pease
EnPro Industries, Inc. Charlotte, NC

Re: *Transition Agreement*

Dear Alex:

This letter agreement (the "Agreement") sets forth the terms relating to your transition from EnPro Industries, Inc. (the "Company"). You have notified us of your intention to leave the Company's employment on or before May 31, 2015, and resign all offices with the Company prior to that date. This Agreement describes the form and timing of that transition, the obligations you have to the Company, and the Company's obligations to you.

The terms of the Agreement are:

1. Resignation. Your employment with the Company will end on May 31, 2015 (the "Termination Date"). You hereby resign, as of March 31, 2015 (the "Transition Date"), as a director and from each and every office with the Company and/or the Company's affiliates, including as Chief Financial Officer. You also agree to execute documents in a form satisfactory to the Company to effectuate any such resignations.

2. Salary and Vacation. The Company will pay you your current base salary through the Termination Date. You agree to use all accrued vacation prior to the Termination Date.

3. Annual Incentive Award. You will be eligible to receive payments under the Senior Executive Annual Performance Plan (APP) for fiscal year 2014 based on a full year's service. Your APP payment for 2014 will be made in the ordinary course before March 15, 2015, following certification of the Company's performance by the Compensation and Human Resources Committee of the Company's Board of Directors (the "Committee").

4. LTIP Awards. The Company has previously awarded you performance shares and/or performance units pursuant to the EnPro Industries, Inc. Amended and Restated 2002 Equity Compensation Plan, as Amended and the EnPro Industries, Inc. Long-term Incentive Plan ("LTIP"), all as set forth in separate award agreements. You will eligible to receive an LTIP award payment for the 2012 – 2014 performance period in the normal, ordinary course, expected to be before March 15, 2015, following certification of performance for such period by the Committee. Such award will be payable in stock or cash, together with accrued dividends or dividend equivalents, pursuant to the terms of your award agreements.

5. Benefits. The Company will continue to provide to you and your dependents, through the Termination Date and pursuant to your current elections, benefits pursuant to the terms and conditions of the Company's employee benefit plans for which you are currently eligible, according to the terms and conditions of those plans.

6. Additional Payment. In consideration for your obligations under this Agreement, including the transition services and clarified non-competition agreements, and conditional upon your full compliance with the terms and conditions of this Agreement, the Company shall pay you the sum of $410,000 on June 15, 2015. This payment shall be in lieu of any and all payments or benefits not expressly referred to herein, including without limitation any payments of APP or LTIP awards, restricted stock or restricted stock units or benefits under or pursuant to any severance plan sponsored by the Company.

7. Continuation of Health and Dental Coverage. Your resignation from the Company is a “qualifying event” under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). You will be provided an opportunity to continue health and dental coverage through the Company’s benefit plans after your resignation, as required by and pursuant to the terms of COBRA. You will receive a separate notice of your COBRA rights in order to allow you the chance to decide whether to elect (and pay for) COBRA continuation coverage.

8. Cessation of Benefits. From and after the Termination Date, you will not have the right to participate in or receive any benefit under any employee benefit plan of the Company, any fringe benefit plan of the Company, or any other plan, policy or arrangement of the Company providing benefits or perquisites to employees of the Company generally or individually. Provided, however, you will be entitled the rights: (i) to continued coverage under the Company’s health and dental benefit plans as provided by COBRA, as set forth in Paragraph 7 above; (ii) to retain and be paid vested benefits under the terms of the Company’s defined contribution plans and the EnPro Industries, Inc. Management Stock Purchase Deferral Plan; (iii) to submit claims pursuant to the terms of the Company’s welfare benefit plans for benefits arising out of events occurring prior to the Termination Date; (iv) to exercise any conversion rights provided to you under the terms of the Company’s benefit plans; (v) to receive such other benefits and payments as expressly set forth or referred to in this Agreement and (vi) to receive reimbursement from the Company of expenses you incurred prior to the Termination Date, provided that such expenses are otherwise reimbursable under the terms of the Company’s policies.

9. Preservation of Indemnity. The Company will continue to indemnify you for any and all claims asserted against you related to acts or omissions undertaken by you prior to the Transition Date, in accord with its existing articles, by-laws and prior agreements, and to continue to provide directors and officers liability insurance coverage to you with respect to such claims on the same basis as provided to the Company’s active officers and directors, for acts and omissions occurring prior to the Transition Date.

10. Withholding. The payments described herein of this Agreement will be made through the Company’s normal payment processes. All such payments will be subject to withholdings as required or authorized by state and federal law.

11. Nondisparagement. You agree that you will not make disparaging remarks to anyone about the Company or its practices, any management personnel or any other employee, or make any other statement that disrupts or impairs the Company’s normal, ongoing business operations, or that harms the Company’s reputation with its employees, customers, suppliers or the public. Likewise, the Company agrees that none of its officers or directors will make any disparaging remarks about you.

12. Transition Services. Through the Termination Date, you will continue to provide your full professional time and attention to your performance of duties as an employee of the Company, and shall assist in the transition of your responsibilities as requested by the Chief Executive Officer of the Company. You further agree that through March 31, 2016, you will provide reasonable assistance with respect to ongoing matters of the Company or its affiliates, including any investigation, dispute or litigation or other commercial matters, including answering questions and providing details of matters you handled while an officer of the Company so that your duties may be transitioned and these ongoing matters handled without undue interruption, your current employment permitting, upon the request of the Company and at no cost except reimbursement of out-of-pocket costs. You agree that, from and after April 1, 2016, on appropriate advance notice, you will, if so requested by the Company or its affiliates, provide reasonable assistance or information related to any employment or business dispute, investigation, proceeding or litigation (threatened or pending) involving the Company or its affiliates and will freely cooperate and assist the Company or its affiliates in good faith and to the best of your ability, your then current employment permitting. In such cases, the Company will reimburse you for out of pocket expenses and pay you a reasonable hourly rate as compensation for your time spent on the Company's behalf, unless prohibited by applicable law.

