ENPRO INDUSTRIES, INC
Form 10-K
February 26, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 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 (State or other jurisdiction of incorporation)	01-0573945 (I.R.S. employer identification no.)
5605 Carnegie Boulevard, Suite 500 Charlotte, North Carolina (Address of principal executive offices)	28209 (Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No ý

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 such 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 ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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. (Check one):

Large accelerated filer	ý		Accelerated filer	¨
Non-accelerated filer	o	(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 ý

The aggregate market value of voting and nonvoting common stock of the registrant held by non-affiliates of the registrant as of June 30, 2015 was $1,237,418,320. As of February 22, 2016, there were 21,945,954 shares of common stock of the registrant outstanding, which includes 195,499 shares of common stock held by a subsidiary of the registrant and accordingly are not entitled to be voted.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for the 2016 annual meeting of shareholders are incorporated by reference into Part III.

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ENPRO INDUSTRIES, INC.
PART I

ITEM 1. BUSINESS

As used in this report, the terms “we,” “us,” “our,” “EnPro” and “Company” mean EnPro Industries, Inc. and its subsidiaries (unless the context indicates another meaning). The term “common stock” means the common stock of EnPro Industries, Inc., par value $0.01 per share. The terms “convertible debentures” and “debentures” mean the 3.9375% Convertible Senior Debentures due 2015 issued by the Company in October 2005. The term "senior notes" means the 5.875% Senior Notes due 2022 issued by the Company in September 2014.

Background

We are a leader in designing, developing, manufacturing, and marketing proprietary engineered industrial products. We serve a wide variety of customers in varied industries around the world. As of December 31, 2015, we had 60 primary manufacturing facilities located in 14 countries, including the United States. We were incorporated under the laws of the State of North Carolina on January 11, 2002, as a wholly owned subsidiary of Goodrich Corporation (“Goodrich”). The incorporation was in anticipation of Goodrich’s announced distribution of its Engineered Industrial Products segment to existing Goodrich shareholders. The distribution took place on May 31, 2002 (the “Distribution”).
Our sales by geographic region in 2015, 2014 and 2013 were as follows:

	2015	2014	2013
	(in millions)		
United States	$696.2	$674.1	$620.3
Europe	289.5	315.9	308.6
Other	218.7	229.3	215.3
Total	$1,204.4	$1,219.3	$1,144.2

On June 5, 2010 (the “Petition Date”), three of our subsidiaries 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 as a result of tens of thousands of pending and expected future asbestos personal injury claims. For a discussion of the effects of these proceedings on our financial statements, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd.” and “– Contingencies, Subsidiary Bankruptcy” and “– Contingencies, Asbestos,” and Notes 19 and 20 to our Consolidated Financial Statements, included in this report. Because of the filing, the results of these subsidiaries have been deconsolidated from our results since the Petition Date. The deconsolidated entities had sales for the years ended December 31, 2015, 2014 and 2013 as follows:

	2015	2014	2013
	(in millions)		
United States	$114.9	$125.9	$122.8
Europe	11.4	14.6	21.2
Other	91.3	100.1	100.8
Total	$217.6	$240.6	$244.8

We maintain an Internet website at www.enproindustries.com. We will make this annual report, in addition to our other annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports, available free of charge on our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Our Corporate Governance Guidelines and the charters for each of our Board Committees (Audit and Risk Management, Compensation and Human Resources, Executive, and Nominating and Corporate Governance committees) are also available on our website, and copies of this information are available in print to any shareholder who requests it. Information included on or linked to our website is not incorporated by reference into this annual report.

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Acquisitions and Dispositions

In July 2015, we purchased the Veyance North American air spring business (the "Air Spring Business") through the purchase of 100% of the stock of Veyance's Mexico business and of all of the assets of its U.S. business. The Air Spring Business is a manufacturer of air springs that are used in the suspension systems of commercial vehicles. Following the acquisition, it became part of EnPro's Stemco division within the Sealing Products segment. The Air Spring Business manufactures products in its facility in San Luis Potosi, Mexico with a commercial organization in the U.S., Canada and Mexico, and engineering, testing and administrative resources in Fairlawn, Ohio. The addition of the Air Spring Business significantly expands Stemco's presence and scale in the commercial vehicle suspension market.

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. Following its acquisition, ATDynamics became part of EnPro's Stemco division within the Sealing Products segment. ATDynamics, with operations in Texas and 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 paid $45.5 million, net of cash acquired, in 2015 for the businesses acquired in 2015. An additional amount of approximately $6 million is expected to be paid based on the finalized and agreed-upon acquisition date balance sheet of the Air Spring Business.

In December 2014, we acquired Fabrico, Inc. ("Fabrico"), a privately-held company offering mission-critical components for the combustion and hot path sections of industrial gas and steam turbines. The business is headquartered in Oxford, Massachusetts with additional facilities in Charlton, Massachusetts and Greenville, South Carolina. The addition of Fabrico significantly expands our presence and scale in the land-based turbine seal and combustion market.

In March 2014, we acquired the remaining interest of the Stemco Crewson LLC joint venture. As a result, we own all of the ownership interests in Stemco Crewson LLC. The joint venture was formed in 2009 with joint venture partner Tramec, LLC to expand our brake product offerings to include automatic brake adjusters. The purchase of the remaining interest in the joint venture allows us to accelerate investment in new product development and commercial strategies focused on market share growth for these products.

In March 2014, we acquired the business of Strong-Tight Co. Ltd., a Taiwanese manufacturer and seller of gaskets and industrial sealing products. This acquisition adds an established Asian marketing presence and manufacturing facilities for our gasket and sealing products business.

All of the businesses acquired in 2014 are included in our Sealing Products segment. We paid $61.9 million in 2014, net of cash acquired, for these businesses. The acquisition of Fabrico includes a contingent consideration arrangement that requires additional consideration to be paid based on the future gross profit of Fabrico during the two-years subsequent to the acquisition. The range of undiscounted amounts we could pay under the contingent consideration agreement is between $0 and $7.0 million. The fair value of the contingent consideration recognized on the acquisition date was $1.9 million. This amount was increased to $2.3 million as of December 31, 2015 based on projected attainment.

In January 2013, we acquired certain assets and assumed certain liabilities of a small distributor of industrial seals in Singapore which is managed as part of the Garlock operations in the Sealing Products segment. The acquisition was paid for with $2.0 million of cash.

In December 2014, we sold substantially all of the assets and transferred certain liabilities of the GRT business unit. GRT, which was a single manufacturing facility in Paragould, Arkansas, manufactures and sells conveyor belts and sheet rubber for many applications across a diversified array of end markets. It was previously managed as part of the Garlock operations in the Sealing Products segment. The business was sold for $42.3 million, net of transaction expenses; $3.0 million of the sales proceeds being held in an escrow account for 18 months to fund indemnification payments, if any, to the buyer under the sale agreement. GRT reported net sales of $31.3 million and $30.1 million for the years ended December 31, 2014 and 2013, respectively.

Operations

We manage our business as three segments: a Sealing Products segment, an Engineered Products segment, and a Power Systems segment. Our reportable segments are managed separately based on differences in their products and services and their end-customers. For financial information with respect to our business segments, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations," and Note 18 to our Consolidated Financial Statements. Item 7 and Note 18 contain information about sales and profits for each segment, and Note 18 contains information about each segment's assets.

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Sealing Products Segment

Overview. Our Sealing Products segment includes three operating divisions, Garlock, Technetics and Stemco, that serve a wide variety of industries where performance and durability are vital for safety and environmental protection. Our products are used in many demanding environments, such as those characterized by high pressure, high temperature and chemical corrosion, and many of our products support critical applications with a low tolerance for failure.

The Garlock family of companies designs, manufactures and sells sealing products, including: metallic, non-metallic and composite material gaskets; dynamic seals; compression packing; hydraulic components; expansion joints; flange sealing and isolation products; pipeline casing spacers/isolators; casing end seals; modular sealing systems for sealing pipeline penetrations; and safety-related signage for pipelines.

Gasket products are used for sealing flange joints in chemical, petrochemical and pulp and paper processing facilities where high pressures, high temperatures and corrosive chemicals create the need for specialized and highly engineered sealing products. Our products are also used in sanitary markets such as food and pharma where product integrity and safety are extremely important. We sell these gasket products under the Garlock®, Gylon®, Blue-Gard®, Stress-Saver®, Edge®, Graphonic®, Bio-Pro®,and Flexseal® brand names. These products have a long-standing reputation for performance and reliability within the industries we serve.

Dynamic elastomeric seals are used in rotating applications to contain the lubricants that protect the bearings from excessive friction and heat generation. Because these sealing products are utilized in dynamic applications, they are subject to wear. Durability, performance, and reliability are, therefore, critical requirements of our customers. These rotary seals are used in demanding applications in the steel industry, mining and pulp and paper processing under well-known brand names including KLOZURE® and Model 64®.

Dynamic bearing isolator seals are used in power transmission systems to contain lubricants within bearing housings while also preventing contamination ingress. Bearing isolators provide users long-life sealing due to the non-contact seal design, and therefore are used in many OEM electric motors and gear boxes. GST LLC continues to innovate and build a patent portfolio of bearing isolator products. Its well-known brands include GUARDIAN™, ISO-GARD™, EnDuro™ and SGi™.

Gar-Seal® brand PTFE-lined butterfly valves are used to control the flow of corrosive, abrasive or toxic media in the chemical processing industry.

Compression packing is used to provide sealing in pressurized, static and dynamic applications such as pumps and valves. Major markets for compression packing products are the pulp and paper, mining, petrochemical and hydrocarbon processing industries. Branded products for these markets include EVSP™, Synthepak® and Graph-lock®.

Critical service flange gaskets, seals and electrical flange isolation kits are used in high-pressure wellhead equipment, flow lines, water injection lines, sour hydrocarbon process applications and crude oil and natural gas pipeline/transmission line applications. These products are sold under the brand names Pikotek®, VCS/LineSeal®, VCFS™, Flowlok™, PGE™, LineBacker®, LineBacker®61™ NSF, GasketSeal® and ElectroStop®. Additional products for pipeline wall penetration sealing systems are supplied to water, construction and infrastructure industries under the Link-Seal® and Century-Line® brand names.

Technetics Group designs, manufactures and sells high performance metal seals; elastomeric seals; bellows and bellows assemblies; pedestals for semiconductor manufacturing; and a wide range of polytetrafluoroethylene ("PTFE") products. These products are used in a variety of industries, including electronics and semiconductor, aerospace, land-based turbines, power generation, oil and gas, food and beverage and other industries. Brands include Helicoflex®, Belfab®, Feltmetal®, PlastomerTM, BioGuardianTM and Origraf®.

Stemco designs, manufactures and sells heavy-duty truck wheel-end components and systems including: seals; hubcaps; mileage counters; bearings; locking nuts; brake products, such as brake drums, automatic brake adjusters, brake friction and shoes, hardware and brake kits; suspension components, such as steering knuckle king-pins and bushings, spring pins and bushings, other polymer bushing components, and air springs for tractor, trailer and cab suspensions; and RF-based tire pressure monitoring and inflation systems and automated mileage collection devices, as well as trailer end aerodynamic devices designed to increase fuel efficiency. Its products primarily serve the medium and heavy-duty truck market. Product brands include STEMCO®, STEMCO Kaiser®, STEMCO Duroline®,

STEMCO Crewson®, STEMCO Motor Wheel®, Grit Guard®, Guardian HP®, Voyager®, Discover®, Endeavor®, Pro-Torq®, Sentinel®, Data Trac®, DataTrac®, QwikKit®, Centrifuse®, AerisTM, BAT RF®, TrailerTail®, Spring Ride® and Super Cushion®.

Garlock Sealing Technologies LLC ("GST LLC") is one of three of our subsidiaries that filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code on the Petition Date. GST LLC is one of the businesses within our broader Garlock group. GST LLC and its subsidiaries operate five primary facilities, including facilities in Palmyra,

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New York and Houston, Texas. Because GST LLC and its subsidiaries remain wholly-owned indirect subsidiaries of ours, we have continued to include a description of their products, customers, competition, and raw materials in this segment discussion.

Customers. Our Sealing Products segment sells products to industrial agents and distributors, original equipment manufacturers (“OEMs”), engineering and construction firms and end users worldwide. Sealing products are offered to global customers, with approximately 37% of sales delivered to customers outside the United States in 2015. Representative customers include Saudi Aramco, Motion Industries, Applied Industrial Technologies, Electricite de France, AREVA, Bayer, BASF Corporation, Chevron, General Electric Company, Georgia-Pacific Corporation, Eastman Chemical Company, Exxon Mobil Corporation, Minara Resources, Queensland Alumina, AK Steel Corporation, Volvo Corporation, Utility Trailer, Great Dane, Mack Trucks, International Truck, PACCAR, Hendrickson, Applied Materials, Carlisle Interconnect Technologies, Schlumberger, China Nuclear Power Engineering Company Ltd., and Flextronics. In 2015, the largest customer accounted for approximately 6% of segment revenues.

Competition. Competition in the sealing markets we serve is based on proven product performance and reliability, as well as price, customer service, application expertise, technical support, delivery terms, breadth of product offering, reputation for quality, and the availability of product. Our leading brand names, including Garlock® and Stemco®, have been built upon long-standing reputations for reliability and durability. In addition, the breadth, performance and quality of our product offerings allow us to achieve premium pricing and have made us a preferred supplier among our agents and distributors. We believe that our record of product performance in the major markets in which this segment operates is a significant competitive advantage for us. Major competitors include A.W. Chesterton Company, Klinger Group, Teadit, Lamons, SIEM/Flexitallic, SKF USA Inc., Federal-Mogul Corporation, Meritor, Firestone, Saint-Gobain, Eaton Corporation, Parker Hannifin Corporation, and Miropro Co. Ltd.

Raw Materials and Components. Our Sealing Products segment uses PTFE resins, aramid fibers, specialty elastomers, elastomeric compounds, graphite and carbon, common and exotic metals, cold-rolled steel, leather, aluminum die castings, nitrile rubber, powdered metal components, and various fibers and resins. We believe all of these raw materials and components are readily available from various suppliers.

Engineered Products Segment

Overview. Our Engineered Products segment includes two high performance industrial products businesses: GGB and Compressor Products International (CPI).

GGB designs, manufactures and sells self-lubricating, non-rolling, metal polymer, engineered plastics, and fiber reinforced composite bearing products, as well as aluminum bushing blocks for hydraulic applications. The bearing surfaces are often made of PTFE or a mixture that includes PTFE to provide maintenance-free performance and reduced friction. GGB's bearing products typically perform as sleeve bearings or thrust washers under conditions of no lubrication, minimal lubrication or pre-lubrication. These products are used in a wide variety of markets such as the automotive, pump and compressor, construction, power generation and general industrial markets. GGB has approximately 20,000 bearing part numbers of different designs and physical dimensions. GGB is a leading and well recognized brand name and sells products under the DU®, DP®, DX®, DS®, HI-EX®, EP™, SY™, HPMB™, and GAR-MAX™ names.

CPI designs, manufactures, sells and services components for reciprocating compressors and engines. These components, which include packing and wiper rings, piston and rider rings, compressor valve assemblies, divider block valves, compressor monitoring systems, lubrication systems and related components are utilized primarily in the refining, petrochemical, natural gas gathering, storage and transmission, and general industrial markets. Brand names for our products include Hi-Flo™, Valvealert™, Mentor™, Triple Circle™, CPI Special Polymer Alloys™, Twin Ring™, Lia
ProFlo™, Neomag™, CVP™, XDC™, POPR™ and Protecting Compressors World Wide™.

Customers. The Engineered Products segment sells its products to a diverse customer base using a combination of direct sales and independent distribution networks worldwide, with approximately 72% of sales delivered to customers outside the United States in 2015. GGB has customers worldwide in all major industrial sectors, and supplies products directly to customers through GGB’s own local distribution system and indirectly to the market through independent agents and distributors with their own local networks. CPI sells its products and services globally

through its internal sales force, independent sales representatives, distributors, and service centers. In 2015, the largest customer accounted for approximately 2% of segment revenues.

Competition. GGB has a number of competitors, including Kolbenschmidt Pierburg AG, Saint-Gobain's Norglide division, and Federal-Mogul Corporation. In the markets in which GGB competes, competition is based primarily on performance of the product for specific applications, product reliability, delivery, and price. CPI competes against other component manufacturers and service providers, such as Cook Compression, Hoerbiger Corporation, Graco and numerous

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smaller component manufacturers. In the markets served by CPI, the primary competitive drivers are trusted solutions with personalized customer care, product quality, availability, engineering support, and price.

Raw Materials. GGB’s major raw material purchases include steel coil, bronze powder, bronze coil, PTFE and aluminum. GGB sources components from a number of external suppliers. CPI’s major raw material purchases include PTFE, polyetheretherketone (PEEK), compound additives, bronze, steel, and stainless steel bar stock. We believe all of these raw materials and components are readily available from various suppliers, though there are limited suppliers for certain other minor, but critical, raw materials.

Power Systems Segment

Overview. Our Power Systems segment (formerly Engine Products and Services) designs, manufactures, sells and services heavy-duty, medium-speed diesel, natural gas and dual fuel reciprocating engines. We market these products and services under the Fairbanks Morse® brand name. Products in this segment include licensed heavy-duty, medium-speed diesel, natural gas and dual fuel reciprocating engines, in addition to our own designs. The reciprocating engines range in size from 700 to 31,970 horsepower and from five to 20 cylinders. These products are used in marine, oil and gas, and power generation markets. We have been building engines for over 115 years under the Fairbanks Morse® brand name and we have a large installed base of engines for which we supply aftermarket parts and service. Fairbanks Morse has been a key supplier to the U.S. Navy for medium-speed diesel engines and has supplied engines to the U.S. Navy for over 70 years.

Customers. Our Power Systems segment sells its products and services to customers worldwide, including major shipyards, municipal utilities, institutional and industrial organizations, sewage treatment plants, nuclear power plants and offshore oil and gas platforms, with approximately 10% of sales delivered to customers outside the United States in 2015. We market our products through a direct sales force of engineers in North America and through independent agents worldwide. Our representative customers include Northrop Grumman, General Dynamics, Lockheed Martin, the U.S. Navy, the U.S. Coast Guard, Toshiba America Nuclear Energy Corp., Electricite de France, EcoPetrol, and Exelon. In 2015, the largest customer accounted for approximately 11% of segment revenues.

Competition. Major competitors for our Power Systems segment include MTU, Caterpillar Inc., and Wartsila Corporation. Price, delivery time, engineering and service support, and engine efficiency relating to fuel consumption and emissions drive competition.

Raw Materials and Components. Our Power Systems segment purchases multiple ferrous and non-ferrous castings, forgings, plate stock and bar stock for fabrication and machining into engines. In addition, we buy a considerable amount of precision-machined engine components. We believe all of these raw materials and components are readily available from various suppliers, but may be subject to long and variable lead times. In December of 2015, the foundry which was our primary supplier of castings ceased operations and a receiver was appointed to liquidate its assets. As a result, we are actively working to qualify replacement sources for certain castings. Any delays in obtaining such castings could adversely affect quarterly operating results.

Research and Development

The goal of our research and development effort is to strengthen our product portfolios for traditional markets while simultaneously creating distinctive and breakthrough products. We utilize a process to move product innovations from concept to commercialization, and to identify, analyze, develop and implement new product concepts and opportunities aimed at business growth.

We employ scientists, engineers and technicians throughout our operations to develop, design and test new and improved products. We work closely with our customers to identify issues and develop technical solutions. The majority of our research and development spending typically is directed toward the development of new sealing products for the most demanding environments, the development of truck and trailer fleet information systems, the development of bearing products and materials with increased load carrying capability and superior friction and wear characteristics, and the development of power systems to meet current and future emissions requirements while improving fuel efficiencies.

Backlog

At December 31, 2015, we had a backlog of orders valued at $346.6 million compared with $385.9 million at December 31, 2014. Approximately 19% of the backlog, primarily in our Power Systems segment, is expected to be

filled beyond 2016. Backlog represents orders on hand we believe to be firm. However, there is no certainty the backlog orders will result in actual sales at the times or in the amounts ordered. In addition, for most of our business, backlog is not particularly predictive of future performance because of our short lead times and some seasonality.

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Quality Assurance

We believe product quality is among the most important factors in developing and maintaining strong, long-term relationships with our customers. In order to meet the exacting requirements of our customers, we maintain stringent standards of quality control. We routinely employ in-process inspection by using testing equipment as a process aid during all stages of development, design and production to ensure product quality and reliability. These include state-of-the-art CAD/CAM equipment, statistical process control systems, laser tracking devices, failure mode and effect analysis, and coordinate measuring machines. We are able to extract numerical quality control data as a statistical measurement of the quality of the parts being manufactured from our CNC machinery. In addition, we perform quality control tests on parts that we outsource. As a result, we are able to significantly reduce the number of defective parts and therefore improve efficiency, quality and reliability.

As of December 31, 2015, 48 of our manufacturing facilities were ISO 9000, QS 9000 and/or TS 16949 certified. Twenty-one of our facilities are ISO 14001 certified. OEMs are increasingly requiring these standards in lieu of individual certification procedures and as a condition of awarding business.

Patents, Trademarks and Other Intellectual Property

We maintain a number of patents and trademarks issued by the U.S. and other countries relating to the name and design of our products and have granted licenses to some of these patents and trademarks. We routinely evaluate the need to protect new and existing products through the patent and trademark systems in the U.S. and other countries. We also have unpatented proprietary information, consisting of know-how and trade secrets relating to the design, manufacture and operation of our products and their use. We do not consider our business as a whole to be materially dependent on any particular patent, patent right, trademark, trade secret or license granted or group of related patents, patent rights, trademarks, trade secrets or licenses granted.

In general, we are the owner of the rights to the products that we manufacture and sell. However, we also license patented and other proprietary technology and processes from various companies and individuals in order to broaden our product offerings. We are dependent on the ability of these third parties to diligently protect their intellectual property rights. In several cases, the intellectual property licenses are integral to the manufacture of our products. For example, Fairbanks Morse licenses technology from MAN Diesel and its subsidiaries for certain of the four-stroke reciprocating engines it produces. The terms of the licenses vary by engine type. One set of licenses is set to expire on March 31, 2016, subject to negotiations to renew these licenses for a multi-year period. Licenses for the remaining engine types have terms, subject to potential renewal, expiring in 2018 or 2019. A loss of these licenses or a failure on the part of the licensor to protect its own intellectual property could reduce our revenues. These licenses are subject to renewal and it is possible we may not successfully renegotiate these licenses or they could be terminated for a material breach. If this were to occur, our business, financial condition, results of operations and cash flows could be adversely affected.

Employees and Labor Relations

We currently have approximately 5,400 employees worldwide in our continuing operations. Approximately 2,800 employees are located within the U.S., and approximately 2,600 employees are located outside the U.S., primarily in Europe, Canada and China. Approximately 23% of our U.S. employees are members of trade unions covered by three collective bargaining agreements with contract expiration dates from February 2017 to November 2018. Union agreements relate, among other things, to wages, hours, and conditions of employment. The wages and benefits furnished are generally comparable to industry and area practices. Our deconsolidated subsidiaries, primarily GST LLC, have about 900 additional employees worldwide.

ITEM 1A. RISK FACTORS

In addition to the risks stated elsewhere in this annual report, set forth below are certain risk factors that we believe are material. If any of these risks occur, our business, financial condition, results of operations, cash flows and reputation could be harmed. You should also consider these risk factors when you read "forward-looking statements" elsewhere in this report. You can identify forward-looking statements by terms such as "may," "hope," "will," "could," "should," "expect," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue," the negative of those terms or other comparal terms. Those forward-looking statements are only predictions and can be adversely affected if any of these risks occur.

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Risks Related to Our Business

Certain of our subsidiaries filed petitions to resolve asbestos litigation.

