EnPro Industries

Engineered for Performance

# First Quarter 2017 Earnings Review

May 2, 2017

# Forward-Looking Statements

Statements in this press release that express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They involve a number of risks and uncertainties that may cause actual events and results to differ materially from such forward-looking statements. These risks and uncertainties include, but are not limited to: general economic conditions in the markets served by our businesses, some of which are cyclical and experience periodic downturns; the effect of changes in currency exchange rates, expected volumes of purchases of parts denominated in euros used for engines to be sold in U.S. dollars; prices and availability of raw materials; and the amount of any payments required to satisfy contingent liabilities related to discontinued operations of our predecessors, including liabilities for certain products, environmental matters, employee benefit obligations and other matters. In addition, adverse developments could arise in regard to voluntary petitions filed by certain of our subsidiaries in U.S. Bankruptcy Court to establish a trust that would resolve all current and future asbestos claims. Our filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 31, 2016, describe these and other risks and uncertainties in more detail. We do not undertake to update any forward-looking statement made in this press release to reflect any change in management's expectations or any change in the assumptions or circumstances on which such statements are based.

We own a number of direct and indirect subsidiaries and, from time to time, we may refer collectively to EnPro and one or more of our subsidiaries as “we” or to the businesses, assets, debts or affairs of EnPro or a subsidiary as “ours.” These and similar references are for convenience only and should not be construed to change the fact that EnPro and each subsidiary is an independent entity with separate management, operations, obligations and affairs.

This presentation also contains certain non-GAAP financial measures as defined by the Securities Exchange Commission. A reconciliation of these measures to the most directly comparable GAAP equivalents is included as an appendix to this presentation. We will also be referencing certain pro forma unaudited condensed consolidated financials. Please refer to our earnings release for important information regarding how pro forma and other financial information is derived, as well as related risks and uncertainties.

# Agenda

- Summary Highlights
- Strategic Initiatives Update
  - Stemco Air Springs Value Creation
  - Asbestos Claims Resolution Process Update
- Operating Pro Forma Results
- Segment Pro Forma Results
- Capital Allocation and Liquidity Overview
- NPO Valuation Considerations
- 2017 Outlook

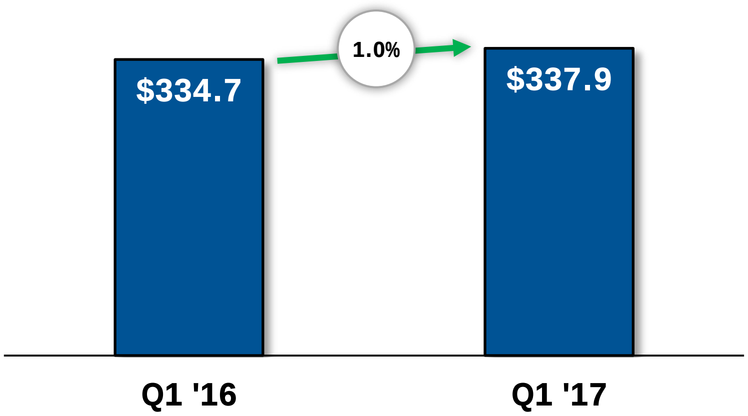
# EnPro Performance Highlights

- Items impacting sales:
  - Experienced modestly improving demand conditions in several markets
  - Volume increases in Sealing Products and Engineered Products
  - Decline in Power Systems due to lower engine sales

- Items impacting profitability:
  - Volume increases
  - Company-wide cost reduction efforts
  - Positive impact from 2016 restructuring activities
  - Favorable comparison impact from $3.0 million legal charge incurred in Q1 2016
  - Positive impact due to favorable effect of FX related to EDF program