13. Return of Property. You agree that you will not retain, and will promptly return to the Company following the Termination Date, any and all Company property in your possession or subject to your control, including but not limited to, keys, credit and identification cards, Company-provided vehicles or equipment, computers or any other items provided to you by the Company for your use, together with all written or recorded materials, documents, computer discs, plans, records, or other papers or electronic information related to the Company's business affairs. You represent that you have not and will not copy, download, store or retain software, documents or other materials or files originating with or belonging to the Company, and that you have not retained copies of any Company property or materials, including on any computer tape, diskette, disc, flash drive or any form of storage media, whether portable or installed.

14. Release.

a. *By You.* You agree to and do release and forever discharge the Company, any related or successor corporation or other entity (including but not limited to any parent, subsidiary and/or affiliate, and including but not limited to EnPro Industries, Inc. and Coltec Industries Inc), their benefit plans and programs, and all of their past and present officers, directors, employees, administrators and trustees (collectively the "Parties Released by this Agreement"), from any and all losses, expenses, liabilities, claims, rights and entitlements of every kind and description (collectively referred to as "Claims"), whether known or unknown, that you have now or may later claim to have had against any of the Parties Released by this Agreement arising out of anything that has occurred up through the date that you sign this Agreement, including, without limitation, any Claims arising out of your employment with the Company. This release includes, but is not limited to, any Claims for additional compensation, benefits, bonuses, incentive compensation, severance, back pay, reinstatement, personal injuries, breach of contract (express or implied), breach of any covenant of good faith and fair dealing (express or implied), or for recovery of any losses or other damages to you or your property based on any alleged violation of Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq. (prohibiting discrimination on account of race, sex, color, national origin or religion); the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 et seq. (prohibiting discrimination on account of age); the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 et seq. (prohibiting discrimination on account of disabilities); the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.; the North Carolina Equal Employment Practices Act, N.C. Gen. Stat. § 143-422.2 et seq.; the North Carolina Handicapped Persons Protection Act, N.C. Gen. Stat. § 168A-1 et seq.; the North Carolina Retaliatory Employment Discrimination Act, N.C. Gen. Stat. §§ 95-240 et seq.; or any other federal, state or local statutory or common law. You further agree that this release may be pleaded as a complete bar to any action or suit before any court or administrative body.

You acknowledge that you may have sustained or may yet sustain damages, costs, or expenses that are presently unknown and that relate to Claims between you and the Parties Released by this Agreement. You expressly waive and relinquish all rights and benefits which you may have under any state or federal statute or common-law principle that would otherwise limit the effect of this Agreement to Claims known or suspected prior to the date you sign this Agreement, and do so understanding and acknowledging the significance and consequences of such specific waiver.

Thus, for the purpose of implementing a full and complete release and discharge of the Parties Released by this Agreement, you expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all Claims which you do not know or suspect to exist in your favor at the time you sign this Agreement, and that this Agreement contemplates the extinguishment of any such Claim or Claims. For clarification and notwithstanding anything herein to the contrary, this Agreement shall not be deemed to release or discharge any claims (i) for amounts or benefits due to you or your heirs pursuant to or preserved by this Agreement, including without limitation any payments or benefits due to you hereunder and any and all rights you have against the Company and/or its insurers relating to indemnification for acts undertaken by you prior to the date hereof or as an officer, including under any indemnity agreement, indemnification policy, any directors and officers liability policy or otherwise; (ii) that arise after the execution of this Agreement or (iii) that may not be released by law.

b. *By the Company*. As consideration for your obligations hereunder, the Company agrees to release and forever discharge you, your heirs, estate, executors and administrators, from and to waive any and all rights with respect to all manner of claims, actions, causes of action, suits, judgments, rights, demands, debts, damages, or accountings of whatever nature, legal, equitable or administrative, whether the same are now known or unknown, which the Company ever had, now has or may claim to have, upon or by reason of the occurrence of any matter, cause or thing whatsoever up to the date of this Agreement, except for such claims based upon or arising out of conduct undertaken by you: (i) for which the Company is not permitted to indemnify you under the terms of its indemnification policies or applicable law or (ii) that violates the Company's clawback policy.

c. The provisions in this Paragraph 14 do not prevent any Party from submitting a petition or charge with any state or government agency or from cooperating with any federal or state governmental inquiry or investigation. You acknowledge that the benefits you are receiving pursuant to this Agreement are intended to provide the full and only compensation to you for any and all claims, damages or other demands that you might have or make against the Company or any of the Parties Released by this Agreement, and you agree forever to waive any right to monetary recovery from the Company or its affiliates in the event any administrative agency or other public or governmental authority, individual or group of individuals pursues any claim on your behalf, and you agree you will not request or accept anything of value from the Company or its affiliates not provided for in this Agreement as compensation or damages related to your employment.

15. Preservation of Existing Agreements; Confirmation and Clarification of Non-competition Agreements. With the exception of the Business Protection Agreement between you and the Company dated April 30, 2013 ("BPA"), any indemnity agreement between you and the Company, and any confidentiality agreement between you and the Company, each of which is preserved and will continue to be governed by its terms, this Agreement will take the place of all previous agreements between you and the Company, and it contains the entire agreement between you and the Company regarding your resignation with the Company. Neither you nor the Company will be bound by any statements or representations not contained in this Agreement. For clarification, the definition of Competitor contained in the BPA shall mean the businesses identified on Exhibit A hereto and the BPA will be deemed to be amended as described in Exhibit A.