The historical business operations of certain subsidiaries of our subsidiary, Coltec Industries Inc (“Coltec”), principally GST LLC and The 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. Those subsidiaries manufactured and/or sold industrial sealing products, predominately gaskets and packing products, which contained encapsulated asbestos fibers. Anchor is an inactive and insolvent indirect subsidiary of Coltec. There is no remaining insurance coverage available to Anchor and it has no assets. Our subsidiaries’ exposure to asbestos litigation and their relationships with insurance carriers has been actively managed through another Coltec subsidiary, Garrison Litigation Management Group, Ltd. (“Garrison,” collectively with GST LLC and Anchor, “GST”). 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 for the Western District of North Carolina in Charlotte (the “Bankruptcy Court”) to address these claims. These subsidiaries have been deconsolidated from our financial statements since the Petition Date. The amount that will be necessary to fully and finally resolve the asbestos liabilities of these companies is uncertain. Several risks and uncertainties result from these filings that could have a material adverse effect on our business, financial condition, results of operations and cash flows. Those risks and uncertainties include the following:

- possible changes in the value of the deconsolidated subsidiaries reflected in our financial statements. Our investment in GST is subject to periodic reviews for impairment. To estimate the fair value, the Company considers many factors and uses both discounted cash flow and market valuation approaches. The asbestos claims value is an important part of the value of that investment. The actual value will be determined in the Chapter 11 process, either through negotiations with claimant representatives or, absent a negotiated resolution, by the Bankruptcy Court after contested proceedings, and accordingly adverse developments with respect to the terms of the resolution of such claims may materially adversely affect the value of our investment in GST;
- the uncertainty of the number and per claim value of pending and potential future asbestos claims. On the Petition Date, according to Garrison, there were more than 90,000 total asbestos claims pending against GST LLC, of which approximately 5,800 were claims alleging the disease mesothelioma. Based on discovery in the Chapter 11 proceedings, GST has learned that more than 1,900 of those claims were not, in fact, pending mesothelioma claims. 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 and 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. An estimation trial for the purpose of estimating the number and value of allowed mesothelioma claims for plan feasibility purposes commenced on July 22, 2013 and concluded on August 22, 2013. GST, on the one hand, and the claimants’ representatives, on the other hand, proposed different approaches to estimating allowed asbestos personal injury claims against GST, and the Bankruptcy Court ruled that each could present its proposed approach. GST offered a merits-based approach that focused on its legal defenses to liability and took account of claimants’ recoveries from other sources, including trusts established in Chapter 11 cases filed by GST’s co-defendants, in estimating potential future recoveries by claimants from GST. The claimants’ representatives offered a settlement-based theory of estimation. On January 10, 2014, Bankruptcy Judge George Hodges announced his estimation decision. 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. 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 increase that $125 million amount. Our recorded asbestos liability as of the Petition Date was $472.1 million. Until the second quarter of 2014, neither we nor GST endeavored to update the estimate since the Petition Date except as necessary to reflect payments of accrued fees and the disposition of cases on appeal. As a result of those necessary updates, the liability estimate as of December 31, 2013 was $466.8 million. On May 29, 2014, GST filed an amended proposed plan of reorganization and a proposed disclosure statement. That 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. The $275 million amount was determined based on an

economic analysis of the feasibility of the proposed plan. The amended plan also provided that GST would pay in full unpaid claims that had been resolved by settlement or verdict prior to the Petition Date. GST estimates its aggregate liability for settled asbestos claims to be no more than $10 million. Given the decision of the Bankruptcy Court in January 2014 with respect to its estimate of GST's liability for present and future mesothelioma claims at $125 million and GST's filing of an amended plan of reorganization setting out its intention to fund a plan with total consideration of $285 million in May 2014, GST at that time believed that its ultimate expenditures to resolve all present and future asbestos claims against it would be no less than the $285 million set out in its proposed plan. Similarly, while GST believed it to be an unlikely worst case scenario, GST believes its ultimate costs to resolve all asbestos claims against it could be no more

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than the total value of GST. As a result, GST believed it appropriate to revise its liability estimate to the low end of the range between those two values and revised its estimate of its ultimate payment to resolve all present and future asbestos claims to $280.5 million. In January 2015, we announced that GST and we had reached agreement with the court-appointed legal representative of future asbestos claimants (the "Future Claimants' Representative") that includes a second amended proposed plan of reorganization. Under the second amended 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. The Future Claimants' Representative has agreed to support, recommend and vote in favor of the second amended plan. If approved by the Bankruptcy Court and implemented, the second amended plan will provide certainty and finality to the expenditures necessary to resolve all current and future asbestos claims against GST. As a result, GST believes the low end of the reasonably possible range of values that will be necessary for it to fund to resolve all present and future claims is $337.5 million. Accordingly, GST revised its estimate of its ultimate asbestos expenditures to $337.5 million. Of GST’s estimate of expenditures of $337.5 million, $77.5 million represents contributions required under the January 2015 second amended plan of reorganization to be made to a settlement facility to be established under the second amended plan over seven years following the consummation of the plan. In addition, the second amended plan of reorganization provides that, during the 40-year period following consummation of the second amended 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 a litigation fund to be established under 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. The maximum aggregate amount of all such contingent supplementary contributions over that period is $132 million. GST’s estimate of its ultimate asbestos expenditures of $337.5 million does not include any amount of these contingent supplementary contributions as GST believes that initial contributions to the litigation fund may likely be sufficient to fund the litigation and, accordingly, that the low end of a range of reasonably possible loss associated with these contingent supplementary contributions is $0;

- the financial viability of our subsidiaries’ insurance carriers and their reinsurance carriers, and our subsidiaries’ ability to collect on claims from them. Agreements with certain of these insurance carriers and the terms of applicable policies define specific annual amounts to be paid or limit the amount that can be recovered in any one year, and accordingly substantial insurance payments for submitted claims have been deferred and are payable in installments through 2018, and an additional $38.0 million of other insurance payments may be payable only upon the conclusion of the bankruptcy process;
- the potential for asbestos exposure to extend beyond the filed entities arising from corporate veil piercing efforts or other claims by asbestos plaintiffs. During the course of the proceedings before the Bankruptcy Court, the claimant representatives have asserted that affiliates of GST, including the Company and Coltec, should be held responsible for the asbestos liabilities of GST 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. Under GST’s second amended plan of reorganization and pursuant to an agreement that we have reached with GST, all claims against affiliates based on GST asbestos claims, including any corporate veil piercing, alter ego or other derivative claims, are settled in exchange for the payment of $30 million by Coltec and other consideration under the plan; and
- the costs of the bankruptcy proceeding and the length of time necessary to resolve the case, either through settlement or various court proceedings. Through December 31, 2015, GST has recorded Chapter 11 case-related fees and expenses totaling $144.1 million. We have recorded an additional $9.0 million in case-related fees and expenses incurred directly by EnPro and Coltec.

For a further discussion of the filings and the asbestos exposure of our subsidiaries, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview and Outlook,” “– Contingencies – Asbestos” and “– Contingencies – Subsidiary Bankruptcy,” and Notes 19 and 20 to our Consolidated Financial Statements, included in this report.

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 or what the final terms of such plan will be at consummation, and the time period for the resolution of the bankruptcy proceedings is not presently determinable.

On January 14, 2015, GST filed a second amended plan of reorganization that provides for (a) the resolution of present and future asbestos claims against GST, and (b) administrative and litigation costs. The 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

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gain the support of the Future Claimants' Representative of the plan. The second amended plan of reorganization provides for the establishment of two facilities-a settlement facility (which would receive contributions of $220 million from GST and $30 million from Coltec upon consummation of the plan and additional contributions from GST aggregating $77.5 million plus interest 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). 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 second amended 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 second amended 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. Under the terms of the plan, EnPro 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.

A hearing is scheduled to be held before the Bankruptcy Court commencing on March 10, 2016 to resolve certain motions for summary judgment filed by GST and the Current Asbestos Claimants' Committee with regard to the second amended plan of reorganization. The motions address (i) whether compliance with Section 524(g) of the Bankruptcy Code, which includes the requirement that a plan of reorganization be approved by a vote of 75 percent of the asbestos claimants, is the exclusive means for the confirmation of a plan of reorganization that resolves current and future asbestos liability claims, (ii) whether the Future Claimants' Representative has the authority to vote on behalf of future asbestos claimants on approval of the second amended plan, and (iii) whether asbestos claims are impaired under the second amended plan. A final determination adverse to GST on the first issue listed above or on both the second and third issues would preclude confirmation of the second amended plan.

The second amended 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. The failure of the plan to be confirmed and/or to be consummated could result in, among other consequences, the pursuit of an alternative form of reorganization or liquidation, which may be less favorable to GST and to us. 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 that have an interest in the bankruptcy proceedings, decisions by the Bankruptcy Court, 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, objections and other challenges to the 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. The process of confirming the plan or an alternative plan of reorganization generally mandates that certain requirements, including with respect to the adequacy of disclosure and solicitation of acceptances, must be met. Under the Bankruptcy Code, to confirm a plan of reorganization, a bankruptcy court must conclude, among other things, that (i) the plan has been proposed in good faith and not by any means forbidden by law; (ii) confirmation of the plan is not likely be followed by a liquidation or need for further financial reorganization, (iii) the value of distributions to non-accepting holders of claims within a particular class under such plan will not be less than the value of distributions such holders would

receive under Chapter 7 liquidation, and (iv) each class of claims that is impaired by the plan has accepted the plan. In addition, even if all classes of impaired claims have not accepted a plan, a bankruptcy court may nevertheless confirm a plan so long as (i) at least one impaired class has accepted such plan and (ii) such plan does not discriminate unfairly and is fair and equitable with respect to each impaired class of claimants that has not accepted such plan.

GST contends that all classes of claims, including asbestos claims, are not impaired under the second amended plan because the plan provides for payment in full of the allowed amounts of all claims and does not otherwise alter the rights of holders of claims. GST further contends that, because the Bankruptcy Code provides that classes of unimpaired claims are deemed to accept a plan, the Bankruptcy Court may confirm the plan without soliciting formal acceptance of classes of creditors, including the class of present asbestos claims. If the Bankruptcy Court disagrees with GST and determines that the class of present asbestos claims is impaired under the second amended plan and if such class does not accept the plan, GST believes that the Bankruptcy Court may nevertheless confirm such plan because the Bankruptcy Court may conclude that the

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support of the Future Claimants' Representative on behalf of the class of future claimants provides an accepting impaired class and the plan does not discriminate unfairly and is fair and equitable to the class of present asbestos claimants. There can be no assurance, however, that the Bankruptcy Court will accept GST's contentions and confirm the second amended plan or that, if the Bankruptcy Court does confirm the plan, that the Bankruptcy Court's order doing so will be upheld on appeal. If the second amended plan is not confirmed and an alternative reorganization plan and/or settlement cannot be agreed upon, the ultimate outcome and the timing of resolution of the case would be highly uncertain. In that circumstance, there remains a possibility that the Bankruptcy Court's liability estimate could be reversed on appeal and subsequently revised, and that GST could eventually be forced to liquidate, although we believe an eventual GST liquidation to be highly unlikely. However, we cannot assure you that GST will not have to liquidate, and that, in the event of reversal on appeal of the liability estimate, GST's assets will be sufficient to satisfy all claims against it, in which case claims that would otherwise have been resolved under GST's second amended plan may be brought against us.

Accordingly, we cannot assure you that GST will be able to obtain necessary Bankruptcy Court approval of the second amended plan or that the plan will be consummated or that the terms and conditions of any reorganization plan that may ultimately be consummated will be similar to the plan. In addition, 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 potential future claimants. In the absence of such a consensual arrangement, the GST asbestos claims resolution process remains uncertain and could take an undetermined time to complete and could materially adversely affect us in other ways.

Even if the second amended proposed plan of reorganization is confirmed, we may be subject to claims that were not settled or discharged in GST's bankruptcy cases, which could have a material adverse effect on our results of operations and profitability.

We expect that substantially any GST asbestos-related claims that arose prior to the Petition Date and that might be asserted against us as an affiliate of GST will be resolved and settled during GST's Chapter 11 proceedings. Pursuant to the second amended plan of reorganization, the provisions of the plan would constitute a good-faith resolution of any such claims by asbestos claimants against GST and against us to the extent arising from GST's products or operations, and the entry of the order confirming the plan will constitute the Bankruptcy Court's approval of such resolution of all such claims. Circumstances in which claims and/or other obligations against us that arose prior to the Petition Date that would otherwise be settled as part of the plan may not be discharged include instances where particular claimants are found to have received inadequate notice of the plan and/or the proposed treatment of asbestos claims embodied therein, where the claim is not derivative of the liability of GST, such as where those claims are against our subsidiaries other than GST based upon allegations of exposure to asbestos contained in their products, or where claimants have made workers' compensation claims based on allegations of exposure to asbestos during the course of their employment. Prior to the Petition Date, several thousand of those claims against Coltec were dismissed without payment. Several thousand others were pending on the Petition Date but were stayed by the Bankruptcy Court during the pendency of GST's bankruptcy proceeding but would not be discharged under the terms of GST LLC's amended plan of reorganization. Coltec has never paid any indemnity dollars to resolve any such claim, but there can be no assurance that it will not be required to pay such a claim in the future.

Our business and some of the markets we serve are cyclical and distressed market conditions could have a material adverse effect on our business.

The markets in which we sell our products, particularly chemical companies, petroleum refineries, heavy-duty trucking, semiconductor manufacturing, capital equipment and the automotive industry, are, to varying degrees, cyclical and have historically experienced periodic downturns. Prior downturns have been characterized by diminished product demand, excess manufacturing capacity and subsequent erosion of average selling prices in these markets resulting in negative effects on our net sales, gross margins and net income. The recent recession affected our results of operations. A prolonged and severe downward cycle in our markets could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We face intense competition that could have a material adverse effect on our business.

We encounter intense competition in almost all areas of our businesses. Customers for many of our products are attempting to reduce the number of vendors from which they purchase in order to reduce inventories. To remain competitive, we need to invest continuously in manufacturing, marketing, customer service and support and our distribution networks. We also need to develop new products to continue to meet the needs and desires of our customers. We may not have sufficient resources to continue to make such investments or maintain our competitive position. Additionally, some of our competitors are larger than we are and have substantially greater financial resources than we do. As a result, they may be better able to withstand the effects of periodic economic downturns. Certain of our products may also experience transformation from unique

branded products to undifferentiated price sensitive products. This product commoditization may be accelerated by low cost foreign competition. Changes in the replacement cycle of certain of our products, including because of improved product quality or improved maintenance, may affect aftermarket demand for such products. Initiatives designed to distinguish our products through superior service, continuous improvement, innovation, customer relationships, technology, new product acquisitions, bundling with key services, long-term contracts or market focus may not be effective. Pricing and other competitive pressures could adversely affect our business, financial condition, results of operations and cash flows.

If we fail to retain the independent agents and distributors upon whom we rely to market our products, we may be unable to effectively market our products and our revenue and profitability may decline.

The marketing success of many of our businesses in the U.S. and abroad depends largely upon our independent agents' and distributors' sales and service expertise and relationships with customers in our markets. Many of these agents have developed strong ties to existing and potential customers because of their detailed knowledge of our products. A loss of a significant number of these agents or distributors, or of a particular agent or distributor in a key market or with key customer relationships, could significantly inhibit our ability to effectively market our products, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Increased costs for raw materials, the termination of existing supply agreements or disruptions of our supply chain could have a material adverse effect on our business.

The prices for some of the raw materials we purchase increased in 2015. While we have been successful in passing along some or all of these higher costs, there can be no assurance we will be able to continue doing so without losing customers. Additionally, our Power Systems segment has entered into long-term contracts to manufacture and sell engines which do not allow for price adjustments to recover additional costs resulting from increases in the costs of materials and components during the contract period, and accordingly material increases in relevant costs could adversely affect the profitability of these long-term contracts and the profits of that segment. Similarly, the loss of a key supplier or the unavailability of a key raw material could adversely affect our business, financial condition, results of operations and cash flows.

Reductions in the U.S. Navy's requirements for engines offered by Fairbanks Morse could materially adversely affect the results of our Power Systems segment and our business with the U.S. Navy and other governmental agencies is subject to government contracting risks.

Sales of new engines for use by the U.S. Navy by our Power Systems segment, which have been a significant component of that segment's revenues, are based on the U.S. Navy's long-term ship-building programs. Although the Power Systems segment has expanded its activities in other markets, including the sale of diesel engine generator sets for emergency back-up power at nuclear power plants in France and the establishment of an exclusive distribution arrangement with a German engine manufacturer in the power generation industry in the U.S., any decline in demand from the U.S. Navy could materially adversely affect the results of our Power Systems segment.

Our business with the U.S. Navy, and other governmental agencies, including sales to prime contractors that supply these agencies, is subject to government contracting risks. U.S. government contracts are subject to termination by the government, either for the convenience of the government or for default as a result of our failure to perform under the applicable contract. If terminated by the government as a result of our default, we could be liable for additional costs the government incurs in acquiring undelivered goods or services from another source and any other damages it suffers. In addition, if we or one of our divisions were charged with wrongdoing with respect to a U.S. government contract, the U.S. government could suspend us from bidding on or receiving awards of new government contracts pending the completion of legal proceedings. If convicted or found liable, the U.S. government could subject us to fines, penalties, repayments and treble and other damages, and/or bar us from bidding on or receiving new awards of U.S. government contracts and void any contracts found to be tainted by fraud. The U.S. government also reserves the right to debar a contractor from receiving new government contracts for fraudulent, criminal or other seriously improper conduct.

We have exposure to some contingent liabilities relating to previously owned businesses, which could have a material adverse effect on our financial condition, results of operations or cash flows in any fiscal period.

We have contingent liabilities related to previously owned businesses of our predecessors, including environmental liabilities and liabilities for certain products and other matters. In some instances we have indemnified others against those liabilities, and in other instances we have received indemnities from third parties against those liabilities. Claims could arise relating to products or other matters related to our discontinued operations. Some of these claims could seek substantial monetary payments. For example, we could potentially be subject to the liabilities related to environmental liabilities associated with the pre-1983 operations of Crucible Steel Corporation a/k/a Crucible, Inc., the

firearms manufactured prior to March 1990 by Colt Firearms, a former operation of Coltec, and electrical transformers manufactured prior to May 1994 by Central Moloney, another former Coltec operation. Coltec has ongoing obligations with regard to workers compensation, retiree medical and other retiree benefit matters associated with discontinued operations in connection with Coltec's periods of ownership of those operations.

We have insurance, reserves, and funds held in trust to address some of these liabilities. However, if our insurance coverage is depleted, our reserves are not adequate, or the funds held in trust are insufficient, environmental and other liabilities relating to discontinued operations could have a material adverse effect on our financial condition, results of operations and cash flows.

We conduct a significant amount of our sales activities outside of the U.S., which subjects us to additional business risks, including foreign exchange risks, that may cause our profitability to decline.

Because we sell our products in a number of foreign countries, we are subject to risks associated with doing business internationally. In 2015, we derived approximately 42% of our net sales from sales of our products outside of the U.S. Our international operations are, and will continue to be, subject to a number of risks, including:

- unfavorable fluctuations in foreign currency exchange rates, including long-term contracts denominated in foreign currencies;
- adverse changes in foreign tax, legal and regulatory requirements;
- difficulty in protecting intellectual property;
- trade protection measures and import or export licensing requirements;
- cultural norms and expectations that may sometimes be inconsistent with our Code of Conduct and our requirements about the manner in which our employees, agents and distributors conduct business;
- differing labor regulations;
- political and economic instability, including instabilities associated with European sovereign debt uncertainties and the future continuity of membership of the European Union; and
- acts of hostility, terror or war.

Any of these factors, individually or together, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our operations outside the United States require us to comply with a number of United States and international regulations. For example, our operations in countries outside the United States are subject to the Foreign Corrupt Practices Act (the "FCPA"), which prohibits United States companies or their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity, or obtain any unfair advantage. Our activities in countries outside the United States create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of the FCPA, even though these parties are not always subject to our control. We have internal control policies and procedures and have implemented training and compliance programs with respect to the FCPA. However, we cannot assure that our policies, procedures and programs always will protect us from reckless or criminal acts committed by our employees or agents. In the event that we believe or have reason to believe that our employees or agents have or may have violated applicable anti-corruption laws, including the FCPA, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances. In addition, we are subject to and must comply with all applicable export controls and economic sanctions laws and embargoes imposed by the United States and other various governments. Changes in export control or trade sanctions laws may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in modifications to compliance programs and increase compliance costs, and violations of these laws or regulations may subject us to fines, penalties and other sanctions, such as loss of authorizations needed to conduct aspects of our international business or debarments from export privileges. Violations of the FCPA or export controls or sanctions laws and regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

We intend to continue to pursue international growth opportunities, which could increase our exposure to risks associated with international sales and operations. As we expand our international operations, we may also encounter

new risks that could adversely affect our revenues and profitability. For example, as we focus on building our international sales and distribution networks in new geographic regions, we must continue to develop relationships with qualified local agents, distributors and

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trading companies. If we are not successful in developing these relationships, we may not be able to increase sales in these regions.

Failure to properly manage these risks could adversely affect our business, financial condition, results of operations and cash flows.

If we are unable to protect our intellectual property rights and knowledge relating to our products, our business and prospects may be negatively impacted.

We believe that proprietary products and technology are important to our success. If we are unable to adequately protect our intellectual property and know-how, our business and prospects could be negatively impacted. Our efforts to protect our intellectual property through patents, trademarks, service marks, domain names, trade secrets, copyrights, confidentiality, non-compete and nondisclosure agreements and other measures may not be adequate to protect our proprietary rights. Patents issued to third parties, whether before or after the issue date of our patents, could render our intellectual property less valuable. Questions as to whether our competitors' products infringe our intellectual property rights or whether our products infringe our competitors' intellectual property rights may be disputed. In addition, intellectual property rights may be unavailable, limited or difficult to enforce in some jurisdictions, which could make it easier for competitors to capture market share in those jurisdictions.

Our competitors may capture market share from us by selling products that claim to mirror the capabilities of our products or technology. Without sufficient protection nationally and internationally for our intellectual property, our competitiveness worldwide could be impaired, which would negatively impact our growth and future revenue. As a result, we may be required to spend significant resources to monitor and police our intellectual property rights.

We have made and expect to continue to make acquisitions, which could involve certain risks and uncertainties.

We expect to continue to make acquisitions in the future. Acquisitions involve numerous inherent challenges, such as properly evaluating acquisition opportunities, properly evaluating risks and other diligence matters, ensuring adequate capital availability and balancing other resource constraints. There are risks and uncertainties related to acquisitions, including: difficulties integrating acquired technology, operations, personnel and financial and other systems; unrealized sales expectations from the acquired business; unrealized synergies and cost savings; unknown or underestimated liabilities; diversion of management attention from running our existing businesses and potential loss of key management employees of the acquired business. In addition, internal controls over financial reporting of acquired companies may not be up to required standards. Our integration activities may place substantial demands on our management, operational resources and financial and internal control systems. Customer dissatisfaction or performance problems with an acquired business, technology, service or product could also have a material adverse effect on our reputation and business.

Our business may be adversely affected by information technology disruptions.

Our business may be impacted by information technology disruptions, including information technology attacks. Cybersecurity attacks, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data (our own or that of third parties). We believe that we have adopted appropriate measures to mitigate potential risks to our systems from information technology-related disruptions. However, given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising of confidential or otherwise protected information, misappropriation, destruction or corruption of data, security breaches, other manipulation or improper use of our systems or networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business could be materially adversely affected by numerous other risks, including rising healthcare costs, changes in environmental laws and other unforeseen business interruptions.

Our business may be negatively impacted by numerous other risks. For example, medical and healthcare costs may continue to increase. Initiatives to address these costs, such as consumer driven health plan packages, may not successfully reduce these expenses as needed. Failure to offer competitive employee benefits may result in our

inability to recruit or maintain key employees. Other risks to our business include potential changes in environmental rules or regulations, which could negatively impact our manufacturing processes. Use of certain chemicals and other substances could become restricted or such changes may otherwise require us to incur additional costs which could reduce our profitability and impair our ability to offer competitively priced products. Additional risks to our business include global or local events which could significantly

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disrupt our operations. Terrorist attacks, natural disasters, political insurgencies, pandemics and electrical grid disruptions and outages are some of the unforeseen risks that could negatively affect our business, financial condition, results of operations and cash flows.

Risks Related to Ownership of Our Common Stock

The market price and trading volume of our common stock may be volatile.

A relatively small number of shares traded in any one day could have a significant effect on the market price of our common stock. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section and elsewhere in this report or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability.

Because our quarterly revenues and operating results may vary significantly in future periods, our stock price may fluctuate.

Our revenue and operating results may vary significantly from quarter to quarter. A high proportion of our costs are fixed, due in part to significant selling and manufacturing costs. Small declines in revenues could disproportionately affect operating results in a quarter and the price of our common stock may fall. We may also incur charges to income to cover increases in the estimate of our subsidiaries' future asbestos liability. Other factors that could affect quarterly operating results include, but are not limited to:

- demand for our products;
- the timing and execution of customer contracts;
- the timing of sales of our products;
- increases in manufacturing costs due to equipment or labor issues;
- changes in foreign currency exchange rates;
- changes in applicable tax rates;
- an impairment in the value of our investment in GST;
- an impairment of goodwill at one of our reporting units;
- unanticipated delays or problems in introducing new products;
- the incurrence of contractual penalties for the late delivery of long lead-time products;
- announcements by competitors of new products, services or technological innovations;
- changes in our pricing policies or the pricing policies of our competitors;
- increased expenses, whether related to sales and marketing, raw materials or supplies, product development or administration;
- major changes in the level of economic activity in major regions of the world in which we do business;
- costs related to possible future acquisitions or divestitures of technologies or businesses;
- an increase in the number or magnitude of product liability or environmental claims;
- our ability to expand our operations and the amount and timing of expenditures related to expansion of our operations, particularly outside the U.S.; and
- economic assumptions and market factors used to determine post-retirement benefits and pension liabilities.

Various provisions and laws could delay or prevent a change of control.

