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EnPro Industries Reports Further Progress in Asbestos Resolution Proceedings

Release Date:

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Terms:

[ACRP](#) ⁽¹⁾ [ACRP](#) ⁽²⁾ [asbestos](#) ⁽³⁾ [bankruptcy](#) ⁽⁴⁾ [Coltec](#) ⁽⁵⁾ [EnPro Industries](#) ⁽⁶⁾ [Garlock](#) ⁽⁷⁾ [GST](#) ⁽⁸⁾ [NPO](#) ⁽⁹⁾

Dateline City:

CHARLOTTE, N.C.

- *Coltec subsidiary restructuring completed as contemplated by the previously filed joint plan of reorganization*
- *Coltec successor files prepackaged Chapter 11 petition*
- *If approved and consummated the joint plan would resolve all current and future asbestos claims against GST and Coltec subsidiaries and would protect all of EnPro and its subsidiaries from those claims*
- *Timing of subsidiaries' emergence from bankruptcy remains on target*

CHARLOTTE, N.C.--(BUSINESS WIRE ⁽¹⁰⁾)--EnPro Industries, Inc. (NYSE: NPO) today reported that, as contemplated by the joint plan of reorganization to resolve all current and future asbestos claims against its subsidiaries Garlock Sealing Technologies LLC ("GST") and Coltec Industries Inc ("Coltec") that was filed in GST's asbestos claims resolution process (the "ACRP") under Chapter 11 of the Bankruptcy Code pending in the U.S. Bankruptcy Court for the Western District of North Carolina (the "Bankruptcy Court"), the anticipated corporate restructuring of EnPro's Coltec subsidiary has been completed. As planned, Coltec merged with and into a new indirect subsidiary of EnPro, OldCo, LLC ("OldCo"), and OldCo, as the successor to Coltec, filed a pre-packaged Chapter 11 bankruptcy petition with the Bankruptcy Court on January 30, 2017. OldCo and GST have filed a motion with the Bankruptcy Court for OldCo's Chapter 11 proceedings to be administered jointly with GST's pending Chapter 11 proceedings.

The joint plan of reorganization was proposed pursuant to a comprehensive settlement, announced on March 17, 2016, with the court-appointed committee representing current asbestos claimants and the court-appointed legal representative of future asbestos claimants in the ACRP, as well as with ad-hoc representatives for current and future asbestos claimants against Coltec. The joint plan remains subject to approval by the Bankruptcy Court and the U.S. District Court for the Western District of North Carolina (the "District Court") and, if so approved and consummated, would permanently resolve all current and future asbestos claims against GST and Coltec/OldCo and would protect all of EnPro and its subsidiaries from those claims, under Section 524(g) of the U.S. Bankruptcy Code.

Under the joint plan, the corporate restructuring of Coltec to facilitate the implementation of the settlement was contingent upon the approval of the joint plan by asbestos claimants. The vote of the asbestos claimants approving the joint plan was certified on December 16, 2016, and the corporate restructuring was completed on December 31, 2016. Prior to this corporate restructuring, all operating businesses of EnPro were operated either directly by Coltec or by direct or indirect subsidiaries of Coltec. In the restructuring, all of Coltec's significant operating assets and subsidiaries were distributed to a new direct, wholly owned subsidiary of EnPro, EnPro Holdings, Inc. ("EnPro Holdings"). EnPro Holdings assumed substantially all of Coltec's non-asbestos liabilities. As part of the corporate restructuring, Coltec merged with and into OldCo, which is a newly formed direct subsidiary of EnPro Holdings. OldCo, as the restructured entity and the successor to Coltec, retained responsibility for all asbestos claims and rights to certain insurance assets of Coltec. It also retained ownership of the business operated by its EnPro Learning System, LLC subsidiary ("EnPro Learning System"), which provides occupational safety training and consulting services offered to third parties; EnPro Learning System had 2016 revenues of approximately \$364,000.

In connection with the restructuring, EnPro Holdings entered into a keep well agreement with OldCo. Under the keep well agreement, EnPro Holdings has agreed to make equity contributions to OldCo sufficient, together with other funds available to OldCo, to permit OldCo to pay and discharge its liabilities as they become due and payable. Prior to the commencement of OldCo's Chapter 11 proceedings, OldCo was released from its obligations with respect to all outstanding indebtedness for borrowings or evidenced by notes or similar instruments, including its obligations with respect to the outstanding intercompany notes to GST (which obligations were assumed by EnPro Holdings and which intercompany notes were amended to extend their maturity date to January 1, 2018). OldCo was also released as a guarantor under EnPro's \$300 million senior secured revolving credit facility and under the indenture governing EnPro's 5.875% senior notes due 2022 (OldCo having been designated as an "unrestricted subsidiary" under the terms of such indenture).

During the pendency of OldCo's Chapter 11 proceedings, certain actions proposed to be taken by OldCo not in the ordinary course of business will be subject to approval by the Bankruptcy Court. As a result, during the pendency of the OldCo's Chapter 11 proceedings, EnPro will not have exclusive control over OldCo, and, as required by GAAP, OldCo will be deconsolidated from EnPro's consolidated financial statements beginning on January 30, 2017. EnPro does not anticipate recognizing any material gain or loss in connection with such deconsolidation of OldCo.

Steve Macadam, EnPro's President and Chief Executive Officer, said, "Completing the corporate restructuring of Coltec and the commencement of OldCo's prepackaged Chapter 11 petition moves us two steps closer to permanent resolution of these

asbestos claims. While a number of steps still remain, we continue to anticipate receiving all necessary court approvals for confirmation of the joint plan, with the target that GST and OldCo will consummate the joint plan and emerge from bankruptcy during the third quarter of 2017.”

Forward Looking Statements

Statements in this press release that express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They involve a number of risks and uncertainties that may cause actual events and results to differ materially from such forward-looking statements. These risks and uncertainties include, but are not limited to: the risk that the joint plan may not obtain necessary approval by the Bankruptcy Court or the District Court, uncertainties related to pending and potential future objections to the joint plan, including with any changes to the joint plan implemented in the resolutions of such objections, the actions and decisions of creditors, insurers and other third parties that have an interest in the bankruptcy proceedings, the terms and conditions of any reorganization plan that is ultimately approved by the Bankruptcy Court, including any changes to the joint plan implemented in the resolutions of objections, delays in the confirmation or consummation of the joint plan, risks with respect to the timing of the completion of the restructuring, and risks and uncertainties affecting the ability to fund anticipated contributions under the joint plan as a result of adverse changes in results of operations, financial condition and capital resources, including as a result of economic factors beyond EnPro’s control. EnPro’s filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 31, 2015 and Form 10-Q for the period ended March 31, 2016, describe other risks and uncertainties. Except as may be required by law or as expressly undertaken in this press release, EnPro does not undertake to update any forward-looking statement made in this press release to reflect any change in management’s expectations or any change in the assumptions or circumstances on which such statements are based.

About EnPro Industries

EnPro Industries, Inc. is a leader in sealing products, metal polymer and filament wound bearings, components and service for reciprocating compressors, diesel and dual-fuel engines and other engineered products for use in critical applications by industries worldwide. For more information about EnPro, visit the company’s website at <http://www.enproindustries.com> [11].

Language:

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