16. Acknowledgements. By signing this Agreement, you acknowledge that:

a. You have carefully read and fully understand the Agreement;

b. You are signing the Agreement voluntarily;

c. The Company has encouraged and advised you to consult with an attorney prior to executing the Agreement and that you have had the opportunity to obtain all advice and information you deem necessary about matters related to this Agreement;

d. You have been given a period of at least twenty-one (21) days after receiving this Agreement to consider its terms before signing it;

e. You have seven (7) days after signing this Agreement and release to revoke your acceptance by delivering a signed notice of revocation to the Company, and that upon delivery of a timely notice of revocation, this Agreement will be null and void and neither the Company nor you will have any rights or obligations under it. Accordingly, this Agreement and release shall not become effective or enforceable until the seven-day revocation period has expired. If your signature is not revoked by you during the seven-day period, it shall be deemed accepted and this Agreement will take effect on the eighth (8^{th}) day.

17. Severability. If any provision of this Agreement (or any subpart thereof) is unenforceable or is held to be unenforceable, you agree that such provision shall be fully severable, and this Agreement and its terms shall be construed and enforced as if such unenforceable provision had never been a part of this Agreement. Under such circumstances, the remaining provisions of the Agreement shall remain in full force and effect, and a court construing the unenforceable provision shall add to this Agreement and make a part of it, in lieu of the unenforceable provision, a provision as similar in terms and effect to such unenforceable provision as may be enforceable.

18. Modification and Choice of Law. This Agreement can only be modified in a writing executed in the same manner as this Agreement. This Agreement shall be construed in accordance with the substantive laws of the State of North Carolina without regard to conflict of laws principles.

19. Section 409A Compliance. The Parties intend that any amounts or benefits payable or provided under this Agreement comply with the provisions of Section 409A of the Internal Revenue Code and the Treasury Regulations relating thereto so as not to subject you to the payment of the tax, interest and any tax penalty which may be imposed under Code Section 409A. The provisions of this Agreement shall be interpreted in a manner consistent with such intent. In furtherance thereof, to the extent that any provision hereof would otherwise result in your being subject to payment of tax, interest and tax penalty under Code Section 409A, the Parties agree to amend this Agreement in a manner that brings this Agreement into compliance with Code Section 409A and preserves to the maximum extent possible the economic value of the relevant payment or benefit under this Agreement to you. If an amount is to be paid under this Agreement in two or more installments, each installment shall be treated as a separate payment for purposes of Code Section 409A. You acknowledge and agree that you have been advised by the Company to consult with tax counsel of your own choosing regarding the tax consequences to you or the performance of the terms and provisions of this Agreement.

20. **Counterparts**. This Agreement may be executed in separate counterparts, each of which is to be deemed to be an original and both of which taken together are to constitute one and the same agreement. Facsimile and/or electronic mail delivery of this Agreement by either Party shall constitute a legal, valid and binding delivery of this Agreement.

/s/ Alexander W. Pease

Alexander W. Pease

February 18, 2015

Date

/s/ Robert S. McLean

Robert S. McLean

Vice President, General Counsel and Secretary

February 18, 2015

Date

For: EnPro Industries, Inc.

Exhibit A

Ace Precision
Aero Manufacturing Corporation
AESSeal plc
AJAX
Alloy Bellows
American Seal
APS
ATS (Paris Group)
A W Chesterton
Bendix
Bodycoat
Boedeker
Bomco
BOSS
Bromford Industries
Brycoat
BS&B
Buckhorn
Carco Srl
Cathay Packing
CHAWK
Chromoloy
COB
Comvat
ConMet
Continental
Cook Compression
Corry Manufacturing Company
CSB
Daido
Doncasters
Donit Tesnit
Durabla
EagleBurgmann Expansion Joint Solutions
Eaton
EBTEC
Effox, Inc.
Empak Spirotallic Mexicana
FAST/EGC
FDS Group (Flexitallic)
Federal-Mogul
Flex-A-Seal

Flexitallic
Flextronics
Flowserve
4-Pipes
Freudenberg Group (Bergmann, Simrit, Merkel)
GKN
Gloenco
Graco
GrafTech International Holdings
GreenTweed
Haldex
Hartzell
Hoerbiger
HTMS
IGUS
Impro/Seal
IPM
ISOMAG Corporation
James Walker Group
JetSeal
Kirkhill
Klinger
KSPG
Korea Seal Master
Lamons
Latty
Le Joint Francais
MAN
Meggitt UK
Meritor
Mirapro
MKI Corp.
NGK
Nippon Valqua
NOK
Oberg Industries
Oiles
Paradigm Precision
Parker
Pearson
PIKE
Piper Plastics
PMI
Polygon
Praxair

PRESRAY
Proco
PROGRESS SILICONES
RBC
Rembe
Rolls-Royce—MTU Division
Saint Gobain
SEAL-MASTER
Siem Flexitallic
SKF
Smiths
SpareAge Seals Limited
Stein Seal
STERNE
Teadit International
Tenute
Tiansheng, Baohua
Technymon
3-Flow
3P
Trelleborg
Utex
Wartsilla
W.L.GORE
ZOB

**As provided in the BPA, you will not be prohibited from becoming employed by a Competitor or providing consulting services to a Competitor for one year after your employment by the Company ends as set forth in Section 4(c) of the BPA, except that you will not be prohibited from becoming employed by a Competitor, or providing consulting services for a Competitor, solely in an area, division or segment of a Competitor's business that does not engage in any part of the Business.

Notwithstanding the foregoing, With respect to Eaton, you will not be prohibited from becoming employed by Eaton or providing consulting services to Eaton in an area that does not engage in any of the business conducted by the Company's Technetics Group division.