The anti-takeover provisions of our articles of incorporation and bylaws and provisions of North Carolina law could delay or prevent a change of control or may impede the ability of the holders of our common stock to change our management. In particular, our articles of incorporation and bylaws, among other things:

- require a supermajority shareholder vote to approve any business combination transaction with an owner of 5% or more of our shares unless the transaction is recommended by disinterested directors;

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- limit the right of shareholders to remove directors and fill vacancies;
- regulate how shareholders may present proposals or nominate directors for election at shareholders’ meetings; and
- authorize our board of directors to issue preferred stock in one or more series, without shareholder approval.

Future sales of our common stock in the public market could lower the market price for our common stock.

In the future, we may sell additional shares of our common stock to raise capital. In addition, a reasonable number of shares of our common stock are reserved for issuance under our equity compensation plans, including shares to be issued upon the exercise of stock options and vesting of restricted stock or unit grants. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sales of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock.

Risks Related to Our Capital Structure

Our debt agreement and the indenture governing our senior notes impose limitations on our operations, which could impede our ability to respond to market conditions, address unanticipated capital investments and/or pursue business opportunities.

The agreement governing our senior secured revolving credit facility and the indenture governing the senior notes impose limitations on our operations, such as limitations on certain restricted payments, investments, incurrence or repayment of indebtedness, and maintenance of a consolidated net leverage ratio and an interest coverage financial ratio. In addition, the indenture governing our senior notes contains limitations on certain restricted payments, investments and incurrence or repayment of indebtedness. These limitations could impede our ability to respond to market conditions, address unanticipated capital investment needs and/or pursue business opportunities.

We may not have sufficient cash to fund a required repurchase the senior notes upon a change of control.

Upon a change of control, as defined under the indenture governing the senior notes and includes events that may be beyond our control, the holders of the senior notes have the right to require us to offer to purchase all of the senior notes then outstanding at a price equal to 101% of their principal amount plus accrued and unpaid interest. In order to obtain sufficient funds to pay the purchase price of the outstanding notes, we expect that we would have to refinance the senior notes. We cannot assure you that we would be able to refinance the senior notes on reasonable terms, if at all. Our failure to offer to purchase all outstanding notes or to purchase all validly tendered notes would be an event of default under the indenture governing the senior notes. Such an event of default may cause the acceleration of our other debt.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We are headquartered in Charlotte, North Carolina and have 60 primary manufacturing facilities in 14 countries, including the U.S. The following table outlines the location, business segment and size of our largest facilities, along with whether we own or lease each facility:

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Location	Segment	Owned/ Leased	Size (Square Feet)
U.S.			
Palmyra, New York*	Sealing Products	Owned	690,000
Berea, Kentucky	Sealing Products	Owned	240,000
Longview, Texas	Sealing Products	Owned	219,000
Rome, Georgia	Sealing Products	Leased	160,000
Chattanooga, Tennessee	Sealing Products	Owned	117,000
Thorofare, New Jersey	Engineered Products	Owned	171,000
Beloit, Wisconsin	Power Systems	Owned	433,000
Foreign			
San Luis Potosi, Mexico	Sealing Products	Owned	387,250
Mexico City, Mexico*	Sealing Products	Owned	131,000
Neuss, Germany	Sealing Products	Leased	146,000
Saint Etienne, France	Sealing Products	Owned	108,000
Annecy, France	Engineered Products	Owned	196,000
Heilbronn, Germany	Engineered Products	Owned	127,000
Sucany, Slovakia	Engineered Products	Owned	109,000

* These facilities are owned by GST LLC or one of its subsidiaries, which were deconsolidated from our Consolidated Financial Statements on the Petition Date.

Our manufacturing capabilities are flexible and allow us to customize the manufacturing process to increase performance and value for our customers and meet particular specifications. We also maintain numerous sales offices and warehouse facilities in strategic locations in the U.S., Canada and other countries. We believe our facilities and equipment are generally in good condition and are well maintained and able to continue to operate at present levels.

ITEM 3. LEGAL PROCEEDINGS

Descriptions of environmental, asbestos and legal matters are included in Item 7 of this annual report under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingencies” and in Note 20 to our Consolidated Financial Statements, which descriptions are incorporated by reference herein.

On June 5, 2010, 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”) as a result of tens of thousands of pending and expected future asbestos personal injury claims. The status of these proceedings is set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingencies – Subsidiary Bankruptcy – Update,” which is incorporated by reference. Other matters relevant to such proceedings are set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contingencies – Asbestos,” which is incorporated by reference herein. The Company is also subject to certain environmental and other legal matters which are included in Note 20 to the Consolidated Financial Statements in this report, which is incorporated herein by reference.

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

We were not subject to any penalties associated with any failure to disclose “reportable transactions” under Section 6707A of the Internal Revenue Code.

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

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technical review before a panel of experts to determine, among other things, whether there were any defects in the bearings and whether any defect caused the damages claimed by BorgWarner, 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 at Brive-la-Gaillarde rejected BorgWarner's request for "fast track" proceedings. The final report of the expert panel is anticipated to be issued in or around the second quarter of 2016. 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.

AVL

On December 17, 2014, AVL Powertrain Engineering, Inc. filed a lawsuit against Fairbanks Morse alleging damages in connection with a contract between AVL and Fairbanks Morse pursuant to which AVL conducted engine testing services for certain AVL customers at certain of Fairbanks Morse’s facilities in Beloit, Wisconsin. AVL claims that it was unable to conduct its desired level of engine testing and asserts alternative damages theories based on rescission and lost profits. A trial is scheduled to begin on April 25, 2016 in the United States District Court, Western District of Wisconsin. We are vigorously defending these claims and believe that Fairbanks Morse has valid factual and legal defenses to these claims.

Lower Passaic River Study Area of the Diamond Alkali Superfund Site

Based on our prior ownership of Crucible Steel Corporation a/k/a Crucible, Inc. (“Crucible”), we may have contingent liability relating to 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 was completed and submitted to the EPA at the end of April 2015. The RI/FS recommends a targeted dredge and cap remedy with monitored natural recovery and adaptive management for the Lower Passaic River Study Area. The cost of such remedy is estimated to be $726 million. Previously, 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 was 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. Based on our evaluation of the site, during the fourth quarter of 2014 we accrued a liability of $3.5 million related to environmental remediation costs associated with the lower eight miles of the Lower Passaic River Study Area, which is our estimate of the low end of a range of reasonably possible costs, with no estimate within the range being a better estimate than the minimum. Our actual remediation costs could be significantly greater than the $3.5 million we accrued. With respect to the upper nine miles of the Lower Passaic River Study Area, we are unable to estimate a range of reasonably possible costs.

Onondaga Lake Superfund Site

Based on our prior ownership of Crucible, we may have contingent liability relating to 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

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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.

A&B Mines

In addition to the Crucible environmental matters discussed above, Coltec has received a notice from the EPA asserting 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. On October 15, 2015, Coltec received another notice from the EPA asserting that Coltec is a potentially responsible party as the successor to the former operator of six additional uranium mines in Arizona. At this time, we have limited information regarding the sites, including confirmation as to whether a predecessor of Coltec operated mines at all of the sites identified by the EPA, 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, however, during the year ended December 31, 2015, we reserved $1.1 million for the minimum amount of probable loss associated with the matter, including the cost of the investigative work to be conducted at the first two sites identified by the EPA.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning our executive officers is set forth below:

Name	Age	Position
Stephen E. Macadam	55	President, Chief Executive Officer and Director
J. Milton Childress II	58	Senior Vice President and Chief Financial Officer
Kenneth D. Walker	46	Senior Vice President and Chief Operating Officer
Todd L. Anderson	46	President, Stemco
Steven R. Bower	57	Vice President, Controller and Chief Accounting Officer
David S. Burnett	49	Vice President, Treasury and Tax
Jon A. Cox	49	Chief Innovation and Information Officer
William A. Favenesi	52	President, CPI
Gilles Hudon	55	President, Technetics Group
Robert S. McLean	51	General Counsel, Chief Administrative Officer and Secretary
William C. O'Neal	40	Vice President, Strategy and Corporate Development
Marvin A. Riley	41	President, Fairbanks Morse
William L. Sparks	47	Vice President, Talent
Susan E. Sweeney	52	President, GGB
Eric A. Vaillancourt	52	President, Garlock

Stephen E. Macadam has served as our Chief Executive Officer and President and as a director since April 2008. Prior to accepting these positions with EnPro, Mr. Macadam served as Chief Executive Officer of BlueLinx Holdings Inc.

since October 2005. Before joining BlueLinx Holdings Inc., Mr. Macadam was the President and Chief Executive Officer of Consolidated Container Company LLC since August 2001. He served previously with Georgia-Pacific Corp. where he held the position of Executive Vice President, Pulp & Paperboard from July 2000 until August 2001, and the position of Senior Vice

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President, Containerboard & Packaging from March 1998 until July 2000. Mr. Macadam held positions of increasing responsibility with McKinsey and Company, Inc. from 1988 until 1998, culminating in the role of principal in charge of McKinsey's Charlotte, North Carolina operation. Mr. Macadam received a B.S. in mechanical engineering from the University of Kentucky, an M.S. in finance from Boston College and an M.B.A. from Harvard University, where he was a Baker Scholar.

J. Milton Childress II is currently Senior Vice President and Chief Financial Officer and has held this position since March 2015, after having previously served as Vice President, Strategic Planning and Business Development since February 2006. Mr. Childress joined the EnPro corporate staff in December 2005. He was a co-founder of and served from October 2001 through December 2005 as Managing Director of Charlotte-based McGuireWoods Capital Group. Prior to that, Mr. Childress was Senior Vice President, Planning and Development of United Dominion Industries, Inc. from December 1999 until May 2001, having previously served as Vice President. Mr. Childress held a number of positions with Ernst & Young LLP's corporate finance consulting group prior to joining United Dominion in 1992.

Kenneth D. Walker is currently Senior Vice President and Chief Operating Officer and has held this position since November 2014. Mr. Walker served as President, Compressor Products International division, from September 2013 to November 2014 with additional responsibility as President, Engineered Products Segment of EnPro, which included both GGB and Compressor Products International. Before that, Mr. Walker was President, GGB division, after having served as Corporate Vice President, Continuous Improvement for EnPro, 2009 to 2010, Vice President and General Manager of GGB Americas from 2006 through 2009, as Vice President and General Manager of Plastomer Technologies from 2003 through 2006, and as Vice President, Sales and Marketing at Plastomer Technologies from 2001 to 2002. Prior to joining Plastomer Technologies, Mr. Walker worked in a variety of business development and general management roles at G5 Technologies and W. L. Gore & Associates.

Todd L. Anderson is currently President, Stemco division, and has held this position since April 2014, after having previously served as Vice President, Garlock Pipeline Technologies division from August 2011 to April 2014. Mr. Anderson first joined the Stemco division in 1994 and became Stemco's Vice President, Engineering in 1999. He then served as Vice President, Operations from 2004 to 2008 before becoming Vice President and General Manager of Stemco Kaiser in February 2008 until his move to Garlock Pipeline Technologies in August 2011.

Steven R. Bower is currently Vice President, Controller and Chief Accounting Officer and has held this position since joining the Company in October 2014. Immediately prior to joining the Company, Mr. Bower was Corporate Controller of Polymer Group, Inc. (PGI) from July 2014 through October 2014. Prior to joining PGI, Mr. Bower was Vice President, Finance and Accounting and Corporate Secretary for HITCO Carbon Composites, Inc., (a subsidiary of SGL Group), from April 2003 to February 2014. Prior to HITCO, Mr. Bower served at SGL's global headquarters in Germany as Controller - Central Planning and Coordination, from July 2001 to April 2003; and prior to that; as Corporate Controller - North America from August 1996 to June 2001. Prior to his positions with SGL Group, Mr. Bower served Collins & Aikman Corporation and its predecessor companies from November 1989 through August 1996 in accounting, public reporting and investor relations roles. Prior to Collins & Aikman, Mr. Bower was with Price Waterhouse LLP from July 1983 through November 1989, where he departed as an Audit Manager. Mr. Bower is both a Certified Public Accountant and a Certified Management Accountant.

David S. Burnett is currently Vice President, Treasury and Tax, and Treasurer, and has held these positions since February 2012, after having previously served as Director, Tax from July 2010 to February 2012. Prior to joining EnPro, Mr. Burnett was a Director at PricewaterhouseCoopers LLP in Charlotte, North Carolina from November 2004 to July 2010, and from September 2001 to November 2004 in the Washington National Tax Services office in Washington, DC. Prior to PricewaterhouseCoopers LLP, he was a Senior Manager in Grant Thornton LLP's Office of Federal Tax Services in Washington, D.C. Mr. Burnett is both a Certified Public Accountant and a Certified Treasury Professional.

Jon A. Cox is currently Chief Innovation and Information Officer. He was appointed to this position in February 2014. Prior to this, Mr. Cox was Division President of the Stemco division from May 2007. Mr. Cox joined the Stemco division in 1995 as its Vice President of Engineering, was promoted to global Vice President of Engineering of the Garlock division in 1999 and promoted to serve as Vice President and General Manager of Garlock's Klozure business unit in 2004. Prior to joining Stemco, Mr. Cox's career began with Federal-Mogul Corporation where he spent 11 years in increasing roles of responsibility in the engineering group.

William A. Favenesi is currently President, CPI division, and has held this position since November, 2014. Mr. Favenesi served as Vice President of Global Commercial Development at CPI from October 2013 to November 2014 and served as Vice President at Technetics from August 2011 to October 2013. From May 2005 to August 2011, he held positions of increasing responsibility in sales and marketing for Garlock Helicoflex/Garlock HPS (now Technetics Group). Prior to joining

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EnPro, he served in various international sales management roles for The Lee Company and Advanced Products Company. Mr. Favenesi began his career as an officer in the U.S. Air Force where he flew EF-111A/F-111A aircraft.

Gilles Hudon is currently President, Technetics Group division, and has held this position since August 2011. In August 2013, Mr. Hudon accepted additional responsibility as Executive Vice President, EnPro Europe. Mr. Hudon previously served as Vice-President and General Manager of Garlock's High Performance Seals Group from August 2009 to 2011, as Vice-President and General Manager of Garlock Helicoflex from 2007 to 2009, and as Vice-President and General Manager of Garlock Canada from 2005 to 2007. Prior to joining EnPro, Mr. Hudon was President of Uniflex Technologies, a Canadian manufacturing company.

Robert S. McLean is currently Chief Administrative Officer, a position he has held since January 2016, as well as General Counsel and Secretary of EnPro, positions he has held since May 2012. Mr. McLean served as Vice President, Legal and Assistant Secretary from April 2010 to May 2012. Prior to joining EnPro, Mr. McLean was a partner at the Charlotte, North Carolina law firm of Robinson Bradshaw & Hinson P.A., which he joined in 1995, and where he chaired the firm's corporate practice group. Prior to joining Robinson Bradshaw & Hinson, Mr. McLean worked with the Atlanta office of the King & Spalding law firm and the Charlotte office of the Smith, Helms, Mullis & Moore law firm (now part of McGuireWoods, LLP), after which he was the Assistant General Counsel and Secretary of the former Carolina Freight Corporation (now part of Arkansas Best Corporation).

William C. O'Neal is currently Vice President, Strategy and Corporate Development, and has held this position since April 2015, after having previously served as Global Vice President Strategy and Development, Technetics division from October 2014 to March 2015. Mr. O'Neal first joined EnPro in October 2008 as Director, Mergers and Acquisitions. He then served as Vice President, Finance and IT, Technetics division from January 2012 to September 2014.

Marvin A. Riley is currently President, Fairbanks Morse division, and has held this position since May 2012. Prior to that Mr. Riley served as Vice President, Manufacturing, of EnPro since December 2011. Mr. Riley served as Vice President Global Operations, GGB division, from November 2009 until November 2011 and as Vice President Operations Americas, GGB division, from July 2007 until November 2011. Prior to joining EnPro, he was an executive with General Motors Vehicle Manufacturing and held multiple positions of increasing responsibility from 1997 to 2007 within General Motors.

William L. Sparks is currently Vice President, Talent and has held this position since he joined EnPro on March 2, 2015. Mr. Sparks joined EnPro from the McColl School of Business at Queens University of Charlotte, where he served as Professor of Business and Behavioral Sciences from 2000, Associate Dean from 2013 and was also serving as the director of the graduate program in Organization Development and for Leadership Initiatives at the time of his departure. In addition, since 1999, Mr. Sparks served as a principal of Sparks & Associates, LLC, a professional services firm focused on leadership and team development, corporate creativity and innovation and change management. From 2010 to 2015 he also served as a managing partner with Peter C. Browning & Associates, LLC, a consulting firm providing services to corporate boards of directors.

Susan E. Sweeney is currently President, GGB division, and has held this position since September 2013. In 2014, she was conferred an Ed.D degree in Organizational Leadership. Dr. Sweeney served as Vice President of Global Operations GGB from November 2011 to September 2013 and served as Director of Operations, North America GGB from April 2010 to November 2011 Prior to joining EnPro, she held positions of increasing responsibility with General Motors Corp. from 1985 to 2009.

Eric A. Vaillancourt is currently President, Garlock division, and has held this position since November 2014. Mr. Vaillancourt served as President, Garlock Sealing Products from June 2012 to November 2014 and as Vice President,

Sales and Marketing of the Garlock division from 2009 to 2012. Prior to joining EnPro, Mr. Vaillancourt held positions of increasing responsibility with Bluelinx Corporation from 1988 to 2009, culminating in his position as Regional Vice President North-Sales and Distribution. Mr. Vaillancourt completed Harvard Management Program in 2014.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is publicly traded on the New York Stock Exchange ("NYSE") under the symbol "NPO."
As of December 31, 2015, there were 3,269 holders of record of our common stock. The price range of our common stock for each quarter from January 1, 2014 through December 31, 2015, and cash dividends declared on our common stock for these periods is listed below:

	Low Sale Price	High Sale Price	Dividend
Fiscal 2015:			
Fourth Quarter	$38.20	$52.90	$0.20
Third Quarter	38.08	57.84	0.20
Second Quarter	56.87	69.26	0.20
First Quarter	58.99	70.23	0.20
Fiscal 2014:			
Fourth Quarter	$57.15	$67.78	$—
Third Quarter	60.32	75.08	—
Second Quarter	66.59	75.78	—
First Quarter	56.30	80.00	—

For a discussion of the restrictions on payment of dividends on our common stock, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Dividends."
In October 2015, we received requests for the conversion of all of the convertible debentures then outstanding. Under the terms of the convertible debentures, holders of the convertible debentures were entitled to receive upon conversion a cash payment up to the par value of the convertible debentures being converted, plus a number of shares of our common stock determined over a 20-trading-day settlement period. On November 8, 2015 and November 18, 2015 we issued 80 shares and 19,530, respectively, of our common stock in settlement of the conversion of such convertible debentures. The issuance of such shares was exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(9) thereof.
The following table sets forth all purchases made by us or on our behalf or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) under the Exchange Act, of shares of our common stock during each month in the fourth 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 (2)		(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)	
October 1 – October 31, 2015	—		—		—		—	
November 1 – November 30, 2015	25,250	(1)	$49.43	(1)	25,250	(1)	48,752,471	(1)
December 1 – December 31, 2015	87,944	(1)(2)	$46.35	(1)(2)	86,850	(1)	44,724,773	(1)
Total	113,194	(1)(2)	$47.03	(1)(2)	112,100	(1)	44,724,773	(1)

(1) On October 29, 2015, we announced that our Board of Directors had authorized the purchase, from time to time, of up to $50.0 million of our outstanding common stock. Pursuant to this authorization, we purchased 25,250 shares at an average purchase price of $49.43 per share in November 2015 and 86,850 shares at an average purchase price of $47.00 per share in December 2015. The share purchase authorization expires on October 28, 2017.

(2) A total of 1,094 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. 172 of these shares were valued at a price of $45.07, the average of the high and low trading price of our

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common stock on December 14, 2015, and 922 of these shares were valued at a price of $44.31 per share, the average of the high and low trading price of our common stock on December 31, 2015. Accordingly, the total 1,094 shares were valued at a weighted average price of $44.43. We do not consider the transfer of shares from Coltec in this context to be pursuant to a publicly announced plan or program.

CUMULATIVE TOTAL RETURN PERFORMANCE GRAPH

Set forth below is a line graph showing the yearly change in the cumulative total shareholder return for our common stock as compared to similar returns for the Russell 2000® Stock Index and a group of our peers (the "Peer Group") consisting of Actuant Corporation, Barnes Group, Inc., Clarcor, Inc., and Circor International, Inc.

Each of the returns is calculated assuming the investment of $100 in each of the securities on December 31, 2010, and reinvestment of dividends into additional shares of the respective equity securities when paid. The graph plots the respective values beginning on December 31, 2010, and continuing through December 31, 2015. Past performance is not necessarily indicative of future performance.

ITEM 6. SELECTED FINANCIAL DATA

The following historical consolidated financial information as of and for each of the years ended December 31, 2015, 2014, 2013, 2012 and 2011 has been derived from, and should be read together with, our Consolidated Financial Statements and the related notes, for each of those years. The audited Consolidated Financial Statements and related notes as of December 31, 2015 and 2014, and for the years ended December 31, 2015, 2014 and 2013, are included elsewhere in this annual report. The information presented below with respect to the last three completed fiscal years should also be read together with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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	Year Ended December 31,				
	2015 (1)	2014 (1), (3)	2013 (1), (3)	2012 (1), (3)	2011 (2), (3)
	(as adjusted, in millions, except per share data)				
Statement of Operations Data:					
Net sales	$1,204.4	$1,219.3	$1,144.2	$1,184.2	$1,105.5
Net income (loss)	$(20.9)	$22.0	$27.4	$41.0	$44.2
Balance Sheet Data:					
Total assets	$1,503.5	$1,602.7	$1,397.0	$1,357.3	$1,238.5
Long-term debt (including current portion)	$361.0	$321.1	$165.1	$185.3	$150.2
Notes payable to GST	$283.2	$271.0	$259.3	$248.1	$237.4
Per Common Share Data – Basic:					
Net income (loss)	$(0.93)	$0.95	$1.31	$1.99	$2.15
Per Common Share Data – Diluted:					
Net income (loss)	$(0.93)	$0.85	$1.17	$1.90	$2.06

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(1) For a discussion of acquisitions and divestitures in the fiscal years ended December 31, 2015, 2014, 2013 and 2012, see Item 1. Business-Acquisitions and Dispositions.

(2) In August 2011, we acquired certain assets and assumed certain liabilities of PI Bearing Technologies, a privately held manufacturer of bearing blocks and other bearing products used in fluid power applications, and a distributor of high performance plain bearing products used in industrial applications. The business is part of our Engineered Products segment. In July 2011, we acquired Tara Technologies, a privately-held company that offers highly engineered products and solutions to the semiconductor, aerospace, energy and medical markets. The business is part of our Sealing Products segment. In February 2011, we acquired the Mid Western group of companies, a privately-owned business primarily serving the oil and gas drilling, production and processing industries of western Canada. Mid Western services and rebuilds reciprocating compressors, designs and installs lubrication systems, and services and repairs a variety of other equipment used in the oil and gas industry. The business is part of our Engineered Products segment. In February 2011, we acquired the business of PSI, a privately-owned group of companies that manufacture products for the safe flow of fluids through pipeline transmission and distribution systems worldwide. The PSI business primarily serves the global oil and gas industry and water and wastewater infrastructure markets. The business's products include flange sealing and flange isolation products; pipeline casing spacers/isolators; casing end seals; the original Link-Seal® modular sealing system for sealing pipeline penetrations into walls, floors, ceilings and bulkheads; hole forming products; manhole infiltration sealing systems; and safety-related signage for pipelines. The business is part of our Sealing Products Segment. In January 2011, we acquired certain assets and assumed certain liabilities of Rome Tool & Die, Inc., a leading supplier of steel brake shoes to the North American heavy-duty truck market. The business is part of our Sealing Products segment. We paid for the acquisitions completed during 2011 with $228.2 million in cash, which included $99.2 million for the purchase of PSI. Additionally, there were approximately $2.2 million of acquisition-related costs recorded during 2011.

(3) Total assets for the fiscal years ended December 31, 2014, 2013, 2012, and 2011 have been adjusted to reflect the effect of correcting an income tax provision error dating prior to 2011 on deferred income taxes as previously presented for these fiscal years. See Notes to Consolidated Financial Statements, Note 1, "Overview, Significant Accounting Policies, and Recently Issued Accounting Pronouncements" included elsewhere in this report for further information.

ITEM 7. 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 consolidated financial condition and operating results during the periods included in the accompanying audited Consolidated Financial Statements and the related notes. You should read the following discussion in conjunction with our audited Consolidated Financial Statements and the related notes, included elsewhere in this annual report.

Forward-Looking Statements

This report contains certain statements that are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 (the "Act") and releases issued by the Securities and Exchange Commission (the "SEC"). The words "may," "hope," "will," "should," "could," "expect," "plan," "anticipate," "intend," "believe," "estimat "potential," "continue," and other expressions which are predictions of or indicate future events and

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trends and which do not relate to historical matters identify forward-looking statements. We believe that it is important to communicate our future expectations to our shareholders, and we therefore make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control, and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We advise you to read further about certain of these and other risk factors set forth in Item 1A of this annual report, entitled “Risk Factors.” We undertake no obligation to publicly update or revise any forward-looking statement, either as a result of new information, future events or otherwise. 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.

