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EnPro Industries Announces District Court Approval of Subsidiaries' Joint Reorganization Plan

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Terms:

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Dateline City:

CHARLOTTE, N.C.

CHARLOTTE, N.C.--([BUSINESS WIRE](#) ^[9])--EnPro Industries, Inc. (NYSE: NPO) today announced that on June 12, 2017 the U.S. District Court for the Western District of North Carolina (the "Bankruptcy Court") entered an order confirming 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 District Court's decision follows a hearing before the District Court held on June 12, 2017, following the recommendation for confirmation of the Joint Plan made by the U.S. Bankruptcy Court for the Western District of North Carolina (the "Bankruptcy Court") after a hearing held by it on May 12, 2017. All remaining objections to the Joint Plan pending at the time of the Bankruptcy Court's hearing had been resolved prior to the hearing before the District Court and no new objections were raised at the District Court's hearing.

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. EnPro anticipates that, absent any appeals, the Joint Plan will be consummated on or about July 29, 2017.

The Joint Plan implements the terms of a comprehensive settlement reached in March 2016, which has been generally described in EnPro's periodic reports filed with the Securities and Exchange Commission, including its Form 10-Q for the period ended March 31, 2017 on May 2, 2017. Consummation of the Joint Plan would effect the substantive conclusion of 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")).

The District Court also approved several settlements with insurance carriers that issued policies covering losses associated with product liability claims against Coltec and certain of its subsidiaries, as had been recommended by the Bankruptcy Court following its May 12 hearing. In addition, the District Court approved a settlement, reached after May 12, with the successors to Coltec's Fairbanks Morse Pump business in which the Fairbanks Morse Pump successors agreed to pay OldCo \$6 million in three installments over nine years following consummation of the Joint Plan. The successor entities are entitled to recoup up to the full amount of their payments to OldCo from collections expected to be received from an additional insurance carrier that issued general liability policies to Coltec prior to January 1, 1976. OldCo and the asbestos trust to be established under the Joint Plan will share equally in any collections above that \$6 million amount. OldCo estimates that the carrier will owe approximately \$11 million in reimbursements over the life of the asbestos trust for its share of Coltec claims (which includes Fairbanks Morse Pump claims).

"The District Court's confirmation of the Joint Plan is the critical step to the final resolution of this asbestos burden, which we have been striving toward for years," said Steve Macadam, EnPro's President and CEO. "Given the absence of any objections at the District Court's hearing, we view it as unlikely that there will be any appeal of the District Court's order, and we look forward to soon consummating the Joint Plan and re consolidating these subsidiaries with EnPro for financial reporting purposes," 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 settlements 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 re consolidated 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 of any appeal of the District Court's order confirming 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 connection with or as a result of such an appeal, risks and uncertainties as a result of any unanticipated delays in the consummation of the Joint Plan, 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> ^[10].

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