Exhibit 10.2

MANAGEMENT CONTINUITY AGREEMENT

THIS AGREEMENT dated as of this 31st day of March, 2015 between Steven R. Bower (the "Executive") and EnPro Industries, Inc., a North Carolina corporation (the "Company").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continuous employment of key management personnel in the event there is, or is threatened, a change in control of the Company; and

WHEREAS, the Company recognizes that the uncertainty and questions which may arise among key management in connection with the possibility of a change in control may result in the departure or distraction of key management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Company desires to provide certain protection to Executive in the event of a change in control of the Company as set forth in this Agreement in order to induce Executive to remain in the employ of the Company notwithstanding any risks and uncertainties created by the possibility of a change in control of the Company;

WITNESSETH:

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, the parties agree as follows:

1. **Term**. The "Term" of this Agreement shall mean the period commencing on the Effective Date and ending twenty-four (24) months after such date; provided, however, that commencing on the date twenty-four (24) months after the Effective Date, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Term shall be automatically extended for one additional year, unless at least ninety (90) days prior to the Renewal Date the Company shall give notice to the Executive that the Term shall not be so extended.

2 . **Period of Employment**. Executive's "Period of Employment" shall commence on the date on which a Change in Control occurs during the Term and shall end on the date that is twenty-four (24) months after the date on which such Change in Control occurs (subject to the provisions of Section 20 below pursuant to which the Period of Employment may be deemed to have commenced prior to the date of a Change in Control in certain circumstances).

3. **Certain Definitions**. For purposes of this Agreement:

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean Executive's termination of employment with the Company due to (A) the willful and continued failure by Executive to substantially perform Executive's duties with the Company, which failure causes material and demonstrable injury to the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness), after a demand for substantial performance is delivered to Executive by the Board which specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties, and after Executive has been given a period (hereinafter known as the "Cure Period") of at least thirty (30) days to correct Executive's performance, (B) the willful engaging by Executive in other gross misconduct materially and demonstrably injurious to the Company, (C) conviction of a felony or a misdemeanor involving moral turpitude, (D) Executive’s willful receipt of an improper personal benefit that demonstrably injures the Company, (E) Executive's willful and material violation of the Company's written policies after being provided written notice of such violation and a Cure Period of at least thirty (30) days, and (F) failure to resign as an officer or director position following Notice of Termination. For purposes hereof, no act, or failure to act, on Executive's part shall be considered "willful" unless conclusively demonstrated to have been done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the best interests of the Company. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a Notice of Termination which shall include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board Executive was guilty of conduct set forth above in clauses (A) and (E) (including the expiration of the Cure Period without the correction of Executive's performance), or clauses (B) or (D) above and specifying the particulars thereof in detail.

"Change in Control" shall mean:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (other than by exercise of a conversion privilege), (B) any acquisition by the Company or any of its subsidiaries, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (D) any acquisition by any company with respect to which, following such acquisition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, solely in their capacity as shareholders of the Company, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (ii) individuals who, as of the Effective Date constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest; or (iii) consummation of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, solely in their capacity as shareholders of the Company, more than 70% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (iv) consummation of (A) a complete liquidation or dissolution of the Company or (B) a sale or other disposition of all or substantially all of the assets of the Company, other than to a company, with respect to which following such sale or other disposition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities, solely in their capacity as shareholders of the Company, who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

"Date of Termination" is as defined in Section 8 below.

“Effective Date” means the date of execution of this Agreement.

"Good Reason" shall mean:

(i) without Executive's express written consent, (A) a material diminution in Executive’s authority, duties or responsibilities; (B) a material diminution in the authority, duties or responsibilities of the supervisor to whom Executive reports, (C) a material diminution in the budget over which the Executive has authority; (D) a material diminution of Executive’s base salary; (E) a material change in the annual or long-term incentive plan in which Executive currently participates such that Executive's opportunity to earn incentive compensation is materially impaired; (F) a material reduction, in the aggregate, of the benefit plans and programs in which Executive participates; (G) a substantial and material increase in Executive's obligation to travel on the Company's business over Executive's present business travel obligations; (H) a material change in the geographic location at which Executive provides services to the Company, provided that such change shall be more than fifty (50) miles from such location; (I) the material breach of this Agreement by the Company; (J) the failure of the Company to obtain the assumption of and the agreement to perform this Agreement by any successor as contemplated in Section 11 hereof; or (K) any purported termination of Executive's employment during the Period of Employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 7 hereof, provided that (ii) Executive provides notice to the Company of the existence of such condition within ninety (90) days of the condition first occurring, (ii) the Company has been provided a period of thirty (30) days to cure the condition and (iii) Executive terminates his or her employment within two (2) years following the initial existence of such condition.

"Incapacity Discharge" means Executive's termination of employment with the Company if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from Executive's duties with the Company on a full-time basis for one-hundred twenty (120) consecutive business days, and within thirty (30) days after a written Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

"Mandatory Retirement Date" shall mean the compulsory retirement date, if any, established by the Company for those executives of the Company who, by reason of their positions and the size of their nonforfeitable annual retirement benefits under the Company's pension, profit-sharing, and deferred compensation plans, are exempt from, the provisions of the Age Discrimination in Employment Act, 29 U.S.C. Sections 621, et seq., which date shall not in any event be earlier for any executive than the last day of the month in which such Executive reaches age 65.

"Notice of Termination" is as defined in Section 7 below.

"Payment Period" shall mean twenty-four (24) months, provided that the Payment Period shall not exceed the number of whole calendar months between the Executive's Date of Termination and Mandatory Retirement Date (if applicable).