Overview and Outlook

Overview. We design, develop, manufacture, service and market proprietary engineered industrial products. We have 60 primary manufacturing facilities located in 14 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; 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 our subsidiary, Coltec Industries Inc (“Coltec”), principally Garlock Sealing Technologies LLC (“GST LLC”) and The 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.

On June 5, 2010 (the “Petition Date”), GST LLC, Anchor and Garrison Litigation Management Group, Ltd. (“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 collectively as “GST” in this report. The filings were the initial step in a claims

resolution process. GST LLC is one of the businesses in our broader Garlock group. GST LLC and its subsidiaries operate five significant 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 Operations in the "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd." section.

The financial results of GST and subsidiaries are 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 December 31, 2015 and 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 19 to the Consolidated Financial Statements in this Form 10-K 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 second amended plan of reorganization. The Future Claimants' Representative has agreed to support, recommend and vote in favor of the second amended plan. On January 14, 2015, GST filed the second amended 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 second amended 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 second amended 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 second amended 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 second amended 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 second amended 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.

As a result of Coltec's agreement to fund a contribution of $30 million to the settlement facility pursuant to the second amended plan of reorganization, we recorded a $30 million accrual for this liability in our 2014 results.

Through the first quarter of 2015, several initiatives were implemented to remove labor, facility and other costs from CPI's cost structure and a customer-focused organizational realignment was implemented to identify price and volume opportunities to optimize sales and profitability in the weak oil and gas business environment. During the first quarter of 2015 new strategic options and opportunities to improve business performance were analyzed given the continuing weakness in demand. Additional strategic measures were planned to be implemented during the second half of 2015 and the expected benefits of these actions were taken into consideration in assessing the outlook for CPI.
However, as more time passed, the benefits of strategic measures and initiatives being implemented were no longer expected to sufficiently compensate for the financial impacts of the prolonged and significant weakness in the oil and gas markets served by CPI. Taking this into account, the forecasted results for CPI were lowered significantly at the end of May 2015 to such an extent that we thought it likely that the fair value of CPI would be less than its carrying value which

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necessitated an interim impairment test for goodwill. The interim step one analysis we performed, using a combination of discounted cash flow and market value approaches to determine the fair value of CPI consistent with our annual impairment testing, indicated that the fair value of CPI was less than the carrying value of its net assets. The required step two valuation analysis performed as of May 31, 2015 and completed in July 2015 indicated that $46.1 million of the CPI goodwill balance was impaired. Accordingly, CPI goodwill in the amount of $46.1 million was written-off in the second quarter of 2015. The remaining CPI goodwill balance at December 31, 2015 is $4.0 million.

On October 13, 2015, we approved a plan to restructure certain operations of our CPI unit in light of the prolonged and significant weakness in the markets served by CPI, particularly the oil and gas markets. The restructuring plan contemplates the closing or sale of operations at the Fort St. John, Grand Prairie, Lac La Biche and Calgary facilities in western Canada, as well as facilities in Brazil, Colombia, New Smyrna Beach, Florida, Rifle, Colorado and other domestic and international sites. In addition, 17 employees have been terminated at the Edmonton and Medicine Hat facilities in Alberta, Canada.

In 2015 we incurred total expense related to the restructuring plan of $3.8 million, including severance expense of $0.6 million, asset write-downs of $2.7 million, lease run-out costs of $0.1 million, and other associated costs of $0.4 million. These costs were incurred at our Engineered Products segment, and were reflected within other (operating) expense in our Consolidated Statements of Operations aside from inventory-related costs, which were reflected in cost of sales. We expect the balance of the costs, $2.7 million to $4.3 million, to be incurred in 2016.

In addition to the activities noted above, we have progressed with activities of a more limited scope at GGB, also within our Engineered Products segment. Upon completion, we estimate that the the combined impact of these actions will result in annualized cost savings in the segment of approximately $4-5 million.

Of the estimate of total expenses to be incurred in 2016, $2.5 million to $3.3 million are expected to result in future cash expenditures. We expect approximately 50-65% of the estimated expenditures to occur in fiscal year 2016, and the remaining 35-50% to occur over fiscal years 2017 to 2018.

During 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 cumulative loss on the contract of $8.8 million through December 31, 2015. Of this loss, $6.9 million pertains to the unperformed portion of the contract as of December 31, 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.

During 2015, 2014, and 2013, we completed a number of acquisitions and a disposition of a business. Please refer to “Acquisitions and Dispositions” in Item 1 – Business for additional discussion regarding these transactions.

Outlook

Apart from some pockets of market growth, global industrial market conditions remain soft, and the drop in oil prices and the reduced demand in other industrial segments have resulted in lower volumes in several of our businesses. Demand levels in the aerospace, European automotive, and engine parts and service markets remain stable, and semiconductor is showing signs of strengthening. However, softer conditions in many of our other markets and the strong dollar continue to affect our results. Given these ongoing market headwinds, we continue to focus on optimizing our global footprint and reducing costs via other restructuring actions. Despite current challenging market conditions, longer term, we expect continued benefits from our strategic growth initiatives, including product innovation, recent and future strategic acquisitions and continued emphasis on improving operational efficiencies.

Our effective tax rate is directly affected 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 effective tax rate to remain lower than the U.S. statutory rate primarily due to a significant portion of our earnings originating in lower rate foreign jurisdictions. We also benefit from certain tax incentives such as the U.S. deduction for domestic production activities, and credits for research and development. Based on the expected mix of domestic

and foreign earnings in 2016, we anticipate our annual effective tax rate for 2016 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. 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.

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We contributed $48.5 million to our U.S. defined benefit pension plans in 2014. This shift in contribution strategy was based in part on an increase in the PBGC variable-rate premiums, which are assessed on underfunded balances. We also reduced the number of plan participants by offering a lump sum benefit to certain terminated vested participants whose benefits aggregated less than $50,000 determined as of May 1, 2014. These de-risking actions should aid in lowering future net periodic pension cost. We did not make any contributions to our U.S. plans in 2015. We contributed $0.7 million to our foreign pension plans in 2015. 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 2016 will be approximately $7.7 million, which would be $2.6 million more than in 2015. The expected increase in pension expense is primarily due to a decrease in our expected return on plan assets, slightly offset by a higher discount rate used in the actuarial computations. In addition, updates to the actuarially determined mortality tables resulted in higher estimated service cost. 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 acquisitions in 2016; however, the effect of such acquisitions cannot be predicted and therefore is not reflected in this outlook.

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

Results of Operations

The following table does not include results for GST and its subsidiaries. See Note 19 to our Consolidated Financial Statements in this Form 10-K for condensed financial information for GST and subsidiaries.

	Years Ended December 31,		
	2015	2014	2013
	(in millions)		
Sales			
Sealing Products	$705.6	$664.3	$622.9
Engineered Products	297.8	357.6	356.4
Power Systems	204.6	200.1	167.6
	1,208.0	1,222.0	1,146.9
Intersegment sales	(3.6)	(2.7)	(2.7)
Total sales	$1,204.4	$1,219.3	$1,144.2
Segment Profit			
Sealing Products	$84.3	$85.6	$97.1
Engineered Products	6.4	26.8	17.6
Power Systems	27.1	28.5	14.0
Total segment profit	117.8	140.9	128.7
Corporate expenses	(28.2)	(42.9)	(33.3)
Asbestos settlement	—	(30.0)	—
Goodwill and other intangible asset impairment	(47.0)	—	—
Interest expense, net	(52.1)	(44.1)	(44.3)
Other income (expense), net	(9.1)	8.7	(15.3)
Income (loss) before income taxes	$(18.6)	$32.6	$35.8

Segment profit is total segment revenue reduced by operating, 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, asbestos-related expenses, asset impairments, gains/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.

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Other income (expense), net in the table above contains all items included in other (operating) expense and other income (expense), net on our Consolidated Statements of Operations for the years ending December 31, 2015, 2014, and 2013 with the exception of $6.1 million, $2.3 million and $6.7 million, respectively, of restructuring costs. As noted previously, restructuring costs are considered to be a part of segment profit. Additionally, other income (expense), net in the table above for the years ending December 31, 2015, 2014, and 2013 also includes $3.0 million, $3.1 million, and $6.6 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.

2015 Compared to 2014

Sales of $1,204.4 million in 2015 decreased 1.2% from $1,219.3 million in 2014. The following table summarizes the impact of acquisitions and divestitures, foreign currency, and organic growth by segment:

Sales	Percent Change 2015 vs. 2014				
increase/(decrease)	Acquisitions	Divestiture	Foreign Currency	Organic	Total
EnPro Industries, Inc.	8 %	(3)%	(5)%	(1)%	(1)%
Sealing Products	15 %	(5)%	(3)%	(1)%	6 %
Engineered Products	— %	— %	(10)%	(7)%	(17)%
Power Systems	— %	— %	— %	2 %	2 %

Following are key points regarding changes in sales for 2015 compared to 2014:

- Challenging economic headwinds in many markets, particularly oil and gas
- Unfavorable effect of foreign currency in the Sealing and Engineered Products segments
- The acquisitions in 2015 included in the Sealing Products segment

Segment profit, management's primary measure of how our operations perform, decreased 16.4% to $117.8 million in 2015 from $140.9 million in 2014. See below for a discussion of the factors driving the change in segment profit for each of our reportable segments.

Corporate expenses for 2015 decreased by $14.7 million compared to 2014. The decrease was primarily driven by lower salaries and benefits (primarily medical) ($7.1 million) and lower incentive compensation costs due to lower attainment on employee incentive programs ($5.6 million) .

Net interest expense in 2015 was $52.1 million compared to $44.1 million in 2014. The overall increase of $8.0 million due to higher average indebtedness in 2015 vs. 2014, driven mainly by the issuance of our 5.875% senior notes in September 2014 and partially offset by current year settlements of our convertible debentures.

Other income (expense), net in 2015 was $9.1 million of expense compared to $8.7 million of income in 2014. The change was due primarily to the gain on sale of our GRT business unit in 2014 ($27.7 million), and partially offset by lower losses on the convertible debenture exchange and purchase transactions in 2015 ($2.8 million) compared to 2014 ($10.0 million).

Income tax expense in 2015 was $2.3 million, resulting in an annual effective tax rate of negative 12.3%. This is compared to $10.6 million of tax expense in 2014, which resulted in an annual effective tax rate of 32.4%. The volatility in the tax rate is primarily the result of significant unusual items that were recorded during 2015. 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 was recorded as a discrete item in the first quarter of 2015. In the third quarter of 2015, we recorded a tax benefit of $2.4 million related to adjustments of prior accrued taxes, primarily as a result of originally using estimates that were updated in tax returns filed during the period. The largest adjustment in the third quarter, $1.5 million, related to the reversal of a previously recorded state tax liability related to the sale of our Garlock Rubber Technologies business unit. These favorable discrete items were more than offset by our inability to record tax benefits related to the largely

nondeductible discrete goodwill impairment charge. In the second quarter of 2015, we recorded a discrete tax benefit of only $0.8 million on the $46.1 million goodwill impairment. Without these unusual items, our effective tax rate would have been 31.6% in 2015.

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The effective tax rates in 2015 (without the unusual items discussed above) and 2014 are lower than U.S. statutory rates primarily due to the earnings in lower rate foreign jurisdictions where a significant portion of our income is taxed. In addition, we historically have benefited from income tax incentives such as the U.S. deduction for domestic production activities ($1.0 million in 2015 and $1.6 million in 2014) and various credits for research and development ($1.4 million in 2015 and $1.3 million in 2014).

Net loss was $20.9 million, or $0.93 per share, in 2015 compared to net income of $22.0 million, or $0.85 per share, in 2014. Earnings per share are expressed on a diluted basis.

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

Sealing Products. Sales increased 6.2% to $705.6 million in 2015 from $664.3 million in 2014. Excluding the benefit of acquisitions ($99.8 million), offset by the prior year divestiture of GRT ($31.3 million) and unfavorable foreign exchange ($22.6 million), sales were down 0.7% or $4.6 million. Higher revenues from truck parts, aerospace and chemical markets were partially offset by softer conditions in oil & gas, semiconductor, nuclear and general industrial markets.

Segment profit decreased 1.5% to $84.3 million in 2015 from $85.6 million in 2014. Excluding the effect of the prior year GRT divestiture ($5.3 million) and unfavorable foreign exchange ($1.7 million), offset by lower restructuring costs ($2.0 million) and the benefit of acquisitions ($0.9 million), segment profit increased $2.8 million or 3.4%. The increase was due largely to lower operating costs. Operating margins for the segment decreased to 11.9% in 2015 from 12.9% in 2014.

Engineered Products. Sales decreased 16.7% to $297.8 million in 2015 from $357.6 million in 2014. Excluding unfavorable foreign exchange effects ($34.8 million), sales were down 7.0% or $25.0 million. Lower sales of bearings in the U.S. and lower sales of reciprocating compressor parts and related services in Canada, the U.K., Middle East and the U.S. markets more than offset sales increases in other European markets.

Segment profit decreased 76.1% to $6.4 million in 2015 from $26.8 million in 2014. Excluding increased restructuring costs, primarily related to the exit of certain locations at CPI ($6.3 million), and foreign exchange effects ($1.9 million), profit was down 45.9% or $12.3 million. Improved pricing and the favorable impact of cost reduction initiatives were more than offset by the impact of lower sales volumes. Operating margins for the segment decreased to 2.1% in 2015 from 7.5% in 2014.

Power Systems. Sales increased 2.2% to $204.6 million in 2015 from $200.1 million in 2014 primarily due to higher revenues from parts and service ($8.4 million). Engine revenues were $3.9 million lower.

Segment profit decreased 4.9% to $27.1 million in 2015 from $28.5 million in 2014. Segment profits included a foreign exchange related $6.9 million loss provision associated with periods beyond 2015 on a multi-year contract for engines to EDF priced in Euros. Excluding this effect, segment profit increased $5.5 million or 19.3%. The higher margins were primarily due to a more favorable mix of higher-margin engines, pricing, and a higher mix of parts and service revenues which more than offset increased selling, general and administrative expense. Operating margins for the segment decreased to 13.2% in 2015 from 14.2% in 2014.

2014 Compared to 2013

Sales of $1,219.3 million in 2014 increased 6.6% from $1,144.2 million in 2013. The following table summarizes the impact of acquisitions and divestitures, foreign currency, and organic growth by segment:

Sales	Percent Change 2014 vs. 2013									
increase/(decrease)	Acquisitions		Divestiture		Foreign Currency		Organic		Total	
EnPro Industries, Inc.	1	%	—	%	—	%	6	%	7	%
Sealing Products	1	%	—	%	—	%	6	%	7	%
Engineered Products	—	%	—	%	—	%	—	%	—	%
Power Systems	—	%	—	%	—	%	19	%	19	%

Following are key points regarding changes in sales for 2014 compared to 2013:

- Increased organic sales in the Sealing Products and Power Systems segments
- Increased engine sales in the Power Systems segment
- The acquisitions in 2014 included in the Sealing Products segment

Segment profit, management's primary measure of how our operations perform, increased 9.5% to $140.9 million in 2014 from $128.7 million in 2013. Excluding the effect of favorable foreign exchange translation ($0.7 million) and lower

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restructuring costs, offset by the unfavorable effect of acquisitions due mainly to the release of an acquisition earn-out provision in 2013, total segment profit increased 6.7% or $9.0 million. Favorable volume and selected price increases generated $30.8 million. These favorable changes were partially offset by higher selling, general and administrative costs.

Corporate expenses for 2014 increased by $9.6 million compared to 2013. The increase was primarily driven by an increase in employee medical costs ($3.4 million), employee incentive compensation ($3.0 million), information technology costs ($2.1 million) and salaries/severance ($1.5 million).

On January 14, 2015, GST filed a second amended plan of reorganization that established a settlement facility which would receive $220 million from GST and $30 million from our consolidated subsidiary, Coltec, upon consummation of the plan and additional contributions from GST over the next seven years. As a result of Coltec’s agreement to fund a contribution of $30 million to the settlement facility pursuant to the second amended plan of reorganization, we recorded a $30 million charge to establish this liability in our 2014 results.

Net interest expense in 2014 was $44.1 million compared to $44.3 million in 2013. The overall decrease of $0.2 million was due to a reduction in the aggregate principal of convertible debentures outstanding following the privately negotiated exchange transactions completed in March 2014 and June 2014 and tender offer completed in September 2014 ($6.4 million) and lower interest due to lower borrowings against the senior secured revolving credit facility ($0.6 million) partially offset by interest on our 5.875% senior notes ($5.3 million) and increases in interest on the note payable to GST because of capitalized payment-in-kind interest ($1.3 million).

Other income (expense), net in 2014 was $8.7 million of income compared to $15.3 million of expense in 2013. The change was due primarily to the gain on sale of our GRT business unit in 2014 ($27.7 million), decreased legal and other fees as activity related to GST's asbestos claims resolution process slowed ($3.1 million), and lower additions to environmental reserves ($1.8 million), partially offset by losses on the convertible debenture exchange and tender offer transactions in 2014 ($10.0 million).

Income tax expense in 2014 was $10.6 million, resulting in an annual effective tax rate of 32.4%. This is compared to $8.4 million of tax expense in 2013, which resulted in an annual effective tax rate of 23.4%. The effective tax rate in 2013 reflected a discrete benefit related to the January 2013 passage of the American Taxpayer Relief Act of 2012, which retroactively extended previously expired tax provisions. As a result, the entire 2012 benefit of these expired provisions was recorded in January 2013 ($1.6 million). The effective tax rate in 2014 is lower than U.S. statutory rates primarily due to the earnings in lower rate foreign jurisdictions where a significant portion of our income is taxed. In addition, we historically have benefited from income tax incentives such as the U.S. deduction for domestic production activities ($1.6 million) and various credits for research and development ($1.3 million).

Net income was $22.0 million, or $0.85 per share, in 2014 compared to $27.4 million, or $1.17 per share, in 2013. Earnings per share are expressed on a diluted basis.

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

Sealing Products. Sales increased 6.6% to $664.3 million in 2014 from $622.9 million in 2013. Excluding the benefit of acquisitions ($4.8 million) and favorable foreign exchange ($1.2 million), sales were up 5.7% or $35.4 million. Higher demand in the North American heavy-duty truck market, semiconductor and aerospace markets, and the segment's China markets more than offset lower demand in oil and gas markets.

Segment profit decreased 11.8% to $85.6 million in 2014 from $97.1 million in 2013. Excluding the unfavorable effect of acquisitions ($1.9 million) due mainly to the release of the acquisition earn-out provision in 2013 and the effect of increased restructuring costs ($1.5 million), offset by the favorable effect of foreign exchange ($0.3 million), segment profit decreased $8.4 million, or 8.7%. Segment profits and profit margins declined due to costs associated with the investment in establishing Stemco's centralized distribution center ($4.8 million), increases to bad debt and inventory reserves, headcount and wage increases, and the impact of a 2013 research and development subsidy. Operating margins for the segment decreased to 12.9% in 2014 from 15.6% in 2013.

Engineered Products. Sales increased 0.3% to $357.6 million in 2014 from $356.4 million in 2013. Excluding unfavorable foreign exchange effects ($0.7 million), sales were up 0.5% or $1.9 million. Better pricing and stronger demand in the global automotive market, industrial markets in Europe, and in the European and Latin American renewable energy markets were mostly offset partially by weakness in the North American natural gas market.

Segment profit increased 52.3% to $26.8 million in 2014 from $17.6 million in 2013. Excluding the effects decreased restructuring costs ($3.8 million) and favorable foreign exchange ($0.4 million), profit was up 23.5% or $5.0 million. Profits and profit margin increased due to improved pricing, lower raw materials costs, and operational improvements. These benefits

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were partially offset by higher administrative costs and the impact of lower research and development subsidies. Operating margins for the segment increased to 7.5% in 2014 from 4.9% in 2013.

Power Systems. Sales increased 19.4% to $200.1 million in 2014 from $167.6 million in 2013 from increased engine sales ($16.3 million) primarily due to the shipment of three engines in 2014 recognized under the completed contract method and higher parts and service revenue ($16.2 million).

Segment profit increased 103.6% to $28.5 million in 2014 from $14.0 million in 2013. Excluding the effect of lower restructuring costs ($2.1 million), segment profit increased $12.4 million, or 77.0%. The increase in segment profit was primarily due to the shipment of three engines in 2014 recognized under the completed contract method, higher parts and service volumes ($6.7 million), lower procurement and production costs, lower warranty expense, and the impact of an early retirement program expense in 2013, partially offset by increased research and development spending and increased information technology costs. Operating margins for the segment increased to 14.2% in 2014 from 8.4% in 2013.

Restructuring and Other Costs

We incurred $6.6 million, $2.3 million and $6.7 million of restructuring costs during the years ended December 31, 2015, 2014 and 2013, respectively.

During 2015, we conducted a number of restructuring activities throughout our operations, the most significant of which was at our CPI business. Workforce reductions announced as a result of our 2015 restructuring activities totaled 139 salaried administrative and hourly manufacturing positions, most of which had been terminated by December 31, 2015. Please see the Overview and Outlook section of Management's Discussion and Analysis and Note 3 to our Consolidated Financial Statements for further information.

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, revolver borrowings and cash generated from operations. We are proactively pursuing acquisition opportunities. It is possible our cash requirements for one or more of these acquisition opportunities could exceed our cash balance at the time of closing. Should we need additional capital, we have other resources available, which are discussed in this section under the heading of “Capital Resources.”

As of December 31, 2015, we held $0.7 million of cash and cash equivalents in the United States and $102.7 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 without significant tax effects, 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, as discussed in Note 4 to our Consolidated Financial Statements, our intent is to permanently reinvest these funds outside the U.S. and our current plans do not demonstrate a need to repatriate cash to fund our U.S. operations.

Cash Flows

Operating activities provided cash in the amount of $86.5 million, $32.2 million and $69.9 million in 2015, 2014 and 2013, respectively. The increase in operating cash flows in 2015 versus 2014 was primarily attributable to lower pension contributions ($48.3 million), lower income taxes paid ($29.9 million), and lower segment working capital requirements ($11.7 million) offset partially by decreased segment earnings ($23.1 million) and higher interest payments ($13.5 million). The decrease in operating cash flows in 2014 versus 2013 was primarily attributable to increased pension contributions ($26.1 million) and higher income taxes paid ($30.7 million) partially offset by increased segment earnings ($12.2 million), lower interest payments ($2.2 million), and lower working capital requirements ($2.7 million).

We used $86.5 million, $74.7 million, and $41.5 million of cash in 2015, 2014 and 2013, respectively, for investing activities. In 2015, we used $45.5 million, net of cash acquired to fund acquisitions, compared to $61.9 million, net of cash acquired in 2014. Refer to “Acquisitions and Dispositions” in Part I, Item 1 – “Business” for additional discussion regarding these transactions. In 2015, we spent $41.4 million on capital expenditures. In 2014, we used $52.3 million primarily to fund capital expenditures and enterprise resource and planning system implementations and received $39.3 million of proceeds from the sale of GRT in 2014. In 2013, we spent $39.9 million on capital expenditures and $2.0 million on the acquisition of certain assets and assumption of certain liabilities of a small distributor of industrial

seals.

Financing activities used $85.2 million in cash in 2015, primarily for share repurchases of $85.3 million, repurchase and repayment of our convertible debentures maturing in October 2015 ($47.1 million), and dividends ($18.0 million). These

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payments were offset primarily by net borrowings on our revolving credit facility of $62.2 million. Financing activities provided $177.0 million in 2014 primarily from proceeds on newly issued senior notes of $297.6 million, after giving effect to cash paid of $105.6 million in a cash tender offer to purchase convertible debentures and payment of the balance outstanding under our senior secured revolving credit facility of $7.6 million. Financing activities used $19.5 million in 2013 and included net payments on the senior secured revolving credit facility of $27.7 million.

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”). At December 31, 2015, borrowings under the Revolving Credit Facility bore interest at an annual rate of LIBOR plus 2.00% or base rate plus 1.00%, although the interest rates under the Revolving Credit Facility are subject to incremental increases and decreases 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 0.25%, which rate is also subject to incremental increases and decreases based on a consolidated total leverage ratio.

The Credit Facility Amendment contains certain financial covenants and required financial ratios, including:

- a maximum consolidated total net leverage ratio of not more than 4.0 to 1.0 (with total debt, for the purposes of such ratio, to exclude the intercompany notes payable to GST LLC and to be net of up to $75 million of unrestricted cash of EnPro Industries, Inc. and its domestic, consolidated subsidiaries); and
- a minimum consolidated interest coverage ratio of at least 2.5 to 1.0.