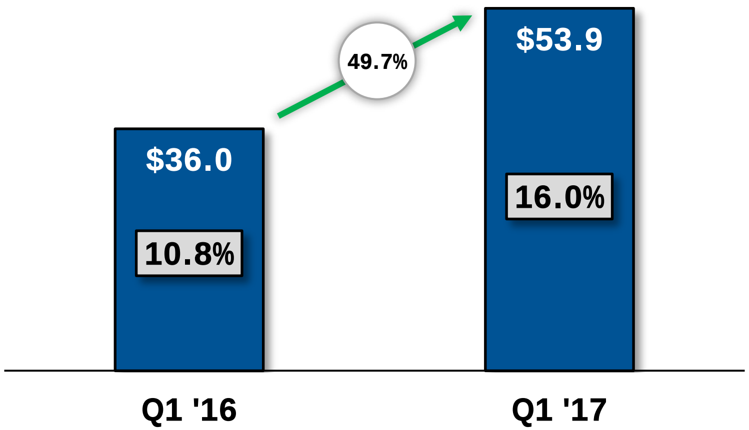
**Pro Forma Sales**

*$ in millions*




**Pro Forma Adjusted EBITDA & Margin**

*$ in millions*



## Summary Highlights

# Market Indicators

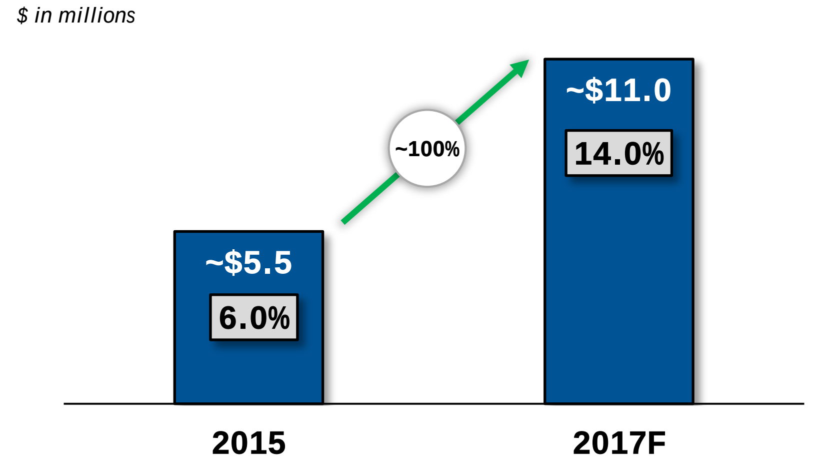
EnPro Industries

| EnPro Segment | Divisions | End-Market Exposure | Q1'17 vs. Q1'16 | 2017 vs. 2016 |
|---|---|---|---|---|
| **Sealing Products** | Garlock | Heavy Duty Trucking | ↘ | ↘ |
| | | General Industrial | → | ↗ |
| | | Oil & Gas | ↗ | ↗ |
| | | Refining & Processing | ↗ | ↗ |
| | Technetics Group | Metals & Mining | ↗ | ↗ |
| | | Semiconductor | ↗ | ↗ |
| | | Nuclear | → | ↘ |
| | STEMCO – A Higher Standard of Performance.℠ | Food & Pharma | ↗ | ↗ |
| | | Industrial Gas Turbines | → | → |
| | | Aerospace | ↗ | ↗ |
| **Engineered Products** | GGB Bearing Technology | General Industrial | → | ↗ |
| | | Automotive | → | → |
| | | Fluid Power | → | → |
| | CPI | Oil & Gas | ↗ | ↗ |
| | | Refining & Processing | ↗ | ↗ |
| | | ConAg | → | → |
| **Power Systems** | Fairbanks Morse Engine | U.S. Navy/Coast Guard | → | ↗ |
| | | Powergen | → | ↗ |

# Stemco Air Springs Value Creation

- Stemco acquired Continental Corporation's Air Springs business in July 2015,
- Manufactures air springs for heavy-duty truck suspensions
- Successful integration of systems, processes and facilities has yielded positive margin enhancement
- Expect adjusted EBITDA to nearly double from the run-rate at the time the transaction closed to the end of 2017