4. **Compensation During Period of Employment**. For so long during Executive's Period of Employment as Executive is an employee of the Company, the Company shall be obligated to compensate Executive as follows:

(a) Executive shall continue to receive Executive's full base salary at the rate in effect immediately prior to the Change in Control.

(b) Executive shall continue to participate in all benefit and compensation plans (including but not limited to the Equity Compensation Plan, Long-Term Incentive Plan ("LTIP"), Annual Performance Plan, Executive Life Insurance Program, Deferred Compensation Plan, 401(K) plan, savings plan, flexible benefits plan, life insurance plan, health and accident plan or disability plan) in which Executive was participating immediately prior to the Change in Control, or in plans providing substantially similar benefits, in either case upon terms and conditions and at levels comparable to those provided to Executive under the plans in which Executive was participating immediately prior to the Change in Control;

(c) Executive shall continue to receive fringe benefits, perquisites, and similar arrangements that are substantially similar to those that Executive was entitled to receive immediately prior to the Change in Control; and

(d) Executive shall continue to receive annually the number of paid vacation days and holidays Executive was entitled to receive immediately prior to the Change in Control.

5. **Compensation Upon Termination of Employment**. The following provisions set forth the benefits that may become payable to Executive upon termination of employment with the Company during the Period of Employment in accordance with, and subject to, the provisions of Sections 5(g), 6 and 20 below:

(a) By not later than the fifth business day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of the following:

(i) any base salary that is earned but unpaid as of the Date of Termination;

(ii) a pro rata portion of the "target incentive amount" under the Annual Performance Plan for the calendar year in which the Date of Termination occurs (based on the number of calendar days in such calendar year completed through the Date of Termination); and

(iii) a pro rata portion of the "calculated market value" of the Performance Shares, if any, awarded to Executive under the LTIP for each Plan Cycle under the LTIP that has not been completed as of the Date of Termination, determined as follows:

(A) The performance for each such Plan Cycle under the applicable LTIP award agreement shall be determined based on (x) for any completed calendar year of the Plan Cycle as of the Date of Termination, actual performance for the calendar year, (y) for the calendar year in which the Date of Termination occurs if at least one calendar quarter has been completed during such calendar year, the greater of target performance for the calendar year or actual performance for the completed calendar quarter(s) for the calendar year annualized for the year, and (z) for any other calendar years of the Plan Cycle, target performance for the calendar year.

(B) The number of Performance Shares for each such Plan Cycle shall be adjusted in accordance with the formula set forth in the applicable LTIP award agreement based on the performance for the Plan Cycle determined under paragraph (A) above.

(C) The pro rata portion of the "calculated market value" of the number of Performance Shares adjusted in accordance with paragraph (B) above shall be based on the number of calendar days in the Plan Cycle completed through the Date of Termination.

Section 5(c) below sets for the method for determining the "target incentive amount" under the Annual Performance Plan and the "calculated market value" of Performance Shares under the LTIP. Any amounts payable under Sections 5(a)(ii) or (iii) above shall be offset dollar-for-dollar by any pro rata payments otherwise provided for under the Annual Performance Plan or the LTIP.

(b) In lieu of any salary payments that Executive would have received if Executive had continued in the employment of the Company during the Payment Period, the Company shall pay to Executive in a lump sum, by not later than the fifth business day following the Date of Termination, an amount equal to one-twelfth of Executive's annualized base salary in effect immediately prior to the Date of Termination, multiplied by the number of months in the Payment Period.

(c) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of:

(i) under the Annual Performance Plan (and in lieu of any further awards under the Annual Performance Plan that Executive would have received if Executive had continued in the employment of the Company during the Payment Period), the number of months in the Payment Period multiplied by the greatest of one-twelfth of: (A) the amount most recently paid to Executive for a full calendar year; (B) Executive's "target incentive amount" for the calendar year in which his or her Date of Termination occurs; or (C) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs; plus, if applicable,

(ii) under the LTIP (and in lieu of any further grants under the LTIP that Executive would have received if Executive had continued in the employment of the Company during the Payment Period), sixteen (16) multiplied by the greatest of: (A) one-twelfth of the "calculated market value" of the Performance Shares awarded Executive (including the value of any Performance Shares Executive may have elected to defer under the Deferred Compensation Plan) with respect to the most recently completed Plan Cycle as of the Date of Termination; (B) one-twelfth of the “calculated market value” of the Performance Shares awarded to Executive with respect to the most recently completed Plan Cycle under the LTIP prior to the Date of Termination; or (C) one-twelfth of the "calculated market value" of the Performance Shares, if any, awarded to Executive, with respect to the most recently commenced Plan Cycle prior to the date of the occurrence of the Change in Control.

For purposes of this Section 5, Executive's "target incentive amount" under the Annual Performance Plan for a given calendar year (i.e., the calendar year in which the Date of Termination occurs or the Change in Control occurs, as applicable) is determined by multiplying (i) Executive's annualized total gross base salary for the calendar year by (ii) the incentive target percentage which is applicable to Executive's incentive category under the Annual Performance Plan for the calendar year. For purposes of this Section 5, the "calculated market value" of each Performance Share actually awarded upon completion of a Plan Cycle, Performance Share deferred under the Deferred Compensation Plan or Performance Share or phantom Performance Share granted under the LTIP shall be the mean of the high and low prices of the Company's common stock on the relevant date as reported on the New York Stock Exchange Composite Transactions listing (or similar report), or, if no sale was made on such date, then on the next preceding day on which a sale was made multiplied by the number of shares involved in the calculation. The relevant date for Section 5(a)(iii) and clauses 5(c)(ii)(B) and 5(c)(ii)(C) is the date upon which the Compensation Committee ("Committee") of the Board of Directors awarded the Performance Shares in question; for clause 5(c)(ii)(A) the relevant date is the date on which the Committee made a determination of attainment of financial objectives and awarded Performance Shares (including any Performance Shares Executive may have elected to defer under the Deferred Compensation Plan).