The Credit Facility Amendment contains affirmative and negative covenants (subject, in each case, to customary exceptions and qualifications), including covenants that limit our ability to, among other things:

- grant liens on our assets;
- incur additional indebtedness (including guarantees and other contingent obligations);
- make certain investments (including loans and advances);
- merge or make other fundamental changes;
- sell or otherwise dispose of property or assets;
- pay dividends and other distributions and prepay certain indebtedness;
- make changes in the nature of our business;
- enter into transactions with our affiliates;
- enter into burdensome contracts;
- make certain capital expenditures; and
- modify or terminate documents related to certain indebtedness

We were in compliance with all covenants of the Credit Facility Amendment as of December 31, 2015.

The borrowing availability under our Revolving Credit Facility at December 31, 2015 was $228.4 million after giving consideration to $9.4 million of outstanding letters of credit and $62.2 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 bore interest at the annual rate of 3.9375% with interest due on April 15 and October 15 of each year until maturity on October 15, 2015.

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 income (expense) in the accompanying Consolidated Statement of Operations.

In the fourth quarter of 2015, we received conversion requests representing all $2.2 million of the convertible debentures outstanding. Under the terms of the Debentures, each holder received a cash payment up to the par value of the convertible debentures being converted, plus a number of shares of our common stock, determined over a twenty (20) trading day settlement period. Accordingly, the holders received in November 2015 approximately $2.2 million

in cash plus 19,610 shares of our common stock.

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Senior Notes. In September 2014, we issued $300 million aggregate principal amount of our senior notes. A portion of the net proceeds of the offering of the senior notes was used to repay outstanding borrowings under the revolving credit facility, including borrowings made to fund the purchase of the convertible debentures in 2014.
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.
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, to, but not including, the redemption date. 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, to, but not including, the redemption date, 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.
Related Party Notes. Effective as of January 1, 2010, Coltec entered into a $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 ("Stemco")entered into a $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 expired 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. If GST LLC is unable to pay ordinary course operating expenses, under certain conditions, GST LLC can require Coltec and Stemco to pay in cash the accrued PIK interest necessary to meet such ordinary course operating expenses, subject to a cap of 1% of the principal balance of each of the Notes Payable to GST in any calendar month and 4.5% of the principal balance of each of the Notes Payable to GST in any year. The interest due under the Notes Payable to GST may be satisfied through offsets of amounts due under intercompany services agreements pursuant to which the Company provides certain corporate services, makes available access to group insurance coverage to GST, makes advances to third party providers related to payroll and certain benefit plans sponsored by GST, and permits employees of GST to participate in certain of the Company's benefit plans. In 2015, 2014, and 2013, PIK interest of $12.2 million, $11.7 million, and $11.2 million, respectively, was added to the principal balance of the Notes Payable to GST, resulting in a total balance of $283.2 million at December 31, 2015.
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 the Company's senior secured revolving credit facility.
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 pending and future asbestos claims through court approval of a plan of reorganization that will establish a facility to resolve and pay all GST asbestos claims. GST is

seeking an order confirming a plan of reorganization that provides for the establishment of such a facility and repayment of creditors in full, and a confirmation hearing is scheduled for August 2016. GST's plan is supported by the court-appointed representative of future asbestos claimants but opposed by the official committee representing current asbestos claimants.

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 our 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 19 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 December 31, 2015, this amount was $100.6 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 Notes 19 and 20 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.

Dividends

On January 13, 2015, our Board of Directors adopted a policy under which it intends to declare regular quarterly cash dividends on EnPro's common stock, with the determination of whether to declare a dividend and the amount being considered each quarter, after taking into account our cash flow, earnings, cash position, financial position and other relevant matters. In 2015, the Board declared a dividend of $0.20 per share in each quarter. Each of the agreement

governing the Revolving Credit Facility and the indenture governing the senior notes includes covenants restricting the payment of dividends, but includes a basket permitting the payment of cash dividends of up to $30.0 million per year. Other baskets may be available under that the agreement governing the Revolving Credit Facility and the indenture governing the senior notes to permit the payment of dividends in excess of $30.0 million per year.

Critical Accounting Policies and Estimates

The preparation of our Consolidated Financial Statements, in accordance with accounting principles generally accepted in the United States, requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues

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and expenses, and related disclosures pertaining to contingent assets and liabilities. Note 1, “Overview, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Guidance,” to the Consolidated Financial Statements describes the significant accounting policies used to prepare the Consolidated Financial Statements. On an ongoing basis we evaluate our estimates, including, but not limited to, those related to bad debts, inventories, intangible assets, income taxes, warranty obligations, restructuring, pensions and other postretirement benefits, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Actual results may differ from our estimates.

We believe the following accounting policies and estimates are the most critical. Some of them involve significant judgments and uncertainties and could potentially result in materially different results under different assumptions and conditions.

Revenue Recognition

For the Sealing Products and Engineered Products segments, revenue is recognized at the time title and risk of product ownership is transferred or when services are rendered, and shipping costs billed to customers are recognized as revenue and expensed in cost of goods sold since they are fixed and determinable and collection is reasonably assured.

We generally use the percentage-of-completion (“POC”) accounting method to account for our long-term contracts associated with the design, development, manufacture, or modification of complex engines under fixed price or cost plus contracts. During the third quarter of 2011, the Power Systems segment began using POC for prospective engine contracts. We made this change because, as a result of enhancements to our financial management and reporting systems, we are able to reasonably estimate the revenue, costs, and progress towards completion of engine builds. If we are not able to meet those conditions for a particular engine contract, we recognize revenues using the completed-contract method. Additionally, engines that were in production at June 30, 2011 will continue to use the completed-contract method.

Under POC, revenue is recognized based on the extent of progress towards completion of the long-term contract. We generally use the cost-to-cost measure for our long-term contracts unless we believe another method more clearly measures progress towards completion of the contract. Under the cost-to-cost measure, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the contract. Contract costs include labor, material and subcontracting costs, as well as an allocation of indirect costs. Revenues, including estimated fees or profits, are recorded as costs are incurred.

Due to the nature of the work required to be performed on many of our contracts, the estimation of total revenue and cost at completion is complex and subject to many variables. Management must make assumptions and estimates regarding labor productivity, the complexity of the work to be performed, the availability of materials, the length of time to complete the contract (to estimate increases in wages and prices for materials and related support cost allocations), performance by our subcontractors and overhead cost rates, among other variables. Based on our analysis, any quarterly adjustments to net sales, cost of sales, and the related impact to operating income are recorded as necessary in the period they become known. These adjustments may result in an increase or a decrease in operating income. Changes in estimates of net sales, cost of sales, and the related impact to operating income are recognized quarterly on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of the changes on current and prior periods based on a contract's percentage of completion. A significant change in one or more of these estimates could affect the profitability of one or more of our contracts. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recorded in the period the loss is determined.

Pensions and Postretirement Benefits

We and certain of our subsidiaries sponsor domestic and foreign defined benefit pension and other postretirement plans. Major assumptions used in the accounting for these employee benefit plans include the discount rate, expected return on plan assets, rate of increase in employee compensation levels and assumed health care cost trend rates. Assumptions are determined based on data available to us and appropriate market indicators, and are evaluated each year as of the plans’ measurement date. A change in any of these assumptions could have a material effect on net periodic pension and postretirement benefit costs reported in the Consolidated Statements of Operations, as well as amounts recognized in the Consolidated Balance Sheets. See Note 14 to the Consolidated Financial Statements for a

discussion of pension and postretirement benefits.

Income Taxes

We use the asset and liability method of accounting for income taxes. Temporary differences arising between the tax basis of an asset or liability and its carrying amount on the Consolidated Balance Sheet are used to calculate future income tax assets or liabilities. This method also requires the recognition of deferred tax benefits, such as net operating loss carryforwards. A

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valuation allowance is recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income (losses) in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A tax benefit from an uncertain tax position is recognized only if we believe it is more likely than not that the position will be sustained on its technical merits. If the recognition threshold for the tax position is met, only the portion of the tax benefit that we believe is greater than 50 percent likely to be realized is recorded. See Note 4 to the Consolidated Financial Statements for a discussion of income taxes.

Goodwill and Other Intangible Assets

We do not amortize goodwill, but instead it is subject to annual impairment testing. The goodwill asset impairment test involves comparing the fair value of a reporting unit to its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, a second step of comparing the implied fair value of the reporting unit's goodwill to the carrying amount of that goodwill is required to measure the potential goodwill impairment loss.

To estimate the fair value of our reporting units, we use both discounted cash flow and market valuation approaches. The discounted cash flow approach uses cash flow projections to calculate the fair value of each reporting unit while the market approach relies on market multiples of similar companies. There are inherent assumptions and estimates used in developing future cash flows which require management to apply judgment to the analysis of intangible asset impairment, including projecting revenues, interest rates, our weighted average cost of capital, royalty rates and tax rates. For the market approach, we chose a group of 15 companies we believe are representative of our diversified industrial peers. We used a 70% weighting for the discounted cash flow valuation approach and a 30% weighting for the market valuation approach, reflecting our belief that the discounted cash flow valuation approach provides a better indicator of value since it reflects the specific cash flows anticipated to be generated in the future by the business. Many of the factors used in assessing fair value are outside the control of management, and it is reasonably likely that assumptions and estimates will change in future periods. These changes could result in future impairments. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview and Outlook" as well as Notes 1 and 9 to the Consolidated Financial Statements.

Investment in GST

Our investment in GST is subject to periodic reviews for impairment. To estimate the fair value, we consider many factors and use both discounted cash flow and market valuation approaches. In the discounted cash flow approach, we use cash flow projections to calculate the fair value of GST. The key assumptions used for the discounted cash flow approach include expected cash flows based on internal business plans, historical and projected growth rates, discount rates, estimated asbestos claim values and insurance collection projections. The asbestos claims value will be determined in the claims resolution process, either through negotiations with claimant representatives or, absent a negotiated resolution, by the Bankruptcy Court after contested proceedings. Our estimates are based upon assumptions we believe to be reasonable, but which by their nature are uncertain and unpredictable. For the market approach, we use recent acquisition multiples for businesses of similar size to GST. We use a 70% weighting for the discounted cash flow valuation approach and a 30% weighting for the market valuation approach, reflecting our belief that the discounted cash flow valuation approach provides the best indication of value since it reflects the specific cash flows anticipated to be generated in the future by GST.

Contingencies

General

A detailed description of certain 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. Expense 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.

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Although we believe past operations were in substantial compliance with the then applicable regulations, we or one or more of our subsidiaries is involved with various remediation activities at 14 sites where the future cost per site for us or our subsidiary is expected to exceed $100 thousand. Investigations have been completed for 10 sites and are in progress at the other 4 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.

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. This amount is included in other income (expense) on the accompanying Consolidated Statements of Operations. 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 valued them at $750,000 for our internal purposes in 2013. 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 14 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 was completed and submitted to the EPA at the end of April 2015. The RI/FS recommends a targeted dredge and cap remedy with monitored natural recovery and adaptive management for the Lower Passaic River Study Area. The cost of such remedy is estimated to be $726 million. Previously, 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 was 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. Based on our evaluation of the site, during the fourth quarter of 2014 we accrued a liability of $3.5 million related to environmental remediation costs associated with the lower eight miles of the Lower Passaic River Study Area, which is our estimate of the low end of a range of reasonably possible costs, with no estimate within the range being a better estimate than the minimum. Our actual remediation costs could be significantly greater than the $3.5 million we accrued. With respect to the upper nine miles of the Lower Passaic River Study Area, we are unable to estimate a range of reasonably possible costs.

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.

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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.

In addition to the Crucible environmental matters discussed above, Coltec has received a notice from the EPA asserting 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. On October 15, 2015, Coltec received another notice from the EPA asserting that Coltec is a potentially responsible party as the successor to the former operator of six additional uranium mines in Arizona. At this time, we have limited information regarding the sites, including confirmation as to whether a predecessor of Coltec operated mines at all of the sites identified by the EPA, 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, however, during the year ended December 31, 2015, we reserved $1.1 million for the minimum amount of probable loss associated with the matter, including the cost of the investigative work to be conducted at the first two sites identified by the EPA.

As of December 31, 2015 and 2014, we had accrued liabilities of $16.8 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 14 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 20 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.

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 the Company’s 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.

In conjunction with the closure of a Crucible plant in the early 1980s, Coltec was required to fund two trusts for retiree medical benefits for union employees at the plant. The first trust (the “First Benefits Trust”) pays for these retiree medical benefits on an ongoing basis. Coltec has no ownership interest in the First Benefits Trust, and thus the assets and liabilities of this First Benefits Trust are not included in our Consolidated Balance Sheets.

Because of the possibility there could be insufficient funds in the First Benefits Trust, Coltec was previously required to establish and make a contribution to a second trust (the “Back-Up Trust”). Under the terms of the First Benefits Trust agreement, the trustees retained an actuary to assess the adequacy of the assets in the Benefits Trust in 1995, 2005 and finally in 2015 and, if the actuary determined that the Benefits Trust assets were not adequate to fund the payment of future medical benefits, the Back-Up Trust would be required to contribute additional amounts to the Benefits Trust. All three reports detailed that there were adequate assets in the First Benefits Trust to fund the payment of future

benefits, and as a result, the assets in the Back-up Trust reverted to Coltec in 2015. The assets of the First Benefits Trust will not revert to Coltec.

In the third quarter of 2015, we recorded income in connection with a reassessment of the potential liability related to the above-described retiree medical benefits based on the actuarial determination that there is no longer potential liability for any shortfalls in the First Benefits Trust, and, accordingly, we reduced the potential liability by $2.9 million. The effect of this adjustment is reflected in other income (expense) on the accompanying Consolidated Statements of Operations.

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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 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. 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 20 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 and whether any defect caused the damages claimed by BorgWarner, 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 at Brive-la-Gaillarde rejected BorgWarner's request for "fast track" proceedings. The final report of the expert panel is anticipated to be issued in or around the second quarter of 2016. 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.

AVL

On December 17, 2014, AVL Powertrain Engineering, Inc. filed a lawsuit against Fairbanks Morse alleging damages in connection with a contract between AVL and Fairbanks Morse pursuant to which AVL conducted engine testing services for certain AVL customers at certain of Fairbanks Morse's facilities in Beloit, Wisconsin. AVL claims that it was unable to conduct its desired level of engine testing and asserts alternative damages theories based on rescission and lost profits. A trial is scheduled to begin on April 25, 2016 in the United States District Court, Western District of Wisconsin. We are vigorously defending these claims and believe that Fairbanks Morse has valid factual and legal defenses 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 facility to resolve and pay all asbestos claims.

In November 2011, GST filed an initial proposed plan of reorganization with the Bankruptcy Court. GST's initial 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 (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

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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 had been in the Chapter 11 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 Current Asbestos Claimants' Committee 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.
In May 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. The second amended 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 second amended 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 second amended plan, which provides payments to all claimants who have a compensable disease and had meaningful contact with GST asbestos containing products. GST believes that the second amended plan is sufficient to pay all valid claims in full.
The second amended 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 second amended 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 second amended 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 scheduled $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

second amended plan are described below in "-Contingencies - Asbestos -GST's Second Amended Proposed Plan of Reorganization."

The second amended 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.

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.

The Current Asbestos Claimants' Committee and their law firms continue to oppose the second amended 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 had to 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, 2014, or be subject to being forever barred, and claimants were required to submit ballots voting on the approval of the second amended plan by October 6, 2015. In addition, proofs of claim for claims arising after August 1, 2014 were permitted to be filed at the claimant's option. Proofs of claim for approximately 180,000 claims were filed by that date, including approximately 10,000 claims alleging mesothelioma. GST believes a large majority of the claims are without merit because GST believes that such claimants will not be able to demonstrate exposure to GST's products or any compensable disease. In addition, based on its preliminary analysis, GST believes that a significant number of the claims were resolved and paid by GST prior to the Petition Date, had been dismissed with prejudice prior to the Petition Date or are time-barred under applicable statutes of limitations, and are therefore invalid. Current claimants or their representatives who filed ballots by the October 6, 2015 voting deadline overwhelmingly voted against approval of the plan; the future claims representative voted in favor of approval of the plan. The Bankruptcy Court has scheduled the hearing on confirmation of the second amended plan of reorganization to commence on August 15, 2016.

A hearing is scheduled to be held before the Bankruptcy Court commencing on March 10, 2016 to resolve certain motions for summary judgment filed by GST and the Current Asbestos Claimants' Committee with regard to the second amended plan of reorganization. The motions address (i) whether compliance with Section 524(g) of the Bankruptcy Code, which includes the requirement that a plan of reorganization be approved by a vote of 75 percent of the asbestos claimants, is the exclusive means for the confirmation of a plan of reorganization that resolves current and future asbestos liability claims, (ii) whether the Future Claimants' Representative has the authority to vote on behalf of future asbestos claimants on approval of the second amended plan, and (iii) whether asbestos claims are impaired under the second amended plan. A final determination adverse to GST on the first issue listed above or on both the second and third issues would preclude confirmation of the second amended plan. A final determination favorable to GST on these issues would clear this interim obstacle to potential confirmation of the second amended plan following the hearing on the plan scheduled for August 15, 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, decisions of the Bankruptcy Court, 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

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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 second amended plan of reorganization, GST continues to seek a consensual resolution that will also be acceptable to representatives of current asbestos claimants. In January 2016, GST was invited to participate in ongoing negotiations with the Future Claimants’ Representative and the Current Asbestos Claimants’ Committee to resolve the terms of claims resolution procedures that would be an integral part of any potential consensual settlement with both the Future Claimants’ Representative and the Current Asbestos Claimants’ Committee. To permit the parties to continue to focus on negotiation of a potential consensual settlement, GST, the Future Claimants’ Representative and the Current Asbestos Claimants’ Committee agreed to postpone to March 10, 2016 the hearing originally scheduled to be held on January 6, 2016 and re-scheduled to March 1, 2016. There can be no assurance that the current or any future negotiations will result in a settlement among GST and both the Future Claimants’ Representative and the Current Asbestos Claimant’ Committee. GST recognizes that an agreed settlement with all claimants representatives would provide a 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. However, GST believes that its current course, pursuant to its second amended plan, can also result in a successful reorganization, without support of the Current Asbestos Claimants' Committee and despite the opposition of the current asbestos claimants demonstrated overwhelmingly in the balloting on the plan.

From the Petition Date through December 31, 2015, GST has recorded Chapter 11 case-related fees and expenses totaling $144.1 million. The total includes $74.6 million for fees and expenses of GST’s counsel and experts; $56.4 million for fees and expenses of counsel and experts for the Current Asbestos Claimants Committee, and $13.1 million for the fees and expenses of the Future Claimants' Representative and his counsel and experts. GST recorded $25.6 million for those case related fees and expenses in 2015 compared to $16.5 million in 2014 and $44.6 million in 2013. EnPro has recorded an additional $9.0 million of expenses related to these Chapter 11 proceedings from the Petition Date, $1.8 million of which was recorded in 2015. The increase in case-related fees and expenses in 2015 is attributable to the court-approved notification program for GST's second amended plan of reorganization and to substantial fees and expenses of lawyers and experts incurred in connection with the preparation for the reorganization plan confirmation hearing scheduled for August 15, 2016.

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 19 and 20 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

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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 believed that as billions of dollars of 524(g) trust assets became available to claimants, defendants in the state court tort system would 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.

Subsidiary Chapter 11 Filing and Its Effect. 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 a 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. One 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 either 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.

Claims Filed in GST Chapter 11. Proofs of claim involving approximately 180,000 claims were filed on or prior to October 6, 2015, the Claims Bar Date, in the GST Chapter 11 proceeding. All other potential 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, 2014, are subject to being forever barred by order of the Bankruptcy Court. Many of the more than 90,000 pre-petition claims are likely among the approximately 180,000 claims filed in the Chapter 11 case. Approximately 10,000 of the claims filed in the Chapter 11 case allege mesothelioma, many of the pre-petition mesothelioma claims likely among those claims.

The claims filed are being analyzed and discovery will be conducted to determine more about the filed claims. Based on its preliminary analysis, GST believes that a significant number of such claims were resolved and paid by GST prior to the Petition Date, had been dismissed with prejudice prior to the Petition Date or are time-barred under applicable statutes of limitations, and are therefore invalid.

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.

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 forgo additional accrued interest on the verdict, and GST LLC agreed to discontinue further appeals. Because we were responsible to the bonding company for the bond amount, our 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 December 31, 2015, we had $80.0 million of insurance coverage we believe is available to cover current and future GST asbestos claims payments and certain expense payments. GST has collected insurance payments totaling $116.6 million since the Petition Date, including $21.2 million in 2015. We consider the $80.0 million of available insurance coverage remaining 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 $80.0 million, $43.9 million is allocated to claims that were paid by GST LLC prior to the initiation of the Chapter 11

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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 $46.2 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 all of the $80.0 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 $80.0 million is in addition to the $21.2 million collected in 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 $38.0 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:

2016 – 18 million
2017 – 13 million
2018 – 11 million
GST LLC has received $8.6 million of insurance recoveries from insolvent carriers since 2007, including $0.5 million in payments received in 2015, and may receive additional payments from insolvent carriers in the future. No anticipated insolvent carrier collections are included in the $80.0 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 $280.5 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 estimate of the ultimate costs to resolve all asbestos claims against it. Under the second amended 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 December 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 second amended plan because GST believes that initial contributions to the litigation fund may likely be sufficient to fund the litigation and, accordingly, that the low end of a range of reasonably possible loss associated with these contingent supplementary contributions is $0.

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GST's First Amended Proposed Plan of Reorganization. On May 29, 2014, GST filed its 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 our 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 the second amended 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 second amended 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 "-Contingencies - Subsidiary Bankruptcy."

The second amended 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 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 second amended plan of reorganization, we recorded a $30.0 million charge to establish this liability in our 2014 results.

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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, decisions of the Bankruptcy Court, 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. See the section entitled "Subsidiary Bankruptcy" in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Off Balance Sheet Arrangements

Lease Agreements

We have a number of operating leases primarily for real estate, equipment and vehicles. Operating lease arrangements are generally utilized to secure the use of assets from time to time if the terms and conditions of the lease or the nature of the asset makes the lease arrangement more favorable than a purchase. As of December 31, 2015, approximately $44.7 million of future minimum lease payments were outstanding under these agreements. See Note 20, "Commitments and Contingencies – Other Commitments," to the Consolidated Financial Statements for additional disclosure.

Contractual Obligations

A summary of our contractual obligations and commitments at December 31, 2015, is as follows:

	Payments Due by Period (in millions)				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt	$363.0	$0.1	$0.3	$62.5	$300.1
Notes payable to GST	309.2	—	309.2	—	—
Interest on long-term debt	120.0	19.0	35.4	35.4	30.2
Interest on notes payable to GST	37.7	18.4	19.3	—	—
Operating leases	44.7	10.2	16.8	13.0	4.7
Other liabilities	23.1	2.7	6.3	4.9	9.2
Total	$897.7	$50.4	$387.3	$115.8	$344.2

The payments for long-term debt shown in the table above reflect the contractual principal amount for the senior notes. In our Consolidated Balance Sheet, this amount is shown net of a debt discount. Additional discussion regarding the senior notes is included in this Management's Discussion and Analysis of Financial Condition and Results of Operations in "Liquidity and Capital Resources – Capital Resources," and in Note 12 to the Consolidated Financial Statements. The interest on long-term debt represents the contractual interest coupon. It does not include the debt discount accretion, which also is a component of interest expense.

The notes payable to GST LLC bear interest at 11% per annum, of which 6.5% is payable in cash and 4.5% is added to the principal amount as PIK interest. If GST LLC is unable to pay ordinary course operating expenses, under certain conditions, GST LLC can require us to pay in cash the accrued PIK interest necessary to meet such ordinary course operating expenses, subject to a cap of 1% of the principal balance of each note in any calendar month and 4.5% of the principal balance of each note in any year. The interest due under the notes payable to GST LLC may be satisfied through offsets of amounts due under intercompany services agreements pursuant to which we provide certain corporate services and insurance coverages to GST LLC, makes advances to third party providers related to payroll and certain benefit plans sponsored by GST LLC, and permits employees of GST LLC to participate in certain of our benefit plans. The table above reflects $82.0 million of total PIK interest as principal payments at the due date

of the notes.

Payments for other liabilities are estimates of amounts to be paid for environmental and retained liabilities of previously owned businesses included in the Consolidated Balance Sheets at December 31, 2015. These estimated payments are based on information currently known to us. However, it is possible that these estimates will vary from actual results and it is possible that these estimates may be updated if new information becomes available in the future or if there are changes in the facts and

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circumstances related to these liabilities. Additional discussion regarding these liabilities is included earlier in this Management's Discussion and Analysis of Financial Condition and Results of Operations in "Contingencies – Environmental, Contingencies – Colt Firearms and Central Moloney," "Contingencies – Crucible Steel Corporation a/k/a Crucible, Inc.," and in Note 20 to the Consolidated Financial Statements.
The table does not include obligations under our pension and postretirement benefit plans, which are included in Note 14 to the Consolidated Financial Statements.

ITEM 7A. 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 affect our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through normal 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.

Interest Rate Risk

We are exposed to interest rate risk as a result of our outstanding debt obligations. The table below provides information about our fixed rate debt obligations as of December 31, 2015. The table represents principal cash flows (in millions) and related weighted average interest rates by expected (contractual) maturity dates.

