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## EnPro Industries Announces Bankruptcy Court Approval of Subsidiaries' Joint Reorganization Plan

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### Terms:

[ACRP](#) [1] [ACRP](#) [2] [asbestos](#) [3] [EnPro Industries](#) [4] [joint reorganization plan](#) [5] [NPO](#) [6]

### Dateline City:

CHARLOTTE, N.C.

- *Joint Reorganization Plan remains subject to District Court approval*

CHARLOTTE, N.C.--(BUSINESS WIRE [7])--EnPro Industries, Inc. (NYSE: NPO) today announced that on May 15, 2017 the U.S. Bankruptcy Court for the Western District of North Carolina (the "Bankruptcy Court") announced its decision recommending that the U.S. District Court for the Western District of North Carolina (the "District Court") confirm the joint plan of reorganization (the "Joint Plan") of certain of EnPro's subsidiaries, including Garlock Sealing Technologies LLC ("GST LLC"), to resolve their current and future asbestos claims. The Bankruptcy Court presides over the asbestos claims resolution proceedings involving GST LLC and EnPro subsidiaries, Garrison Litigation Management Group, Ltd. (Garrison"), The Anchor Packing Company (together with GST LLC and Garrison, "GST") and OldCo, LLC (the successor by merger to Coltec Industries Inc ("Coltec")). EnPro anticipates that the Bankruptcy Court will soon enter its order recommending confirmation of the Joint Plan. The Joint Plan implements the terms of a comprehensive settlement reached in March 2016 and was most recently described by EnPro in its Form 10-Q for the period ended March 31, 2017 filed with the Securities and Exchange Commission on May 2, 2017.

Some technical amendments to the Joint Plan were made prior to the commencement of the confirmation hearing to effect the consensual resolution of certain objections to the Joint Plan that had been filed with the Bankruptcy Court. Specifically, objections to the Joint Plan had been filed by three insurers, by the purchaser of assets of the Quincy Compressor business formerly operated by Coltec and by the bankruptcy administrator. Of the five objections, four were withdrawn and only one aspect of one objection, which had been filed by an insurer, was not resolved prior to the confirmation hearing. The Bankruptcy Court recommended that this remaining objection be overruled. None of the amendments to the Joint Plan to resolve the objections affected the amounts or timing of contributions to be made by EnPro or any of its subsidiaries to the asbestos resolution trust to be established by the Joint Plan.

The District Court has scheduled a hearing on June 12, 2017 to consider the Bankruptcy Court's recommendation. The District Court's review will be an independent review in which the District Court is not required to give deference to the Bankruptcy Court's findings or rulings. If approved by the District Court, the Joint Plan may not be consummated until at least 40 days after the date the District Court issues its order confirming the Joint Plan.

The Bankruptcy Court also announced that it will recommend that the District Court approve several settlements with insurance carriers that issued policies covering losses associated with product liability claims against Coltec and certain of its subsidiaries. First, with respect to approximately \$62 million of remaining available products hazard limits and insurance receivables covering claims against both GST and OldCo (the "Garlock Coverage Block"), the Bankruptcy Court announced that it will recommend approval of settlements with two carriers that will pay their full aggregate remaining policy limits of approximately \$18.8 million over a three-year period following consummation of the Joint Plan. A previously disclosed agreement with another group of carriers calls for the payment of \$24 million. EnPro expects that the full amount of remaining policy limits and insurance receivables (approximately \$19.2 million) in the Garlock Coverage Block will be received either through settlements or in reimbursement of GST's plan funding as payments are made by the asbestos trust.

In addition, the Bankruptcy Court announced that it will recommend that the District Court approve settlements with two insurance carriers that issued primary general liability policies prior to January 1, 1976 (the "Pre-Garlock Coverage Block") that permit the recovery of some of OldCo's \$110 million of planned contributions to the asbestos trust under the Joint Plan. The two carriers will make one-time cash payments to OldCo in the aggregate amount of approximately \$19.0 million within 30 days of consummation of the Joint Plan.

The insurance settlements are subject to a notice period and the possibility of objections prior to the June 12 hearing.

"Today's Bankruptcy Court decision is a very significant milestone in our effort to permanently resolve our legacy asbestos burden and the settlement of these insurance matters will help defray the costs of resolving that burden," said Steve Macadam, EnPro's President and CEO. "Assuming the District Court approves the Joint Plan and absent any appeals, we expect that the Joint Plan would be consummated in the third quarter of this year, resulting in the financial reconsolidation of these subsidiaries with EnPro," Mr. Macadam continued.

GST and OldCo, as entities currently under reorganization, are not consolidated with EnPro and its other subsidiaries for financial reporting purposes and are accounted for on a cost basis in the consolidated financial statements of EnPro. As a result, the above described recoveries by OldCo relating to the Pre-Garlock Coverage Block will not impact the consolidated financial results of EnPro for the quarter ending June 30, 2017. Pursuant to applicable accounting rules, upon and as of the date of consummation of the Joint Plan, the assets and liabilities of both GST and OldCo would be reconsolidated into the EnPro balance sheet at their estimated fair value, and a pre-tax gain would be recognized for the excess of the estimated fair value of the GST and OldCo businesses over the net book value of EnPro's investment. In addition, beginning on the date of consummation, EnPro's consolidated financial statements would include the sales, income, expenses and cash flows of both GST and OldCo.

## 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 District Court, uncertainties related to the resolution of overruled objections to the Joint Plan, including any delay in the effectiveness of the Joint Plan as a result of any appeal and any changes to the Joint Plan implemented in the resolutions of such objections, risks and uncertainties as a result of any unanticipated delays in the consummation of the Joint Plan if approved by the District Court, 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, and risks and uncertainties related to the estimation of the amount and timing of future insurance recoveries. EnPro's filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 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> [8].

## Language:

English

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## Ticker Slug:

*Ticker:* NPO  
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