Any payments received pursuant to Sections 5(c)(i) or (ii) above shall be in addition to, and not in lieu of, any payments required to be made to Executive as the result of the happening of an event that would constitute a change in control pursuant to the provisions of the Annual Performance Plan or LTIP, as applicable.

(d) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of:

(i) If Executive is under age 55, or over the age of 55 but not eligible to retire, at the Date of Termination the present value of all health and welfare benefits the Executive would have been entitled to had the Executive continued as an employee of the Company during the Payment Period and been entitled to or participated in the same health and welfare benefits during the Payment Period as immediately prior to the Date of Termination plus an amount in cash equal to the amount necessary to cause the amount of the aggregate after-tax lump sum payment the Executive receives pursuant to this provision to be equal to the aggregate after-tax value of the benefits which Executive would have received if Executive continued to receive such benefits as an employee; or

(ii) If Executive is age 55 or over and eligible to retire on the Date of Termination, the present value of the health and welfare benefits to which Executive would have been entitled under the Company’s general retirement policies if Executive retired on the Date of Termination with the Company paying that percentage of the premium cost of the plans which it would have paid under the terms of the plans in effect immediately prior to the Change of Control with respect to individuals who retire at age 65, regardless of Executive’s actual age on the Date of Termination, provided such lump sum value would be at least equal to the lump sum value of the benefits which would have been payable if Executive had been eligible to retire and had retired immediately prior to the Change in Control.

(e) The Company shall, in addition to the benefits to which Executive is entitled under the retirement plans or programs sponsored by the Company or its affiliates in which Executive participates (including without limitation any Supplemental Executive Retirement Plan in which Executive participates, if applicable), pay Executive in a lump sum in cash by no later than the fifth day following the Date of Termination an amount equal to the actuarial equivalent of the retirement pension to which Executive would have been entitled under the terms of such retirement plans or programs had Executive accumulated additional years of continuous service under such plans equal in length to Executive's Payment Period. The length of the Payment Period will be added to total years of continuous service for determining vesting, the amount of benefit accrual, to the age which Executive will be considered to be for the purposes of determining eligibility for normal or early retirement calculations and the age used for determining the amount of any actuarial reduction. For the purposes of calculating the additional benefit accrual under this paragraph, the amount of compensation Executive will be deemed to have received during each month of Executive's Payment Period shall be equal to the sum of Executive's annual base salary prorated on a monthly basis as provided for under Section 4(a) immediately prior to the Date of Termination (including salary increases), plus under the Company's Annual Performance Plan the greatest of one-twelfth of:

(i) the amount most recently paid to Executive for a full calendar year,

(ii) Executive's "target incentive amount" for the calendar year in which Executive's Date of Termination occurs, or

(iii) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs. Attached as Exhibit 1 is an illustration, not intending to be exhaustive, of examples of how inclusion of the Payment Period may affect the calculation of Executive's retirement benefit.

(f) In no event shall any amount payable to Executive described in this Section 5 be considered compensation or earnings under any pension, savings or other retirement plan of the Company.

(g) Provided, however, and notwithstanding any provision herein to the contrary, any and all payments, other than payments made pursuant to Section 5(a)(i) hereof, are conditioned upon and subject to Executive’s execution of a general waiver and release of all claims against the Company, its affiliates, and each of their officers, directors, employees and agents (except for claims arising under the Company’s benefit plans or from the continuing obligation of the Company to indemnify Executive), such release becoming effective by the 90th day following the Executive’s Date of Termination. Such payments will commence the day following the date the release becomes effective, provided that if the 90-day period spans two calendar years, the payments will commence in the second calendar year.

6. **<u>Termination</u>**.

(a) **Termination Without Compensation.** If Executive's employment is terminated for any of the following reasons, Executive shall not be entitled by virtue of this Agreement to any of the benefits provided in the foregoing Section 5:

(i) If, prior to the commencement of the Period of Employment, Executive's employment with the Company is terminated at any time for any reason, including without limitation due to (A) Executive's death, (B) an Incapacity Discharge, (C) a termination initiated by the Company with or without Cause or (D) resignation, retirement or other termination initiated by Executive with or without Good Reason, subject, however, to the provisions of Section 20 below.

(ii) If Executive's employment with the Company is terminated during the Period of Employment with Cause.

(iii) If Executive resigns, retires or otherwise voluntarily terminates employment with the Company during the Period of Employment without Good Reason.

(b) **Termination with Compensation.** If Executive's employment is terminated for any of the following reasons, Executive shall be entitled by virtue of this Agreement to the benefits provided in the foregoing Section 5 as follows:

(i) If, during the Period of Employment, the Company discharges Executive other than for Cause, Executive shall receive all of the benefits and payments provided in Section 5.

(ii) Executive may terminate his or her employment with the Company at any time during the Period of Employment for Good Reason ("Good Reason Termination") and shall receive all of the benefits and payments provided in Section 5.

(iii) If, during the Period of Employment, Executive either (A) retires from employment with the Company or (B) if the Company discharges Executive due to an Incapacity Discharge, in either case while Executive has cause to terminate his or her employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7), Executive shall receive all of the benefits and payments provided in Section 5.

(iv) If Executive dies while employed by the Company during the Period of Employment while having cause to terminate Executive’s employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7), Executive's beneficiary or beneficiaries named on Exhibit 2 to this Agreement (or Executive's estate if Executive has not named a beneficiary) shall be entitled to receive those payments provided under Sections 5(a), 5(b) and 5(c) of this Agreement in addition to any benefits that such beneficiaries would be entitled under any other plan, program or policy of the Company as a result of Executive's employment with the Company.