	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value
Fixed rate debt	$0.1	$283.4	$0.1	$0.1	$0.1	$300.1	$583.9	$579.8
Average interest rate	4.4 %	11.0 %	4.4 %	4.4 %	4.4 %	5.9 %	8.4 %	

Additionally, we had $62.2 million of outstanding borrowings on our revolving credit facility as of December 31, 2015, which has a variable interest rate. A change in interest rates on variable-rate debt affects the interest incurred and cash flows, but does not affect the net financial instrument position.

Foreign Currency Risk

We are exposed to foreign currency risks arising 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 $4.6 million and $5.5 million as of December 31, 2015 and 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ENPRO INDUSTRIES, INC.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure 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 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.

Management does not expect our disclosure controls and procedures or internal controls to prevent all errors and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with polices or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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 December 31, 2015, which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a

process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

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statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

We carried out an evaluation, under the supervision and with the participation of our chief executive officer and our chief financial officer, of the effectiveness of our internal control over financial reporting as of the end of the period covered by this report. However, the assessment did not include the following operations we acquired within the past year, none of which, individually or in the aggregate, would be considered significant under ICFR FAQ 3 within Item 308 of Regulation S-K of the SEC: the Veyance North American air spring business. The Veyance North American air spring business is a wholly-owned business whose total assets and total revenues represent 3% and 4%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the Internal Control-Integrated Framework (2013 version). Based on our assessment, we have concluded, as of December 31, 2015, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2015, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning our directors and officers appearing under the captions “Election of Directors,” “Legal Proceedings,” “Corporate Governance Policies and Practices,” and information under the caption “Security Ownership of Certain Beneficial Owners and Management – Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive proxy statement for the 2016 annual meeting of shareholders is incorporated herein by reference.

We have adopted a written code of business conduct that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. The Code is available on our Internet site at www.enproindustries.com. We intend to disclose on our Internet site any substantive changes to the Code and any waivers granted under the Code to the specified officers.

ITEM 11. EXECUTIVE COMPENSATION

A description of the compensation of our executive officers is set forth under the caption “Executive Compensation” in our definitive proxy statement for the 2016 annual meeting of shareholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security ownership data appearing under the caption “Security Ownership of Certain Beneficial Owners and Management” in our definitive proxy statement for the 2016 annual meeting of shareholders is incorporated herein by reference.

The table below contains information as of December 31, 2015, with respect to our Amended and Restated 2002 Equity Compensation Plan, the only compensation plan or arrangement (other than our tax-qualified plans) under which we have options, warrants or rights to receive equity securities authorized for issuance.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	734,482 (1)	$35.96 (2)	222,780
Equity compensation plans not approved by security holders	—	—	—
Total	734,482 (1)	$35.96 (2)	222,780

(1) Includes shares issuable under restricted share unit awards and performance shares awarded under our Amended and Restated 2002 Equity Compensation Plan at the level paid for the 2013 – 2015 performance cycle and at the maximum levels payable for the 2014 – 2016 and 2015 – 2017 performance cycles.

(2) The weighted average exercise price does not take into account awards of performance shares, phantom shares or restricted share units. Information with respect to these awards is incorporated by reference to the information appearing under the captions “Corporate Governance Policies and Practices – Director Compensation” and “Executive Compensation – Grants of Plan Based Awards – LTIP Awards” in our definitive proxy statement for the 2016 annual meeting of shareholders.

Information concerning the inducement restricted share awards granted in 2008 to our Chief Executive Officer outside of our Amended and Restated 2002 Equity Compensation Plan is incorporated by reference to the information

appearing under the caption “Executive Compensation – Employment Agreement” in our definitive proxy statement for the 2016 annual meeting of shareholders.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information concerning the independence of our directors is set forth under the caption "Corporate Governance Policies and Practices – Director Independence" in our definitive proxy statement for the 2016 annual meeting of shareholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information appearing under the caption "Independent Registered Public Accounting Firm" in our definitive proxy statement for the 2016 annual meeting of shareholders is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

The financial statements filed as part of this report are listed in Part II, Item 8 of this report on the Index to Consolidated Financial Statements.

2. Financial Statement Schedule

Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2015, 2014 and 2013 appears on page 114.

Other schedules are omitted because of the absence of conditions under which they are required or because the required information is provided in the Consolidated Financial Statements or notes thereto.

3. Exhibits

The exhibits to this report on Form 10-K are listed in the Exhibit Index appearing on pages 54 to 56.

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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 26th day of February, 2016.

ENPRO INDUSTRIES, INC.

By: /s/ Robert S. McLean
Robert S. McLean
Chief Administrative Officer, General Counsel and Secretary

By: /s/ Steven R. Bower
Steven R. Bower
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, or in their behalf by their duly appointed attorney-in-fact, on behalf of the registrant in the capacities and on the date indicated.

Signatures	Title	Date
/s/ Stephen E. Macadam Stephen E. Macadam	President and Chief Executive Officer (Principal Executive Officer) and Director	February 26, 2016
/s/ J. Milton Childress II J. Milton Childress II	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2016
/s/ Gordon D. Harnett Gordon D. Harnett*	Chairman of the Board and Director	February 26, 2016
/s/ Thomas M. Botts Thomas M. Botts*	Director	February 26, 2016
/s/ Felix M. Brueck Felix M. Brueck*	Director	February 26, 2016
/s/ B. Bernard Burns, Jr. B. Bernard Burns, Jr.*	Director	February 26, 2016
/s/ Diane C. Creel Diane C. Creel*	Director	February 26, 2016
/s/ Kees van der Graaf Kees van der Graaf*	Director	February 26, 2016
/s/ David L. Hauser David L. Hauser*	Director	February 26, 2016
/s/ John Humphrey	Director	February 26, 2016

John Humphrey*

* By: /s/ Robert S. McLean
Robert S. McLean, Attorney-in-Fact

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EXHIBIT INDEX

2.1**	Asset and Share Purchase Agreement dated as of June 22, 2015 among Veyance de Mexico, S. de R.L. de C.V., Veyance de Chihuahua, S. de R.L. de C.V., Veyance Technologies Canada, Inc. and Veyance Technologies, Inc. as the Sellers and EnPro Industries, Inc., Garlock of Canada Ltd., STEMCO Kaiser Incorporated, EnPro Luxembourg Holding Company SarL, and Stempro Mexico Acquisition Co., S de R.L. de C.V. as the Buyers (incorporated by reference to Exhibit 2.1 to the Form 8-K filed on July 2, 2015 by EnPro Industries, Inc. (File No. 001-31225))
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	Amended 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))
4.1	Form of certificate representing shares of common stock, par value $0.01 per share, of EnPro Industries, Inc. (incorporated by reference to Amendment No. 4 of the Registration Statement on Form 10 of EnPro Industries, Inc. (File No. 001-31225))
4.2	Indenture dated as of September 16, 2014 among EnPro Industries, Inc., the Guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on September 16, 2014 by EnPro Industries, Inc. (File No. 001-31225))
4.3	Indenture dated as of October 26, 2005 between EnPro Industries, Inc. and Wachovia Bank, National Association, as trustee (incorporated by reference to Exhibit 10.1 to the Form 8-K dated October 26, 2005 filed by EnPro Industries, Inc. (File No. 001-31225))
10.1	Amended and Restated Credit Agreement dated as of August 28, 2014 among EnPro Industries, Inc., Coltec Industries Inc, the Guarantors party thereto, the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on August 28, 2014 by EnPro Industries, Inc. (File No. 001-31225))
10.2	Registration Rights Agreement dated as of September 16, 2014 between EnPro Industries, Inc., Applied Surface Technology, Inc., Belfab, Inc., Best Holdings I, Inc., Coltec Industries Inc, Coltec International Services Co., Compressor Products International LLC, EnPro Associates, LLC, Garlock Pipeline Technologies, Inc., GGB LLC, GGB, Inc., Kenlee Daytona LLC, SD Friction, LLC, Stemco Holdings, Inc., STEMCO Kaiser Incorporated, Stemco LP, Stemco Products, Inc., Technetics Group Daytona, Inc., Technetics Group LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on September 16, 2014 by EnPro Industries, Inc. (File No. 001-31225))
10.3	Form of Indemnification Agreement for directors and officers (incorporated by reference to Exhibit 10.5 to Amendment No. 3 of the Registration Statement on Form 10 of EnPro Industries, Inc. (File No. 001-31225))
10.4+*	EnPro Industries, Inc. 2002 Equity Compensation Plan (2015 Amendment and Restatement)
10.5+	EnPro Industries, Inc. Senior Executive Annual Performance Plan (2012 Amendment and Restatement) (incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A dated March 20,

	2012 filed by EnPro Industries, Inc. (File No. 001-31225))
10.6+*	EnPro Industries, Inc. Long-Term Incentive Plan (2015 Amendment and Restatement)
10.7+	EnPro Industries, Inc. Management Purchase Stock Deferral Plan (incorporated by reference to Exhibit 10.1 to the Form 8-K dated November 2, 2012 filed by EnPro Industries, Inc. (File No. 001-31225))
10.8+	Form of EnPro Industries, Inc. Phantom Shares Award Grant for Outside Directors (2009 Amendment and Restatement) (incorporated by reference to Exhibit 10.7 to the Form 10-K for the year ended December 31, 2012 filed by EnPro Industries, Inc. (File No. 001-31225))
10.9+	Form of EnPro Industries, Inc. Restricted Share Award Agreement (incorporated by reference to Exhibit 10.1 to the Form 8-K dated February 14, 2008 filed with EnPro Industries, Inc. (File No. 001-31225))
10.10+*	Form of EnPro Industries, Inc. Restricted Share Units Award Agreement
10.11+*	Form of EnPro Industries, Inc. Restricted Share Units Award Agreement for Management Stock Purchase Deferral Plan
10.12+*	Form of EnPro Industries, Inc. Long-Term Incentive Plan Award Agreement (Performance Shares)

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10.13+*	Form of EnPro Industries, Inc. Long-Term Incentive Plan Award Agreement (Cash)
10.14+	Form of EnPro Industries, Inc. Long-Term Incentive Plan Award Agreement (Performance Shares) (incorporated by reference to Exhibit 10.11 to the Form 10-K for the year ended December 31, 2012 filed by EnPro Industries, Inc. (File No. 001-31225))
10.15+	Form of EnPro Industries, Inc. Long-Term Incentive Plan Award Agreement (Cash) (incorporated by reference to Exhibit 10.12 to the Form 10-K for the year ended December 31, 2012 filed by EnPro Industries, Inc. (File No. 001-31225))
10.16+	EnPro Industries, Inc. Defined Benefit Restoration Plan (amended and restated effective as of January 1, 2007) (incorporated by reference to Exhibit 10.25 to the Form 10-K for the year ended December 31, 2006 filed by EnPro Industries, Inc. (File No. 001-31225))
10.17+	EnPro Industries, Inc. Deferred Compensation Plan (as amended and restated effective January 1, 2010) (incorporated by reference to Exhibit 10.16 to the Form 10-K for the year ended December 31, 2013 filed by EnPro Industries, Inc. (File No. 001-31225))
10.18+	Amendment dated December 12, 2014 to EnPro Industries, Inc. Deferred Compensation Plan (as amended and restated effective January 1, 2010) (incorporated by reference to Exhibit 10.17 to the Form 10-K for the year ended December 31, 2014 filed by EnPro Industries, Inc. (File No. 001-31225))
10.19+*	EnPro Industries, Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated effective January 1, 2016)
10.20+	EnPro Industries, Inc. Outside Directors’ Phantom Share Plan (incorporated by reference to Exhibit 10.14 to the Form 10-K for the year ended December 31, 2002 filed by EnPro Industries, Inc. (File No. 001-31225))
10.21+	Executive Employment Agreement dated March 10, 2008 between EnPro Industries, Inc. and Stephen E. Macadam (incorporated by reference to Exhibit 10.1 to the Form 8-K dated March 10, 2008 filed by EnPro Industries, Inc., (File No. 001-31225))
10.22+	Amendment to Executive Employment Agreement dated as of August 4, 2010 between EnPro Industries, Inc. and Stephen E. Macadam incorporated by reference to Exhibit 10.1 to the Form 10-Q for the period ended September 30, 2010 filed by EnPro Industries, Inc., (File No. 001-31225))
10.23+	Management Continuity Agreement dated as of April 14, 2008 between EnPro Industries, Inc. and Stephen E. Macadam (incorporated by reference to Exhibit 10.13 to the Form 10-K for the year ended December 31, 2008 filed by EnPro Industries, Inc. (File No. 001-31225))
10.24+	Management Continuity Agreement dated as of January 30, 2006 between EnPro Industries, Inc. and J. Milton Childress II (incorporated by reference to Exhibit 10.28 to the Form 10-K for the year ended December 31, 2005 filed by EnPro Industries, Inc. (File No. 001-31225))
10.25+	Management Continuity Agreement dated as of February 7, 2012 between EnPro Industries, Inc. and David S. Burnett (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the period ended March 31, 2012 filed by EnPro Industries, Inc. (File No. 001-31225))
10.26+	Management Continuity Agreement dated as of May 5, 2010 between EnPro Industries, Inc. and Robert S. McLean (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the period ended June 30,

	2010 filed by EnPro Industries, Inc. (File No. 001-31225))
10.27+	Management Continuity Agreement dated as of December 15, 2011 between EnPro Industries, Inc. and Marvin A. Riley (incorporated by reference to Exhibit 10.28 to the Form 10-K for the year ended December 31, 2011 filed by EnPro Industries, Inc. (File No. 001-31225))
10.28+	Management Continuity Agreement dated as of May 1, 2013 between EnPro Industries, Inc. and Eric A. Vaillancourt (incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended June 30, 2013 filed by EnPro Industries, Inc. (File No. 001-31225)) (This exhibit is substantially identical to Management Continuity Agreements between EnPro Industries, Inc. and the following executives entered into on the dates indicated: Jon A. Cox, August 3, 2011; Gilles Hudon, August 3 2011; Ken Walker, August 3, 2011)
10.29+	Management Continuity Agreement dated as of February 10, 2014 between EnPro Industries, Inc. and Todd L. Anderson (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended March 31, 2014 filed by EnPro Industries, Inc. (File No. 001-31225)) (This exhibit is substantially identical to Management Continuity Agreement between EnPro Industries, Inc. and Susan E. Sweeney entered into on February 10, 2014.)

10.30+	Management Continuity Agreement dated as of March 31, 2015 between EnPro Industries, Inc. and Steven R. Bower (incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended March 31, 2015 filed by EnPro Industries, Inc. (File No. 001-31225))
10.31+	Management Continuity Agreement dated as of July 31, 2015 between EnPro Industries, Inc. and William A. Favenesi (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended September 30, 2015 filed by EnPro Industries, Inc. (File No. 001-31225)) (this exhibit is substantially identical to Management Continuity Agreements between EnPro Industries, Inc. and William L. Sparks entered into on July 31, 2015 and William C. O'Neal entered into on July 28, 2015)
10.32+	Special Exit Benefit Agreement and Release dated as of November 6, 2014 between EnPro Industries, Inc. and Dale A. Herold (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on November 10, 2014 by EnPro Industries, Inc. (File No. 001-31225))
10.33+	EnPro Industries, Inc. Senior Officer Severance Plan (effective as of August 4, 2010) (incorporated by reference to Exhibit 10.34 to the Form 10-K for the year ended December 31, 2010 filed by EnPro Industries, Inc. (File No. 001-31225))
10.34+*	Summary of Executive and Director Compensation Arrangements
10.35+	Transition Agreement dated February 13, 2015 between Alexander W. Pease and EnPro Industries, Inc. (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended March 31, 2015 filed by EnPro Industries, Inc. (File No. 001-31225))
21*	List of Subsidiaries
23.1*	Consent of PricewaterhouseCoopers LLP
23.2*	Consent of Bates White, LLC
24.1*	Power of Attorney from Thomas M. Botts
24.2*	Power of Attorney from Felix M. Brueck
24.3*	Power of Attorney from B. Bernard Burns, Jr.
24.4*	Power of Attorney from Diane C. Creel
24.5*	Power of Attorney from Kees van der Graaf
24.6*	Power of Attorney from Gordon D. Harnett
24.7*	Power of Attorney from David L. Hauser
24.8*	Power of Attorney from John Humphrey
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

* Items marked with an asterisk are filed herewith.

** Does not include the disclosure schedules and exhibit documents identified and referenced therein. The Company agrees to furnish supplementally a copy of any such omitted schedule or exhibit to the Securities and Exchange Commission upon request.

+ Management contract or compensatory plan required to be filed under Item 15(c) of this report and Item 601 of Regulation S-K of the Securities and Exchange Commission.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of EnPro Industries, Inc.:

In our opinion, the consolidated financial statements, listed in the index appearing under Item 8 of the Form 10-K, present fairly, in all material respects, the financial position of EnPro Industries, Inc. and its consolidated subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 8 of the Form 10-K presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013 version) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it classifies deferred tax assets and liabilities in 2015.

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may

deteriorate.

As described in Management's Report on Internal Control over Financial Reporting appear under Item 9A, management has excluded the Veyance North American air spring business from its assessment of internal control over financial reporting as of December 31, 2015 because it was acquired by the Company in a purchase business combination during 2015. We have also excluded the Veyance North American air spring business from our audit of internal control over financial reporting. The Veyance North American air spring business is a wholly-owned subsidiary whose total assets and total revenues represent 3% and 4%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
February 26, 2016

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FINANCIAL INFORMATION
ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2015, 2014 and 2013
(in millions, except per share data)

	2015	2014	2013
Net sales	$1,204.4	$1,219.3	$1,144.2
Cost of sales	808.9	802.6	762.9
Gross profit	395.5	416.7	381.3
Operating expenses:			
Selling, general and administrative	302.8	319.5	285.8
Goodwill and other intangible asset impairment	47.0	—	—
Asbestos settlement	—	30.0	—
Other	8.1	3.8	9.1
Total operating expenses	357.9	353.3	294.9
Operating income	37.6	63.4	86.4
Interest expense	(52.8)	(45.1)	(45.1)
Interest income	0.7	1.0	0.8
Other income (expense), net	(4.1)	13.3	(6.3)
Income (loss) before income taxes	(18.6)	32.6	35.8
Income tax expense	(2.3)	(10.6)	(8.4)
Net income (loss)	$(20.9)	$22.0	$27.4
Basic earnings (loss) per share	$(0.93)	$0.95	$1.31
Diluted earnings (loss) per share	$(0.93)	$0.85	$1.17

See notes to Consolidated Financial Statements.

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ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2015, 2014 and 2013
(in millions)

	2015	2014	2013
Net income (loss)	$(20.9)	$22.0	$27.4
Other comprehensive income (loss):			
Foreign currency translation adjustments	(21.9)	(25.6)	1.0
Pension and post-retirement benefits adjustment (excluding amortization)	(3.4)	(39.9)	47.6
Amortization of pension and post-retirement benefits included in net income (loss)	7.1	2.6	9.7
Realized loss from settled cash flow hedges included in net income	—	—	1.0
Other comprehensive income (loss), before tax	(18.2)	(62.9)	59.3
Income tax benefit (expense) related to items of other comprehensive income (loss)	(1.8)	14.4	(21.9)
Other comprehensive income (loss), net of tax	(20.0)	(48.5)	37.4
Comprehensive income (loss)	$(40.9)	$(26.5)	$64.8

See notes to Consolidated Financial Statements.

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ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015, 2014 and 2013
(in millions)

	2015	2014	2013
OPERATING ACTIVITIES			
Net income (loss)	$(20.9)	$22.0	$27.4
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	30.3	29.9	29.6
Amortization	27.8	27.6	27.0
Loss on exchange and repurchase of convertible debentures	2.8	10.0	—
Goodwill and other intangible asset impairment	47.0	—	—
Gain on sale of business	—	(27.7)	—
Deferred income taxes	(1.1)	(3.3)	1.7
Stock-based compensation	4.1	9.8	6.0
Other non-cash adjustments	3.7	6.0	4.0
Change in assets and liabilities, net of effects of acquisition and sale of businesses:			
Accounts receivable, net	7.3	(14.6)	(4.7)
Inventories	(14.7)	(11.4)	(17.2)
Accounts payable	3.5	1.3	2.4
Other current assets and liabilities	19.3	10.7	8.2
Other non-current assets and liabilities	(22.6)	(28.1)	(14.5)
Net cash provided by operating activities	86.5	32.2	69.9
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(36.8)	(41.8)	(30.7)
Payments for capitalized internal-use software	(4.6)	(10.5)	(9.2)
Proceeds from sale of business	—	39.3	—
Acquisitions, net of cash acquired	(45.5)	(61.9)	(2.0)
Other	0.4	0.2	0.4
Net cash used in investing activities	(86.5)	(74.7)	(41.5)
FINANCING ACTIVITIES			
Proceeds from debt	230.8	641.8	201.4
Repayments of debt	(189.0)	(400.4)	(216.3)
Debt issuance costs	—	(7.3)	—
Repurchase of common stock	(85.3)	—	—
Dividends paid	(18.0)	—	—
Repurchase of convertible debentures conversion option	(21.6)	(53.6)	—
Other	(2.1)	(3.5)	(4.6)
Net cash provided by (used in) financing activities	(85.2)	177.0	(19.5)
Effect of exchange rate changes on cash and cash equivalents	(5.6)	(4.7)	1.6
Net increase (decrease) in cash and cash equivalents	(90.8)	129.8	10.5
Cash and cash equivalents at beginning of year	194.2	64.4	53.9
Cash and cash equivalents at end of year	$103.4	$194.2	$64.4
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$36.4	$22.9	$25.1

Income taxes, net of refunds received	$20.4	$50.3	$19.6

See notes to Consolidated Financial Statements.

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ENPRO INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2015 and 2014
(in millions, except share amounts)

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$103.4	$194.2
Accounts receivable, less allowance for doubtful accounts of $5.4 in 2015 and of $7.0 in 2014	212.5	205.2
Inventories	178.4	159.7
Prepaid expenses and other current assets	23.6	44.0
Total current assets	517.9	603.1
Property, plant and equipment, net	211.5	199.3
Goodwill	195.9	232.4
Other intangible assets, net	190.4	202.8
Investment in GST	236.9	236.9
Deferred income taxes and income tax receivable	109.3	79.0
Other assets	41.6	49.2
Total assets	$1,503.5	$1,602.7
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings from GST	$24.3	$23.6
Notes payable to GST	12.2	11.7
Current maturities of long-term debt	0.1	22.5
Accounts payable	101.5	87.8
Accrued expenses	140.6	131.6
Total current liabilities	278.7	277.2
Long-term debt	360.9	298.6
Notes payable to GST	271.0	259.3
Other liabilities	133.1	142.8
Total liabilities	1,043.7	977.9
Commitments and contingencies		
Temporary equity	—	1.0
Shareholders’ equity		
Common stock – $.01 par value; 100,000,000 shares authorized; issued 22,046,647 shares at December 31, 2015 and 24,172,716 shares at December 31, 2014	0.2	0.2
Additional paid-in capital	372.5	477.3
Retained earnings	142.5	181.7
Accumulated other comprehensive loss	(54.1)	(34.1)
Common stock held in treasury, at cost – 196,593 shares at December 31, 2015 and 200,022 shares at December 31, 2014	(1.3)	(1.3)
Total shareholders’ equity	459.8	623.8
Total liabilities and equity	$1,503.5	$1,602.7

See notes to Consolidated Financial Statements.

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ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years Ended December 31, 2015, 2014 and 2013
(dollars and shares in millions)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
	Shares	Amount					
Balance, December 31, 2012 as previously reported	20.7	$0.2	$425.4	$145.9	$ (23.0)	$(1.4)	$ 547.1
Prior period adjustment - error in income tax provision	—	—	—	(13.6)	—	—	(13.6)
Balance, December 31, 2012 as revised	20.7	0.2	425.4	132.3	(23.0)	(1.4)	533.5
Net income	—	—	—	27.4	—	—	27.4
Other comprehensive income	—	—	—	—	37.4	—	37.4
Reclassification to temporary equity	—	—	(15.9)	—	—	—	(15.9)
Incentive plan activity	0.3	—	1.4	—	—	0.1	1.5
Balance, December 31, 2013, as revised	21.0	0.2	410.9	159.7	14.4	(1.3)	583.9
Net income	—	—	—	22.0	—	—	22.0
Other comprehensive loss	—	—	—	—	(48.5)	—	(48.5)
Exchanges of Convertible Debentures	2.9	—	97.8	—	—	—	97.8
Repurchase of Convertible Debentures	—	—	(52.8)	—	—	—	(52.8)
Accretion of Convertible Debentures from temporary equity	—	—	14.9	—	—	—	14.9
Incentive plan activity	0.1	—	6.5	—	—	—	6.5
Balance, December 31, 2014, as revised	24.0	0.2	477.3	181.7	(34.1)	(1.3)	623.8
Net loss	—	—	—	(20.9)	—	—	(20.9)
Other comprehensive loss	—	—	—	—	(20.0)	—	(20.0)
Dividends paid	—	—	—	(18.0)	—	—	(18.0)
Repurchase of Convertible Debentures, including call option settlement	(0.9)	—	(21.6)	—	—	—	(21.6)
Accretion of Convertible Debentures from temporary equity	—	—	1.0	—	—	—	1.0

Share repurchases	(1.3)	—	(86.0)	—	—	—	(86.0)
Incentive plan activity	0.1	—	1.8	(0.3)	—	—	1.5
Balance, December 31, 2015	21.9	$0.2	$372.5	$142.5	$ (54.1)	$(1.3)	$ 459.8

See notes to Consolidated Financial Statements.

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ENPRO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Overview, Basis of Presentation, Significant Accounting Policies and Recently Issued 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 Consolidated Financial Statements reflect the accounts of the Company and our majority-owned and controlled subsidiaries. All intercompany accounts and transactions between our consolidated operations have been eliminated.
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts 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 could differ from those estimates.
Effective in the fourth quarter of 2015, we elected to early adopt amendments to authoritative guidance on the presentation of deferred taxes in the Consolidated Balance Sheet (see "Recently Issued Accounting Guidance" below) in order to simplify this presentation. Prior periods were not retrospectively adjusted.
As of December 31, 2015 and December 31, 2014 we had purchased $5.7 million and $2.4 million, respectively, of property, plant and equipment for which cash payments had not yet been made. This is considered a noncash investing activity.
In connection with the preparation of consolidated financial statements for the year ended December 31, 2015, we determined that we had overstated our net deferred tax assets in certain years prior to December 31, 2010. The errors related primarily to the computation of the deferred tax assets for the pension benefit obligation and the minimum pension liability. In accordance with SEC Staff Accounting Bulletin No. 99, “Materiality”, we assessed the materiality of the adjustments and concluded that these errors were not material to any of our previously issued financial statements. However, the aggregate amount of prior period errors would have been material to our current year consolidated statement of income. Consequently, we have corrected these errors for all prior periods presented by revising the consolidated financial statements and other financial information included herein. Since all of the prior period errors that were assessed relate to periods prior to any presented herein, corrections to the financial statements were recorded as a $13.6 million decrease to opening retained earnings at January 1, 2013 as reflected on the Consolidated Statement of Changes in Shareholders' Equity. The adjustments had no impact on the Consolidated Statement of Operations, Consolidated Statement of Comprehensive Income, or Consolidated Statement of Cash Flows for the years ended December 31, 2014 or 2013. We concluded that the impact to the prior financial statements and other financial information was not material and therefore they will not be restated. However, periods not presented herein will be revised to include the effect of these errors, as applicable, as they are included in future filings.
Accordingly the company, has revised the Consolidated Balance Sheet as of December 31, 2014 from amounts previously reported as follows:

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	December 31, 2014		
	As previously reported	Adjustment	As revised
Deferred income taxes and income tax receivable	$80.3	$(1.3)	$79.0
Total assets	$1,604.0	$(1.3)	$1,602.7
Other liabilities (1)	$130.5	$12.3	$142.8
Total liabilities	$965.6	$12.3	$977.9
Retained earnings	$195.3	$(13.6)	$181.7
Total shareholders' equity	$637.4	$(13.6)	$623.8
Total liabilities and equity	$1,604.0	$(1.3)	$1,602.7

(1) Note that Other liabilities as previously reported is the sum of the balance sheet totals for Pension liability, Asbestos settlement, and Other liabilities in our 2014 Form 10-K

In addition, we have revised our December 31, 2014 Condensed Consolidating Balance Sheet that is presented in our supplemental guarantor financial information. Refer to Note 21, "Supplemental Guarantor Financial Information" for more details about this revision.

Summary of Significant Accounting Policies

Revenue Recognition – For the Sealing Products and Engineered Products segments, revenue is recognized at the time title and risk of product ownership is transferred or when services are rendered, typically when product is shipped or delivered, depending on the terms of the sale agreement. Shipping costs billed to customers are recognized as revenue and expensed in cost of goods sold since they are fixed and determinable and collection is reasonably assured.

We generally use the percentage-of-completion (“POC”) accounting method to account for our long-term contracts associated with the design, development, manufacture, or modification of complex engines under fixed price or cost plus contracts. During the third quarter of 2011, the Power Systems segment began using POC for prospective engine contracts. We made this change because, as a result of enhancements to our financial management and reporting systems, we are able to reasonably estimate the revenue, costs, and progress towards completion of engine builds. If we are not able to meet those conditions for a particular engine contract, we recognize revenues using the completed-contract method. Additionally, engines that were in production at June 30, 2011 will continue to be accounted for using the completed-contract method.

Under POC, revenue is recognized based on the extent of progress towards completion of the long-term contract. We generally use the cost-to-cost measure for our long-term contracts unless we believe another method more clearly measures progress towards completion of the contract. Under the cost-to-cost measure, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the contract. Contract costs include labor, material and subcontracting costs, as well as an allocation of indirect costs. Revenues, including estimated fees or profits, are recorded as costs are incurred.

Due to the nature of the work required to be performed on many of our contracts, the estimation of total revenue and cost at completion is complex and subject to many variables. Management must make assumptions and estimates regarding labor productivity, the complexity of the work to be performed, the availability of materials, the length of time to complete the contract (to estimate increases in wages and prices for materials and related support cost allocations), performance by our subcontractors and overhead cost rates, among other variables. A significant change in one or more of these estimates could affect the profitability of one or more of our contracts. Based on our analysis, any quarterly adjustments to net sales, cost of sales, and the related impact to operating income are recorded as necessary in the period they become known. These adjustments may result in an increase or a decrease in operating income. Changes in estimates of net sales, cost of sales, and the related impact to operating income are recognized quarterly on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of the changes on current and prior periods based on a contract's percentage of completion. When estimates of total costs to be incurred on a contract exceed total estimates of revenue to be earned, a provision for the entire loss on the contract is recorded in the period the loss is determined.

Contracts accounted for under the POC method represented revenues and margins of $67.3 million and $8.9 million, respectively, for the year ended December 31, 2015, $57.3 million and $3.1 million, respectively, for the year ended December 31, 2014, and $64.3 million and $9.0 million, respectively, for the year ended December 31, 2013.
Foreign Currency Translation – The financial statements of those operations whose functional currency is a foreign currency are translated into U.S. dollars using the current rate method. Under this method, all assets and liabilities are translated

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into U.S. dollars using current exchange rates, and income statement activities are translated using average exchange rates. The foreign currency translation adjustment is included in accumulated other comprehensive loss in the Consolidated Balance Sheets. Gains and losses on foreign currency transactions are included in operating income. Foreign currency transaction gains totaled $1.8 million in 2015. Foreign currency transaction losses totaled $1.0 million, and $2.3 million for 2014, and 2013, respectively.

Research and Development Expense – Costs related to research and development activities are expensed as incurred. We perform research and development primarily under Company-funded programs for commercial products. Net research and development expenditures in 2015, 2014, and 2013 were $22.5 million, $20.0 million, and $11.3 million, respectively, and are included in selling, general and administrative expenses in the Consolidated Statements of Operations.

Income Taxes – We use the asset and liability method of accounting for income taxes. Temporary differences arising between the tax basis of an asset or liability and its carrying amount on the Consolidated Balance Sheet are used to calculate future income tax assets or liabilities. This method also requires the recognition of deferred tax benefits, such as net operating loss carryforwards. A valuation allowance is recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income (losses) in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A tax benefit from an uncertain tax position is recognized only if it is more likely than not that the position will be sustained on its technical merits. If the recognition threshold for the tax position is met, only the portion of the tax benefit that is greater than 50 percent likely to be realized is recorded.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with a maturity of three months or less at the time of purchase.

Receivables – Accounts receivable are stated at the historical carrying amount net of write-offs and allowance for doubtful accounts. We establish an allowance for doubtful accounts receivable based on historical experience and any specific customer collection issues we have identified. Doubtful accounts receivable are written off when a settlement is reached for an amount less than the outstanding historical balance or when we have determined the balance will not be collected.

The balances billed but not paid by customers pursuant to retainage provisions in long-term contracts and programs are due upon completion of the contracts and acceptance by the owner. At December 31, 2015, we had $0.6 million of retentions expected to be collected in 2016 recorded in accounts receivable and $0.9 million of retentions expected to be collected beyond 2016 recorded in other long-term assets in the Consolidated Balance Sheet. At December 31, 2014, we had $2.5 million of current retentions and $0.5 million of long-term retentions recorded in the Consolidated Balance Sheet.

Inventories – Certain domestic inventories are valued by the last-in, first-out (“LIFO”) cost method. Inventories not valued by the LIFO method, other than inventoried costs relating to long-term contracts and programs, are valued using the first-in, first-out (“FIFO”) cost method, and are recorded at the lower of cost or market. Approximately 37% and 36% of inventories were valued by the LIFO method in 2015 and 2014, respectively.

Inventoried costs relating to long-term contracts and programs are stated at the actual production cost incurred to date, including direct labor and factory overhead. Progress payments related to long-term contracts and programs accounted for under the completed-contract method of accounting are shown as a reduction of inventories. Initial program start-up costs and other nonrecurring costs are expensed as incurred.

Property, Plant and Equipment – Property, plant and equipment are recorded at cost. Depreciation of plant and equipment is determined on the straight-line method over the following estimated useful lives of the assets: buildings and improvements, 5 to 25 years; machinery and equipment, 3 to 10 years.

Goodwill and Other Intangible Assets – Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired businesses. Goodwill is not amortized, but instead is subject to annual impairment testing conducted each year as of October 1. The goodwill asset impairment test involves comparing the fair value of a reporting unit to its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, a second step of

comparing the implied fair value of the reporting unit's goodwill to the carrying amount of that goodwill is required to measure the potential goodwill impairment loss. Interim tests may be required if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

We completed our required annual impairment tests of goodwill as of October 1, 2014 and 2013. These assessments did not indicate any impairment of the goodwill.

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In our prior year 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 at that time. CPI is included in our Engineered Products segment.

Through the first quarter of 2015, several initiatives were implemented to remove labor, facility and other costs from CPI's cost structure and a customer-focused organizational realignment was implemented to identify price and volume opportunities to optimize sales and profitability in the weak oil and gas business environment. During the first quarter of 2015 new strategic options and opportunities to improve business performance were analyzed given the continuing weakness in demand. Additional strategic measures were planned to be implemented during the second half of 2015 and the expected benefits of these actions were taken into consideration in assessing the outlook for CPI.

However, as more time passed, the benefits of strategic measures and initiatives being implemented were no longer expected to sufficiently compensate for the financial impacts of the prolonged and significant weakness in the oil and gas markets served by CPI. Taking this into account, the forecasted results for CPI were lowered significantly at the end of May 2015 to such an extent that we thought it likely that the fair value of CPI would be less than its carrying value which necessitated an interim impairment test for goodwill. The interim step one analysis we performed, using a combination of discounted cash flow and market value approaches to determine the fair value of CPI consistent with our annual impairment testing, indicated that the fair value of CPI was less than the carrying value of its net assets. The required step two valuation analysis performed as of May 31, 2015 and completed in July 2015 indicated that $46.1 million of the CPI goodwill balance was impaired. Accordingly, CPI goodwill in the amount of $46.1 million was written-off in the second quarter of 2015. The remaining CPI goodwill balance at December 31, 2015 is $4.0 million.

We completed our required annual impairment test of goodwill as of October 1, 2015, which did not indicate any additional impairment of any of our goodwill.

Other intangible assets are recorded at cost, or when acquired as a part of a business combination, at estimated fair value. These assets include customer relationships, patents and other technology agreements, trademarks, licenses and non-compete agreements. Intangible assets that have definite lives are amortized using a method that reflects the pattern in which the economic benefits of the assets are consumed or the straight-line method over estimated useful lives of 2 to 20 years. Intangible assets with indefinite lives are subject to at least annual impairment testing, which compares the fair value of the intangible asset with its carrying amount using the relief from royalty method. The results of our assessments did not indicate any impairment to our indefinite-lived intangible assets for the years presented.

Investment in GST – The historical business operations of Garlock Sealing Technologies LLC ("GST LLC") and The 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. 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 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's financial results were included in our consolidated results through June 4, 2010, the day prior to the Petition Date. However, GAAP requires that 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 and its subsidiaries were with EnPro, 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 on June 4, 2010. 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. The investment in GST is 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.
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 in GST.

Debt – In October 2005, we issued $172.5 million in aggregate principal amount of 3.9375% Convertible Senior Debentures (the "Convertible Debentures"). Applicable authoritative accounting guidance required that the liability component of the Convertible Debentures be recorded at its fair value as of the issuance date. This resulted in us recording debt in the amount of $111.2 million as of the issuance date with the $61.3 million offset to the debt discount being recorded in equity on a net of tax basis. The debt discount was 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 years ended December 31, 2015, 2014 and 2013 includes $0.4 million, $3.6 million and $6.8 million, respectively, of contractual interest coupon and $0.2 million, $4.2 million and $7.6 million, respectively, of debt discount amortization.

Derivative Instruments – We use derivative financial instruments to manage our exposure to various risks. The use of these financial instruments modifies the exposure with the intent of reducing our risk. We do not use financial instruments for trading purposes, nor do we use leveraged financial instruments. The counterparties to these contractual arrangements are major financial institutions. We use multiple financial institutions for derivative contracts to minimize the concentration of credit risk. The current accounting rules require derivative instruments, excluding certain contracts that are issued and held by a reporting entity that are both indexed to its own stock and classified in shareholders' equity, be reported in the Consolidated Balance Sheets at fair value and that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances on our foreign subsidiaries' balance sheets, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. We strive to control our exposure to these risks through our normal operating activities and, where appropriate, through derivative instruments. We have entered into contracts to hedge forecasted transactions occurring at various dates through June 2016 that are denominated in foreign currencies. The notional amount of foreign exchange contracts hedging foreign currency transactions was $4.6 million and $5.5 million at December 31, 2015 and 2014, respectively.

Prior to 2013, we applied cash flow hedge accounting to certain of our foreign currency derivatives. We elected to discontinue this accounting treatment in the first quarter of 2013, consequently, all gains and losses that had been deferred in accumulated other comprehensive loss at December 31, 2012 were reclassified to income in the quarter ended March 31, 2013. See Note 16, "Accumulated Other Comprehensive Income (Loss)" for additional information. The notional amounts of all of our foreign exchange contracts were recorded at their fair market value as of December 31, 2015 with changes in market value recorded in income. The earnings impact of any foreign exchange contract that is specifically related to the purchase of inventory is recorded in cost of sales and the changes in market value of all other contracts are recorded in selling, general and administrative expense in the Consolidated Statements of Operations. The balances of derivative assets are recorded in other current assets and the balances of derivative liabilities are recorded in accrued expenses in the Consolidated Balance Sheets.

Fair Value Measurements – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

We utilize a fair value hierarchy that prioritizes 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.

The fair value of intangible assets associated with acquisitions was determined using a discounted cash flow analysis. Projecting discounted future cash flows required us to make significant estimates regarding future revenues and expenses, projected capital expenditures, changes in working capital and the appropriate discount rate. This

non-recurring fair value measurement would be classified as Level 3 due to the absence of quoted market prices or observable inputs for assets of a similar nature.

Similarly, the fair value computations for the recurring impairment analyses of goodwill, indefinite-lived intangible assets and the investment in GST would be classified as Level 3 due to the absence of quoted market prices or observable inputs. The key assumptions used for the discounted cash flow approach include expected cash flows based on internal business plans,

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projected growth rates and discount rates. Significant changes in any of those inputs could result in a significantly different fair value measurement.

Recently Issued Accounting Guidance

In January 2016, a standard was issued that amends existing guidance around classification and measurement of certain financial assets and liabilities. Changes to the current GAAP model primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Under the new guidance, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. For equity investments without readily determinable fair values, the cost method is also eliminated. However, most entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment, and plus or minus subsequent adjustments for observable price changes. The standard also requires that financial assets and liabilities be disclosed separately in the notes to the financial statements based on measurement principle and form of financial asset. The amendments in this guidance are effective for financial statements issued for interim and annual periods beginning after December 15, 2017. This standard is not expected to have a significant impact on our consolidated financial statements or disclosures.

In November 2015, a standard was issued that simplifies the presentation of deferred income taxes through requiring that all deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by this standard. The amendments in this guidance are effective for financial statements issued for interim and annual periods beginning after December 15, 2016, with early adoption permitted for the beginning of an interim or annual period, and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. We have elected to adopt this standard effective for the fourth quarter of 2015 on a prospective basis.

In September 2015, a standard was issued that simplifies the accounting for measurement period adjustments associated with a business combination by eliminating the requirement to restate prior period financial statements for measurement period adjustments when measurements were incomplete as of the end of the reporting period covering the business combination. The new guidance requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. It is effective for interim and annual periods beginning after December 15, 2015. This standard is not expected to have a significant impact on our consolidated financial statements or disclosures.

In July 2015, a standard was issued that simplifies the measurement of inventory by requiring certain inventory to be measured at the lower of cost or net realizable value. This will not apply to the portion of our inventory that is measured using the last-in, first-out method. The amendments in this guidance are effective for fiscal years beginning after December 15, 2016 and for interim periods therein, but early application is permitted. This standard is not expected to have a significant impact on our consolidated financial statements or disclosures.

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. This standard is not expected to have a significant impact on our consolidated financial statements or disclosures.

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. 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.

2. Acquisitions

In February 2015, we acquired 100% of 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, with operations in Texas and California, is a leading designer and manufacturer of a suite of aerodynamic products engineered to reduce fuel consumption in the global freight transportation industry.

In July 2015, we purchased the Veyance North American air spring business (the "Air Spring Business") through the purchase of 100% of the stock of Veyance's Mexico business and of all of the assets of its U.S. business. The Air Spring Business is a manufacturer of air springs that are used in the suspension systems of commercial vehicles. Following the acquisition, it became part of our Stemco division within the Sealing Products segment. The Air Spring Business manufactures products in its facility in San Luis Potosi, Mexico with a commercial organization in the U.S., Canada and Mexico, and engineering, testing and administrative resources in Fairlawn, Ohio. The addition of the Air Spring Business significantly expands Stemco's presence and scale in the commercial vehicle suspension market.

We paid $45.5 million, net of cash acquired, in 2015 for these businesses. 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 $0.5 million. This amount was subsequently reduced to $0 as of December 31, 2015 based on projected attainment as of the end of the year.

The following table presents the preliminary purchase price allocation of the 2015 acquisitions:

	(in millions)
Accounts receivable	$21.7
Inventories	10.4
Property, plant and equipment	8.6
Goodwill	12.8
Other intangible assets	14.7
Other assets	6.5
Liabilities assumed	(29.2)
	$45.5

The purchase price allocations of the recently acquired businesses are subject to the completion of purchase price adjustments pursuant to the acquisition agreements. An additional amount of approximately $6 million is expected to be paid in 2016 based on the finalized and agreed-upon acquisition date balance sheet of the Air Spring Business.

In December 2014, we acquired Fabrico, Inc. ("Fabrico"), a privately-held company offering mission-critical components for the combustion and hot path sections of industrial gas and steam turbines. The business is headquartered in Oxford, Massachusetts with additional facilities in Charlton, Massachusetts and Greenville, South Carolina. The addition of Fabrico significantly expands our presence and scale in the land-based turbine seal and combustion market.

In March 2014, we acquired the remaining interest of the Stemco Crewson LLC joint venture. As a result, we own all of the ownership interests in Stemco Crewson LLC. The joint venture was formed in 2009 with joint venture partner Tramec, LLC to expand our brake product offering to include automatic brake adjusters. The purchase of the remaining interest in the joint venture allows us to accelerate investment in new product development and commercial strategies focused on market share growth for these products.

In March 2014, we acquired the business of Strong-Tight Co. Ltd., a Taiwanese manufacturer and seller of gaskets and industrial sealing products, by acquiring certain assets and assuming certain liabilities of the business. This acquisition adds an established Asian marketing presence and manufacturing facilities from which we can serve the Asian market.

All of the businesses acquired in 2014 are included in our Sealing Products segment. We paid $61.9 million in 2014, net of cash acquired, for these businesses. Additionally, the acquisition of Fabrico includes a contingent consideration arrangement that requires additional consideration to be paid based on the future gross profit of Fabrico during the two-years subsequent to the acquisition. The range of undiscounted amounts we could pay under the contingent consideration agreement is between $0 and $7.0 million. The fair value of the contingent consideration recognized on the acquisition date was $1.9 million which is included in other liabilities in the accompanying Consolidated Balance

Sheet as of December 31, 2014. This amount was increased to $2.3 million as of December 31, 2015 based on projected attainment.

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In January 2013, we acquired certain assets and assumed certain liabilities of a small distributor of industrial seals in Singapore which is managed as part of the Garlock operations in the Sealing Products segment. The acquisition was paid for with $2.0 million of cash.

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

3. Other Income (Expense)

Operating

We incurred $6.6 million, $2.3 million and $6.7 million of restructuring costs during the years ended December 31, 2015, 2014 and 2013, respectively.

During 2015, we conducted a number of restructuring activities throughout our operations, the most significant of which was at our CPI business. In October 2015, we approved a plan to restructure certain operations of our CPI unit in light of the prolonged and significant weakness in the markets served by CPI, particularly the oil and gas markets. The restructuring plan contemplates the closing or sale of operations at the Fort St. John, Grand Prairie, Lac La Biche and Calgary facilities in western Canada, as well as facilities in Brazil, Colombia, New Smyrna Beach, Florida, Rifle, Colorado and other domestic and international sites. Workforce reductions announced as a result of our 2015 restructuring activities totaled 139 salaried administrative and hourly manufacturing positions, most of which had been terminated by December 31, 2015.

In 2015 we incurred total expense related to the CPI restructuring plan of $3.8 million, including severance expense of $0.6 million, asset write-downs of $2.7 million, lease run-out costs of $0.1 million, and other associated costs of $0.4 million. These costs were incurred at our Engineered Products segment, and were reflected within other (operating) expense in our Consolidated Statements of Operations aside from inventory-related costs, which were reflected in cost of sales. We expect the balance of the costs, $2.7 million to $4.3 million, to be accrued in 2016.

Restructuring reserves at December 31, 2015, as well as activity during the year, consisted of:

	Balance December 31, 2014	Provision	Payments	Balance December 31, 2015
	(in millions)			
Personnel-related costs	$1.1	$3.0	$(3.8)	$0.3
Facility relocation and closure costs	0.7	0.9	(1.6)	—
	$1.8	$3.9	$(5.4)	$0.3

The above-mentioned asset write-downs at CPI did not affect the restructuring reserve liability.

Restructuring reserves at December 31, 2014, as well as activity during the year, consisted of:

	Balance December 31, 2013	Provision	Payments	Balance December 31, 2014
	(in millions)			
Personnel-related costs	$2.5	$1.3	$(2.7)	$1.1
Facility relocation and closure costs	0.7	1.0	(1.0)	0.7
	$3.2	$2.3	$(3.7)	$1.8

Restructuring reserves at December 31, 2013, as well as activity during the year, consisted of:

	Balance, December 31, 2012	Provision	Payments	Balance December 31, 2013
	(in millions)			
Personnel-related costs	$0.1	$5.2	$(2.8)	$2.5

Facility relocation and closure costs	0.8	1.5	(1.6)	0.7
	$0.9	$6.7	$(4.4)	$3.2

Restructuring costs by reportable segment are as follows:

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	Years Ended December 31,		
	2015	2014	2013
	(in millions)		
Sealing Products	$0.4	$2.4	$0.9
Engineered Products	6.2	(0.1)	3.7
Power Systems	—	—	2.1
	$6.6	$2.3	$6.7

Also included in other operating expense for the years ended December 31, 2015, 2014 and 2013 was $1.8 million, $1.5 million and $2.4 million, respectively, primarily consisting of legal fees related to the bankruptcy of certain subsidiaries discussed further in Note 19, "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd."

Non-Operating

In March 2015, we entered into privately negotiated transactions with certain holders of our Convertible Debentures to purchase the debentures. We recognized a $2.8 million pre-tax loss on the transaction. Refer to Note 12, “Long-Term Debt – Convertible Debentures” for additional information about the transaction.

In March 2014 and June 2014, we entered into privately negotiated transactions with certain holders of our Convertible Debentures to exchange them for shares of EnPro's common stock. Additionally, in September 2014, we completed a cash tender to purchase any and all of the remaining Convertible Debentures. These transactions resulted in a $10.0 million loss.

During 2015, 2014 and 2013, we recorded expense of $1.4 million, $4.4 million and $6.3 million, respectively, due to environmental reserve increases based on additional information at several specific sites of previously owned businesses. Refer to Note 20, "Commitments and Contingencies - Environmental" for additional information about our environmental liabilities.

In December 2014 we recorded a pre-tax gain of $27.7 million in connection with the sale of substantially all of the assets and transfer of certain liabilities of the GRT business unit. GRT, with a single manufacturing facility in Paragould, Arkansas, manufactures and sells conveyor belts and sheet rubber for many applications across a diversified array of end markets. It had previously been managed as part of the Garlock operations in the Sealing Products segment. The business was sold for $42.3 million, net of transaction expenses, of which $2.9 million is being held in an escrow account for 18 months to fund indemnification payments, if any, to the buyer under the agreement governing the sale. GRT reported net sales of $31.3 million and $30.1 million for the years ended December 31, 2014, and 2013, respectively. Additional disclosures are not presented since the assets, liabilities and results of operations for GRT are not significant to our consolidated financial position or results of operations.