(v) Executive may become eligible for the benefits and payments under Section 5 for termination of employment prior to a Change in Control in accordance with, and subject to, the provisions of Section 20 below.

7. **Notice of Termination.** Any termination of Executive's employment by the Company or any termination by Executive as a Good Reason Termination shall be communicated by written notice to the other party hereto. For purposes of this Agreement, such notice shall be referred to as a "Notice of Termination." Such notice shall, to the extent applicable, set forth the specific reason for termination, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

8. **Date of Termination.** "Date of Termination" shall mean:

(a) If Executive terminates Executive's employment as a Good Reason Termination, the date specified in the Notice of Termination, but in no event more than sixty (60) days after Notice of Termination is given.

(b) If Executive's employment is terminated with Cause, the date on which a Notice of Termination is given, except that the Date of Termination shall not be any date prior to the date on which the Cure Period expires without the correction of Executive's performance (if applicable).

(c) If Executive's employment pursuant to this Agreement is terminated following absence due to physical incapacity as an Incapacity Discharge, then the Date of Termination shall be thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such thirty (30) day period).

(d) A termination of employment by either the Company or by Executive shall not affect any rights Executive or Executive's surviving spouse or beneficiaries may have pursuant to any other agreement or plan of the Company providing benefits to Executive, except as provided in such agreement or plan.

9. **Adjustments to Payments**.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to Executive or for Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments")) would be subject to the excise tax imposed by Section 4999 (or any successor provisions) of the Internal Revenue Code of 1986, as amended (the "Code")), or any interest or penalty is incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, is hereinafter collectively referred to as the "Excise Tax"), then the Payments shall be reduced (but not below zero) if and to the extent that such reduction would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the imposition of the Excise Tax), than if Executive received all of the Payments. The Company shall reduce or eliminate the Payments, by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination.

(b) All determinations required to be made under this Section 9, including whether and when an adjustment to any Payments is required and, if applicable, which Payments are to be so adjusted, shall be made by PricewaterhouseCoopers LLC (or their successors) (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and to Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Executive.

10. **No Obligation to Mitigate Damages, No Effect on Other Contractual Rights.** Executive shall not be required to refund the amount of any payment or employee benefit provided for or otherwise mitigate damages under this Agreement by seeking or accepting other employment or otherwise, nor shall the amount of any payment required to be made under this Agreement be reduced by any compensation earned by Executive as the result of any employment by another employer after the date of termination of Executive's employment with the Company, or otherwise. Upon receipt of written notice from Executive that Executive has been reemployed by another company or entity on a full-time basis, benefits, fringe benefits and perquisites otherwise receivable by Executive pursuant to Sections 5(d) or 5(e) related to life, health, disability and accident insurance plans and programs and other similar benefits, company cars,

financial planning, country club memberships, and the like (but not incentive compensation, LTIP, pension plans or other similar plans and programs) shall be reduced to the extent comparable benefits are made available to Executive at Executive's new employment and any such benefits actually received by Executive shall be reported to the Company by Executive.

The provisions of the Agreement, and any payment or benefit provided for hereunder shall not reduce any amount otherwise payable, or in any way diminish Executive's existing rights, or rights which would occur solely as a result of the passage of time, under any other agreement, contract, plan or arrangement with the Company.

11. **Successors and Binding Agreement.**

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Executive, to assume and agree to perform this Agreement.

(b) This Agreement shall be binding upon the Company and any successor of or to the Company, including, without limitation, any person acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but shall not otherwise be assignable by the Company.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive and Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to Executive pursuant to Sections 5 and 6 hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate.

12. **Notices**. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed either by (i) United States registered mail, return receipt requested, postage prepaid, or (ii) by using a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2), addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing, except that notices of change of address shall be effective only upon receipt.

13. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of North Carolina, without giving effect to the principles of conflict of laws of such State.

14. **Miscellaneous.** No provisions of this Agreement may be modified, waived or discharged, and this Agreement may not be terminated before the end of the Term, unless such waiver, modification, discharge or termination is agreed to in a writing signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations,

oral or otherwise, express or implied, with respect to the subject matter hereof, have been made by either party which is not set forth expressly in this Agreement.

15. **Validity.** The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

17. **Withholding of Taxes.** The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.

18. **Nonassignability.** This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 11 above. Without limiting the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and in the event of any attempted assignment or transfer contrary to this Section 18 the Company shall have no liability to pay any amounts so attempted to be assigned or transferred.

19. **Legal Fees and Expenses.** If a Change in Control shall have occurred, thereafter the Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by Executive to successfully (in whole or in part and whether by modification of the Company's position, agreement, compromise, settlement, or administrative or judicial determination) enforce this Agreement or any provision hereof or as a result of the Company or any Shareholder of the Company contesting the validity or enforceability of this Agreement or any provision hereof. To this end, the Company irrevocably waives its right to object to any application for fees made by Executive pursuant to N.C. Gen. Stat. § 95.22(e), and agrees that Executive shall be entitled to such award from the court. Notwithstanding the provisions of this Section 19 to the contrary, in no event shall any payments made to Executive under this Section 19 be made for expenses incurred by Executive following the end of the second calendar year following the calendar year in which Executive’s Date of Termination occurs, provided that the period during which reimbursement for such expenses may be made may extend to the end of the third calendar year in which Executive’s Date of Termination occurs.