4. Income Taxes

Income (loss) before income taxes as shown in the Consolidated Statements of Operations consists of the following:

	Years Ended December 31,		
	2015	2014	2013
	(in millions)		
Domestic	$(3.0)	$(2.4)	$(4.3)
Foreign	(15.6)	35.0	40.1
Total	$(18.6)	$32.6	$35.8

A summary of income tax expense in the Consolidated Statements of Operations is as follows:

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	Years Ended December 31,		
	2015	2014	2013
	(in millions)		
Current:			
Federal	$(4.0)	$1.3	$(3.7)
Foreign	9.8	9.7	10.0
State	(2.4)	2.9	0.4
	3.4	13.9	6.7
Deferred:			
Federal	3.6	(2.6)	3.3
Foreign	(6.0)	(0.5)	(1.5)
State	1.3	(0.2)	(0.1)
	(1.1)	(3.3)	1.7
Total	$2.3	$10.6	$8.4

Income tax benefits recorded directly to additional paid-in capital consist of the following:

	Years Ended December 31,		
	2015	2014	2013
	(in millions)		
Stock options exercised and restricted stock units vested	$(1.8)	$(0.5)	$(3.0)
Reacquisition of Convertible Debentures	—	(2.2)	—
	$(1.8)	$(2.7)	$(3.0)

Significant components of deferred income tax assets and liabilities at December 31, 2015 and 2014 are as follows:

	2015	2014
	(in millions)	
Deferred income tax assets:		
Net operating losses and tax credits	$10.9	$11.9
Accrual for post-retirement benefits other than pensions	3.2	4.3
Environmental reserves	6.4	7.0
Retained liabilities of previously owned businesses	2.4	3.7
Accruals and reserves	6.4	5.3
Pension obligations	12.6	16.7
Inventories	5.6	5.9
Asbestos settlement	11.3	11.9
Interest	9.4	9.1
Compensation and benefits	13.7	11.7
Gross deferred income tax assets	81.9	87.5
Valuation allowance	(17.6)	(19.9)
Total deferred income tax assets	64.3	67.6
Deferred income tax liabilities:		
Depreciation and amortization	(44.9)	(45.1)
GST deconsolidation gain	(21.4)	(21.4)
Total deferred income tax liabilities	(66.3)	(66.5)
Net deferred tax assets (liabilities)	$(2.0)	$1.1

We offset deferred tax assets and liabilities against one another only to the extent they relate to the same tax jurisdiction. If this condition is not satisfied, the balances are classified independently on the balance sheet. As

discussed in Note 1,

"Overview, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Guidance," we adopted authoritative guidance that simplifies the presentation of deferred income taxes through requiring that all deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. This adoption was done on a prospective basis, and prior period presentation was not adjusted. The net deferred tax assets are reflected on the December 31, 2015 and 2014 Consolidated Balance Sheets as follows:

	2015	2014
	(in millions)	
Prepaid expenses and other current assets	$—	$16.8
Deferred income taxes and income tax receivable	8.7	6.0
Accrued expenses	—	(0.2)
Other liabilities (non-current)	(10.7)	(21.5)
Net deferred tax assets (liabilities)	$(2.0)	$1.1

At December 31, 2015, we had $32.4 million of foreign tax net operating loss carryforwards (tax effect of $9.5 million) of which $12.2 million expire at various dates beginning in 2016, and $20.2 million have an indefinite carryforward period. We also had state tax net operating loss carryforwards with a tax effect of $0.5 million which expire at various dates between 2016 through 2033. These net operating loss carryforwards may be used to offset a portion of future taxable income and, thereby, reduce or eliminate our U.S. federal, state or foreign income taxes otherwise payable.

We determined, based on the available evidence, that it is uncertain whether future taxable income of certain of our foreign subsidiaries will be significant enough or of the correct character to recognize certain of these deferred tax assets. As a result, valuation allowances of $17.6 million and $19.9 million have been recorded as of December 31, 2015 and 2014, respectively. Valuation allowances primarily relate to certain state and foreign net operating losses and other net deferred tax assets in jurisdictions where future taxable income is uncertain. A portion of the valuation allowance may be associated with deferred tax assets recorded in purchase accounting. In accordance with applicable accounting guidelines, any reversal of a valuation allowance that was recorded in purchase accounting reduces income tax expense.

The effective income tax rate from operations varied from the statutory federal income tax rate as follows:

	Percent of Pretax Income Years Ended December 31,		
	2015	2014	2013
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %
U.S. taxation of foreign profits, net of foreign tax credits	1.1	5.8	3.0
Research and employment tax credits	7.7	(4.0)	(7.2)
State and local taxes	4.1	5.5	7.5
Domestic production activities	5.5	(4.8)	—
Nondeductible goodwill impairment	(48.6)	—	—
Foreign tax rate differences	(10.2)	(5.9)	(8.5)
Uncertain tax positions	4.3	(2.7)	(5.5)
Statutory changes in tax rates	1.4	—	(1.3)
Valuation allowance	(2.1)	(0.5)	(6.0)
Nondeductible expenses	(6.6)	4.5	3.5
Other items, net	(3.9)	(0.5)	2.9
Effective income tax rate	(12.3)%	32.4 %	23.4 %

We have not provided for the federal and foreign withholding taxes on approximately $256 million of foreign subsidiaries' undistributed earnings as of December 31, 2015, because such earnings are intended to be reinvested indefinitely. Upon repatriation, certain foreign countries impose withholding taxes. The amount of withholding tax that would be payable on remittance of the entire amount would be approximately $2.3 million. Although such

earnings are intended to be reinvested indefinitely, any tax liability for undistributed earnings, including withholding taxes, would be negated by the availability of corresponding dividends received deductions and foreign tax credits.

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As of December 31, 2015 and 2014, we had $1.5 million and $3.1 million, respectively, of gross unrecognized tax benefits. Of the gross unrecognized tax benefit balances as of December 31, 2015 and 2014, $1.5 million and $3.1 million, respectively, would have an impact on our effective tax rate if ultimately recognized.

We record interest and penalties related to unrecognized tax benefits in income tax expense. In addition to the gross unrecognized tax benefits above, we had $0.1 million and $0.3 million accrued for interest and penalties at December 31, 2015 and 2014, respectively. Income tax expense for the years ended December 31, 2015, 2014 and 2013, includes $0.1 million, $0.1 million and $0.1 million, respectively, for interest and penalties related to unrecognized tax benefits. The amounts listed above for accrued interest do not reflect the benefit of any tax deduction, which might be available if the interest were ultimately paid.

A reconciliation of the beginning and ending amount of the gross unrecognized tax benefits (excluding interest) is as follows:

(in millions)	2015	2014	2013
Balance at beginning of year	$3.1	$5.9	$6.3
Additions based on tax positions related to the current year	0.3	0.4	1.0
Additions for tax positions of prior years	0.2	—	2.6
Reductions for tax positions of prior years	—	(1.5)	(0.8)
Reductions as a result of a lapse in the statute of limitations	(2.0)	(0.2)	(3.4)
Reductions as a result of audit settlements	—	(1.0)	—
Changes due to fluctuations in foreign currency	(0.1)	(0.5)	0.2
Balance at end of year	$1.5	$3.1	$5.9

US federal income tax returns after 2011 remain open to examination. We and our subsidiaries are also subject to income tax in multiple state and foreign jurisdictions. Various foreign and state tax returns are currently under examination. The most significant of these include France and Germany. Substantially all significant state, local and foreign income tax returns for the years 2010 and forward are open to examination. We expect that some of these examinations may conclude within the next twelve months, however, the final outcomes are not yet determinable. If these examinations are concluded or effectively settled within the next twelve months, it could reduce the associated gross unrecognized tax benefits by approximately $0.3 million. In addition, another $0.2 million in gross unrecognized tax benefits may be recognized within the next twelve months as the applicable statute of limitations expires.

As discussed in Note 1, "Overview, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Guidance," the Company has corrected certain prior period errors by revising the relevant prior periods during the fourth quarter of 2015. Certain prior period balances included in this Note 4, "Income Taxes" are presented as corrected.

5. Earnings (Loss) Per Share

Basic earnings per share is computed by dividing the net income by the applicable weighted-average number of common shares outstanding for the period. Diluted earnings per share is calculated using the weighted-average number of shares of common stock as adjusted for any potentially dilutive shares as of the balance sheet date. The computation of basic and diluted earnings per share is as follows (in millions, except per share data):

	2015	2014	2013
Numerator (basic and diluted):			
Net income (loss)	$(20.9)	$22.0	$27.4
Denominator:			
Weighted-average shares – basic	22.5	23.1	20.9
Share-based awards	—	0.1	0.2
Convertible debentures and related warrants	—	2.6	2.4
Weighted-average shares – diluted	22.5	25.8	23.5

Earnings (loss) per share:			
Basic	$(0.93)	$0.95	$1.31
Diluted	$(0.93)	$0.85	$1.17

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As discussed further in Note 12, "Long-Term Debt - Convertible Debentures," we previously issued Convertible Debentures. Under the terms of the Convertible Debentures, upon conversion, we settled the par amount of our obligations in cash and the remaining obligations 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 exceeded the adjusted conversion price per share. As discussed further in Note 12, "Long-Term Debt - Convertible Debentures," we purchased a portion of our outstanding Convertible Debentures in a privately negotiated transaction in March 2015, and the remaining amount was converted in October 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 entitled us to purchase shares of our stock from a financial institution at $33.79 per share and entitled the financial institution to purchase shares of our stock from us at $46.78 per share. The warrant transactions had a dilutive effect during such periods that the average price per share of our common stock exceeded the $46.78 per share strike price of the warrants. During the second quarter of 2015, we completed a previously announced agreement with this financial institution to effectively accelerate and offset settlement obligations of the parties under the call options which resulted in a net-share settlement of approximately 0.9 million shares being delivered to us. These shares were immediately retired and are no longer considered outstanding.
In the year ended December 31, 2015, there was a loss attributable to common shares. There were 0.8 million of potentially dilutive shares excluded from the calculation of diluted earnings per share during those periods since they were antidilutive.

6. Inventories

	As of December 31,	
	2015	2014
	(in millions)	
Finished products	$110.2	$101.2
Work in process	25.6	22.1
Raw materials and supplies	49.0	45.7
	184.8	169.0
Reserve to reduce certain inventories to LIFO basis	(11.3)	(12.8)
Manufacturing inventories	173.5	156.2
Incurred costs related to long-term contracts	10.9	9.1
Progress payments related to long-term contracts	(6.0)	(5.6)
Net balance associated with completed-contract inventories	4.9	3.5
Total inventories	$178.4	$159.7

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, where costs incurred exceed customer billings.
Refer to Note 7, “Long-Term Contracts” for additional information about incurred costs and progress payments related to long-term contracts.

7. Long-Term Contracts

See Note 1, "Revenue Recognition" for information regarding engine contracts accounted for under the POC method.

Additional information regarding engine contracts accounted for under the POC method is as follows:

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	As of December 31,	
	2015	2014
	(in millions)	
Cumulative revenues recognized on uncompleted POC contracts	$215.0	$198.6
Cumulative billings on uncompleted POC contracts	198.2	200.0
	$16.8	$(1.4)

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

	As of December 31,	
	2015	2014
	(in millions)	
Accounts receivable (POC revenue recognized in excess of billings)	$23.5	$6.3
Accrued expenses (billings in excess of POC revenue recognized)	(6.7)	(7.7)
	$16.8	$(1.4)

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

	As of December 31,	
	2015	2014
	(in millions)	
Incurred costs relating to long-term contracts	$0.1	$5.9
Progress payments related to long-term contracts	(1.0)	(10.5)
Net balance associated with completed-contract inventories	$(0.9)	$(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, where customer billings exceed costs incurred.

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 December 31, 2015 and 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 in the accompanying Consolidated Balance Sheets. Refer to Note 6, “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 December 31, 2015 and 2014, deposits and progress payments for long lead time components totaled $1.8 million and $2.9 million. These deposits and progress payments are classified in prepaid expenses and other current assets in the accompanying Consolidated Balance Sheets.

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8. Property, Plant and Equipment

	As of December 31, 2015 (in millions)	2014
Land	$11.1	$9.0
Buildings and improvements	100.0	91.6
Machinery and equipment	362.6	358.7
Construction in progress	30.1	35.0
	503.8	494.3
Less accumulated depreciation	(292.3)	(295.0)
Total	$211.5	$199.3

9. Goodwill and Other Intangible Assets

The changes in the net carrying value of goodwill by reportable segment for the years ended December 31, 2015 and 2014 are as follows:

	Sealing Products (in millions)	Engineered Products	Power Systems	Total
Goodwill as of December 31, 2013	$153.7	$59.4	$7.1	$220.2
Foreign currency translation	(2.7)	(3.1)	—	(5.8)
Sale of business	(9.0)	—	—	(9.0)
Acquisitions	27.0	—	—	27.0
Goodwill as of December 31, 2014	169.0	56.3	7.1	232.4
Foreign currency translation	(2.1)	(1.1)	—	(3.2)
Impairment	—	(46.1)	—	(46.1)
Acquisitions	12.8	—	—	12.8
Goodwill as of December 31, 2015	$179.7	$9.1	$7.1	$195.9

The goodwill balances reflected above are net of accumulated impairment losses of $27.8 million for the Sealing Products segment as of December 31, 2015, 2014 and 2013, $154.8 million for the Engineered Products segment as of December 31, 2015, and $108.7 million of accumulated impairment losses for the Engineered Products segment as of December 31, 2014 and 2013.

Identifiable intangible assets are as follows:

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	As of December 31, 2015		As of December 31, 2014	
	Gross Carrying Amount (in millions)	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized:				
Customer relationships	$212.5	$112.0	$213.6	$98.2
Existing technology	63.0	26.9	53.7	22.7
Trademarks	35.3	18.4	33.8	16.7
Other	24.1	21.9	24.0	20.8
	334.9	179.2	325.1	158.4
Indefinite-Lived:				
Trademarks	34.7	—	36.1	—
Total	$369.6	$179.2	$361.2	$158.4

During the year ended December 31, 2015, we determined $0.9 million of amortized trademarks associated with CPI were impaired and therefore were written off. This amount is included in goodwill and other intangible asset impairment in the accompanying Consolidated Statement of Operations for the year ended December 31, 2015.

Additionally, in connection with the restructuring activities discussed in Note 3, "Other Income (Expense) - Operating," $1.6 million of customer relationship intangible assets associated with the exited CPI businesses were written off. This amount is included in other (operating) expense in the accompanying Consolidated Statement of Operations for the year ended December 31, 2015.

Amortization expense for the years ended December 31, 2015, 2014 and 2013 was $21.9 million, $23.0 million and $24.1 million, respectively.
The estimated amortization expense for those intangible assets for the next five years is as follows (in millions):

2016	$19.9
2017	$19.3
2018	$18.4
2019	$17.6
2020	$17.1

10. Accrued Expenses

	As of December 31,	
	2015	2014
	(in millions)	
Salaries, wages and employee benefits	$42.8	$43.0
Interest	36.7	35.3
Customer advances	8.9	13.5
Income and other taxes	10.3	8.7
Other	41.9	31.1
	$140.6	$131.6

11. Related Party Transactions
The deconsolidation of GST from our financial results, discussed more fully in Note 1, "Summary of Significant Accounting Policies - Investment in GST" and Note 19, "Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd." required certain intercompany indebtedness described below to be reflected on our Consolidated Balance Sheets.

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As of December 31, 2015 and 2014, Coltec Finance Company Ltd., a wholly-owned subsidiary of Coltec, had aggregate, short-term borrowings of $24.3 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 expired 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 12, "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	Years Ended December 31, 2015	2014	2013
		(in millions)		
Sales to GST	Net sales	$30.6	$31.1	$24.4
Purchases from GST	Cost of sales	$20.7	$24.7	$26.5
Interest expense to GST	Interest expense	$31.6	$30.5	$29.1

Description	Consolidated Balance Sheets Caption	As of December 31, 2015	2014
		(in millions)	
Due from GST	Accounts receivable	$16.5	$18.5
Income tax receivable from GST	Deferred income taxes and income tax receivable	$100.6	$73.0

Due from GST	Other assets	$1.3	$1.1
Due to GST	Accounts payable	$8.0	$7.5
Accrued interest to GST	Accrued expenses	$31.2	$29.8

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12. Long-Term Debt

	As of December 31,	
	2015	2014
	(in millions)	
Convertible Debentures	$—	$22.4
Senior Notes	298.0	297.7
Revolving debt	62.2	—
Other notes payable	0.8	1.0
	361.0	321.1
Less current maturities of long-term debt	0.1	22.5
	$360.9	$298.6

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 bore interest at the annual rate of 3.9375%, with interest due on April 15 and October 15 of each year, and matured on October 15, 2015. The Convertible Debentures were direct, unsecured and unsubordinated obligations and ranked equal in priority with all unsecured and unsubordinated indebtedness and senior in right of payment to all subordinated indebtedness.

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 income (expense), net in the accompanying Consolidated Statement of Operations for the year ended December 31, 2015.

In the fourth quarter of 2015, we received conversion requests representing all $2.2 million of the remaining Convertible Debentures outstanding. Under the terms of the Debentures, each holder received a cash payment up to the par value of the Convertible Debentures being converted, plus a number of shares of our common stock, determined over a twenty (20) trading day settlement period. Accordingly, these holders received in November 2015 approximately $2.2 million in cash plus approximately 19,610 shares of our common stock, subject to stock price changes during the remaining settlement period.

Senior Notes

In September 2014, we issued $300.0 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.

A portion of the net proceeds of the Senior Notes was used to repay outstanding borrowings under our senior secured revolving credit facility, including borrowings made to fund a purchase of the Convertible Debentures in 2014.

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, to, but not including, the redemption date. 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, to, but not including, the redemption date, 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.

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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

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, $300.0 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 2.00% or base rate plus 1.00%, 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 entered into the Credit Facility Amendment to provide such a guarantee.

Borrowings under the Revolving Credit Facility are secured by a first priority pledge of certain of our assets. The Credit Facility Amendment 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. The Credit Facility Amendment contains affirmative and negative covenants which are subject to customary exceptions and qualifications.

The borrowing availability under our Revolving Credit Facility at December 31, 2015 was $228.4 million after giving consideration to $9.4 million of outstanding letters of credit and $62.2 million of outstanding borrowings.

Scheduled Principal Payments

Future principal payments on long-term debt are as follows:

	(in millions)
2016	$0.1
2017	0.2
2018	0.2
2019	62.3
2020	0.1
Thereafter	300.1
	$363.0

The payments for long-term debt shown in the table above reflect the contractual principal amount for the Senior Notes. In the Consolidated Balance Sheets, these amounts are shown net of debt discounts aggregating $2.0 million pursuant to applicable accounting rules.

Debt Issuance Costs

During 2014, we capitalized $7.3 million of debt issuance costs in connection with the amendment to the Revolving Credit Facility and the issuance of the Senior Notes. The capitalized debt issuance costs are amortized to interest expense over the respective lives of the debt instruments.

13. Fair Value Measurements

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

	Fair Value Measurements as of	
	December 31, 2015	December 31, 2014
	(in millions)	
Assets		
Cash equivalents:		
Money market	$—	$117.7
Time deposits	24.2	22.8
	24.2	140.5
Deferred compensation assets	5.4	5.6
	$29.6	$146.1
Liabilities		
Deferred compensation liabilities	$6.6	$7.9
	$6.6	$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 approximate their respective fair values, except for the following:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
Long-term debt	$361.0	$360.3	$321.1	$345.3
Notes payable to GST	$283.2	$281.7	$271.0	$278.3

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

14. Pensions and Postretirement Benefits

We have non-contributory defined benefit pension plans covering eligible employees in the United States and several European countries. Salaried employees' benefit payments are generally determined using a formula that is based on an employee's compensation and length of service. We closed our defined benefit pension plan for new salaried employees in the United States who joined the Company after January 1, 2006, and, effective January 1, 2007, benefits were frozen for all salaried employees who were not age 40 or older as of December 31, 2006. Hourly employees' benefit payments are generally determined using stated amounts for each year of service.

Our employees also participate in voluntary contributory retirement savings plans for salaried and hourly employees maintained by us. Under these plans, eligible employees can receive matching contributions up to the first 6% of their eligible earnings. Effective January 1, 2007, those employees whose defined benefit pension plan benefits were frozen receive an additional 2% company contribution each year. We recorded $9.2 million, $8.4 million and $7.4 million in expenses in 2015, 2014 and 2013, respectively, for matching contributions under these plans.

Our general funding policy for qualified defined benefit pension plans historically has been to contribute amounts that are at least sufficient to satisfy regulatory funding standards. We made no contribution to our U.S. pension plans during 2015. During 2014 and 2013, we contributed $48.5 million and $22.5 million, respectively, in cash to our U.S. pension plans. The 2014 contribution fully funded expected regulatory contributions for 2014. This shift in contribution strategy was precipitated by an increase in the PBGC variable-rate premiums which are assessed on underfunded balances. We anticipate there will be no required funding in 2016 to our U.S. defined benefit pension plans. Additionally, we expect to make total contributions of approximately $0.4 million in 2016 to the foreign pension plans. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the defined benefit pension plans with accumulated benefit obligations in excess of plan assets were $283.4 million,

$275.3 million and $242.5 million at December 31, 2015, and $291.5 million, $283.8 million and $253.1 million at December 31, 2014, respectively.

We amortize prior service cost and unrecognized gains and losses using the straight-line basis over the average future service life of active participants.

We provide, through non-qualified plans, supplemental pension benefits to a limited number of employees. Certain of our subsidiaries also sponsor unfunded postretirement plans that provide certain health-care and life insurance benefits to eligible employees. The health-care plans are contributory, with retiree contributions adjusted periodically, and contain other cost-sharing features, such as deductibles and coinsurance. The life insurance plans are generally noncontributory. The amounts included in "Other Benefits" in the following tables include the non-qualified plans and the other postretirement plans discussed above.

The following table sets forth the changes in projected benefit obligations and plan assets of our defined benefit pension and other non-qualified and postretirement plans as of and for the years ended December 31, 2015 and 2014.

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
	(in millions)			
Change in Projected Benefit Obligations				
Projected benefit obligations at beginning of year	$291.5	$246.2	$3.0	$4.7
Service cost	4.9	5.2	0.1	0.1
Interest cost	12.0	11.8	0.2	0.1
Actuarial loss (gain)	(18.1)	46.0	(0.4)	(0.2)
Amendments	—	—	0.6	—
Benefits paid	(9.9)	(16.1)	(0.1)	(1.7)
Benefit obligations assumed in business combination	5.2	—	—	—
Other	(2.2)	(1.6)	—	—
Projected benefit obligations at end of year	283.4	291.5	3.4	3.0
Change in Plan Assets				
Fair value of plan assets at beginning of year	253.1	198.6		
Actual return on plan assets	(3.8)	22.3		
Administrative expenses	(0.5)	(0.6)		
Benefits paid	(9.9)	(16.1)		
Company contributions	0.7	48.9		
Plan assets acquired in business combination	2.9	—		
Fair value of plan assets at end of year	242.5	253.1		
Underfunded Status at End of Year	$(40.9)	$(38.4)	$(3.4)	$(3.0)
Amounts Recognized in the Consolidated Balance Sheets				
Current liabilities	$(0.2)	$(0.3)	$(0.1)	$(0.1)
Long-term liabilities	(40.7)	(38.1)	(3.3)	(2.9)
	$(40.9)	$(38.4)	$(3.4)	$(3.0)

Pre-tax charges recognized in accumulated other comprehensive loss as of December 31, 2015 and 2014 consist of:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
	(in millions)			
Net actuarial (gain) loss	$77.1	$80.7	$(0.5)	$(0.1)
Prior service cost	1.4	1.6	0.7	0.1
	$78.5	$82.3	$0.2	$—

The accumulated benefit obligation for all defined benefit pension plans was $275.3 million and $283.8 million at December 31, 2015 and 2014, respectively.

The following table sets forth the components of net periodic benefit cost and other changes in plan assets and benefit obligations recognized in other comprehensive income for our defined benefit pension and other non-qualified and postretirement plans for the years ended December 31, 2015, 2014 and 2013.

	Pension Benefits			Other Benefits		
	2015	2014	2013	2015	2014	2013
	(in millions)					
Net Periodic Benefit Cost						
Service cost	$4.9	$5.2	$6.3	$0.1	$0.1	$0.4
Interest cost	12.0	11.8	10.6	0.2	0.1	0.2
Expected return on plan assets	(18.2)	(16.3)	(13.2)	—	—	—
Amortization of prior service cost	0.2	0.1	0.2	—	—	0.1
Amortization of net loss	6.9	2.5	9.4	—	—	—
Settlement	—	—	—	—		