20. **Employment Rights**. Nothing expressed or implied in this Agreement shall create any right or duty on Executive's part or on the part of the Company to have Executive remain in the employment of the Company prior to the commencement of the Period of Employment; provided, however, that any termination or purported termination of Executive's employment by the Company without Cause, or termination of Executive's employment by Executive under circumstances that would constitute Good Reason had a Change in Control occurred, in either case following the commencement of any discussion with a third party, or the announcement by a third party of the commencement of, or the intention to commence a tender offer, or other intention to acquire all or a portion of the equity securities of the Company that ultimately results in a Change in Control shall be deemed to be a termination of Executive's employment after a Change in Control for purposes of (i) this Agreement and both the Period of Employment and the Payment Period shall be deemed to have begun on the day prior to such termination and (ii) the Company's Equity Compensation Plan as if the Change in Control had occurred on the day prior to such termination.

21. **Right of Setoff.** There shall be no right of setoff or counterclaim against, or delay in, any payment by the Company to Executive or Executive's designated beneficiary or beneficiaries provided for

in this Agreement in respect of any claim against Executive or any debt or obligation owed by Executive, whether arising hereunder or otherwise.

22. **Rights to Other Benefits.** The existence of the Agreement and Executive's rights hereunder shall be in addition to, and not in lieu of, Executive's rights under any other of the Company's compensation and benefit plans and programs, and under any other contract or agreement between Executive and the Company.

23. **Prior Agreements.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Company and the Executive with respect to the subject matter hereof. Any such prior agreements and understandings are no longer in force or effect. Provided, however, that nothing in this Agreement shall affect the enforceability of any noncompetition, nonsolicitation, confidentiality or similar agreement executed by Executive, which agreements shall remain in full force and effect.

24. **Compliance with Section 409A of the Internal Revenue Code.** Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended, are intended to comply with the requirements of Section 409A. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last until the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within ten (10) days after the end of such deferral period. If Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of Executive's estate within sixty (60) days after the date of Executive's death. For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Compensation otherwise payable upon Executive's termination of employment shall be paid only at the time of a termination of Executive's employment that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

ENPRO INDUSTRIES, INC.

By: /s/ Robert S. McLean

Robert S. McLean
Vice President, General Counsel and Secretary

/s/ Steven R. Bower

Steven R. Bower

EXHIBIT 1

A. If as of Executive's Date of Termination Executive's years of continuous service under the applicable retirement plans for purposes of determining eligibility for normal or early retirement plus the length of Executive's Payment Period is at least 5, then

1. If as of Executive's Date of Termination Executive's age plus the length of Executive's Payment Period is at least 65, Executive's retirement benefit under Section 5(e) will be calculated as a "normal retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period; and

2. If as of Executive's Date of Termination Executive's age plus the length of Executive's Payment Period is at least 55 but less than 65, Executive's retirement benefit under Section 5(e) will be calculated as an "early retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period. The actuarial reduction used shall be the actuarial reduction factor for early retirement, calculated to Executive's actual age plus the length of Executive's Payment Period, at Executive's Date of Termination.

B. If as of Executive's Date of Termination the sum of Executive's years of continuous service under the applicable retirement plans for purposes of determining eligibility for normal or early retirement plus the length of Executive's Payment Period is less than 5, or Executive's age plus the length of Executive's Payment Period is less than 55, Executive's retirement benefit under Section 5(e) will be calculated as a "deferred vested pension" to which Executive would have been entitled under the terms of the retirement plans in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period. The actuarial reduction used shall be the actuarial reduction factor for a deferred vested pension, calculated to Executive's actual age at Executive's Date of Termination plus the length of Executive's Payment Period.

C. For purposes of Section 5(e), "actuarial equivalent" shall be determined using the same methods and assumptions as those utilized under the Company's retirement plans and programs immediately prior to the Change in Control.

EXHIBIT 2
BENEFICIARY DESIGNATION

I hereby designate the following person(s) as a beneficiary for the purposes of Section 6(b)(iv) to the extent of the percentage interest listed next to their name:

NAME	PERCENTAGE INTEREST
TOTAL (CANNOT EXCEED 100%)	

Exhibit 23.1

CONSENT OF EXPERT

We consent to the incorporation by reference in the Registration Statement (Form S-8, No. 333-89576 and Form S-8, No. 333-178668) pertaining to the EnPro Industries, Inc. Retirement Savings Plan for Hourly Workers and the EnPro Industries, Inc. Retirement Savings Plan for Salaried Workers, the Registration Statement (Form S-8, No. 333-89580, Form S-8, No. 333-107775, Form S-8, No. 333-159099, Form S-8, No. 333-181282 and Form S-8, No. 333-195661) pertaining to the EnPro Industries, Inc. Amended and Restated 2002 Equity Compensation Plan, and the Registration Statement (Form S-8, No. 333-113284) pertaining to the EnPro Industries, Inc. Deferred Compensation Plan for Non-Employee Directors, of excerpts of our report dated February 2, 2010, with respect to the estimation of the liability of Garlock Sealing Technologies LLC for pending and reasonably estimable unasserted future asbestos claims, which excerpts are included in this Quarterly Report (Form 10-Q) of EnPro Industries, Inc. for the quarter ended March 31, 2015.

/s/ Bates White, LLC

Washington, D.C.
May 1, 2015

Exhibit 31.1

CERTIFICATION

I, Stephen E. Macadam, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2015 of EnPro Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2015

/s/ Stephen E. Macadam

Stephen E. Macadam
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, J. Milton Childress, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2015 of EnPro Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2015

/s/ J. Milton Childress

J. Milton Childress
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION

The undersigned chief executive officer and chief financial officer of the registrant each certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge, this report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that to his knowledge, the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to EnPro Industries, Inc. and will be retained by EnPro Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 4, 2015

/s/ Stephen E. Macadam
Stephen E. Macadam
President and Chief Executive Officer

Date: May 4, 2015

/s/ J. Milton Childress
J. Milton Childress
Senior Vice President and Chief Financial Officer