## Adjusted EBITDA Growth




## Air Springs Products

Rolling Lobe Air Spring

Sleeves

Bellows Air Spring

Strategic Initiatives

# Asbestos Claims Resolution Process (ACRP)

EnPro Industries

| # | Activity | 2016 | | | 2017 | | | | Status |
|---|---|---|---|---|---|---|---|---|---|
| | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| 1 | Parties file all plan documents including plan and disclosure statement. | | | | | | | | Complete |
| 2 | Court hears motion to approve disclosure statement & claimant solicitation process; issues approval. | | | | | | | | Complete |
| 3 | Solicitation begins for GST & Coltec claimants. | | | | | | | | Complete |
| 4 | 4-month notice period ends. Votes are tabulated and certified within a month thereafter. | | | | | | | | Complete |
| 5 | Assuming successful vote, Coltec reorganization accomplished (operating businesses moved outside of Coltec corp. family; Coltec merges into newly formed "OldCo"). | | | | | | | | Complete |
| 6 | OldCo files the claimant-approved prepackaged chapter 11 & Bankruptcy Court agrees to jointly administer the cases. | | | | | | | | Complete |
| **7** | **Bankruptcy Court holds confirmation hearing for all debtors (GST, Garrison & OldCo); issues positive confirmation decision shortly thereafter, assuming no objection.** | | | | | | | | **On-Track** |
| **8** | **District Court affirms BC decision; issues confirmation orders & 524(g) channeling injunction, directing all current and future claims to Trust, assuming no objection.** | | | | | | | | **On-Track** |
| **9** | **Confirmation orders become final 30 days later, assuming no appeal.** | | | | | | | | **On-Track** |
| **10** | **Plan of Reorganization is consummated & becomes effective; GST and OldCo reconsolidated into EnPro.** | | | | | | | | **On-Track** |

# Overview of Financial Results

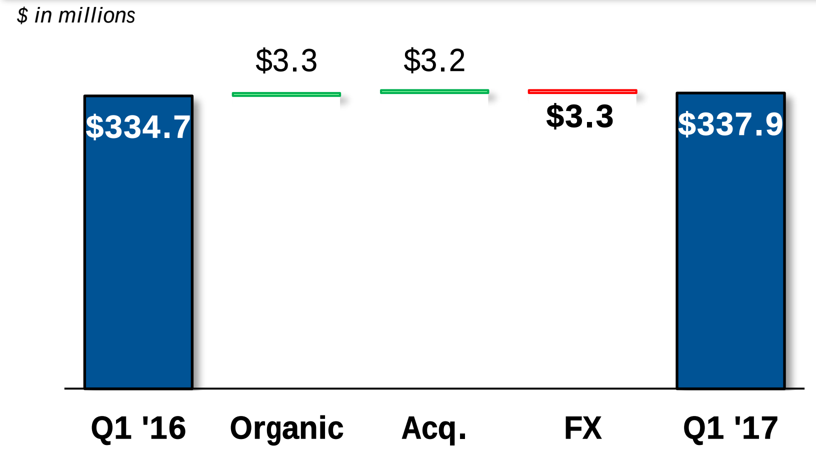
## Milt Childress

*Senior Vice President & CFO*

# Operating Results Overview
# Pro Forma Sales & Pro Forma Gross Margin

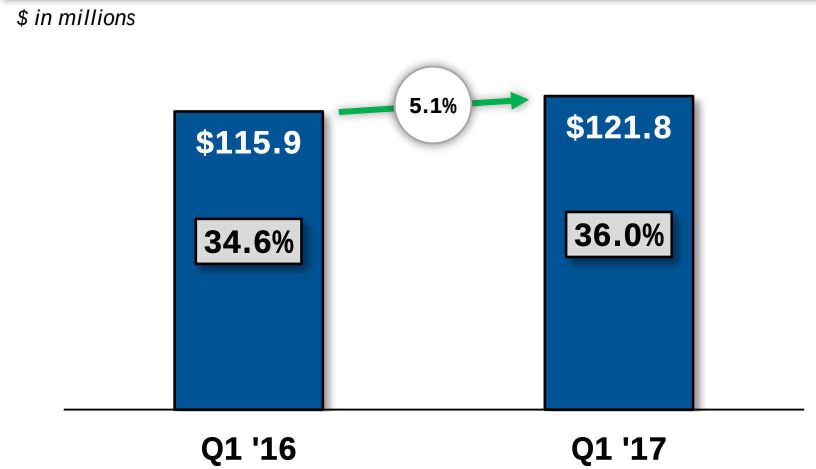
- Pro Forma Sales
  - Excluding acquisitions, divestitures and FX translation, pro forma sales were up 1.0%
  - Volume increases in Sealing Products and Engineered Products
  - Sales decline in Power Systems due to lower engine revenue versus last year

**Pro Forma Sales**




- Pro Forma Gross Profit & Margin
  - Pro forma gross margin up 140 basis points

**Pro Forma Gross Profit & Margin**

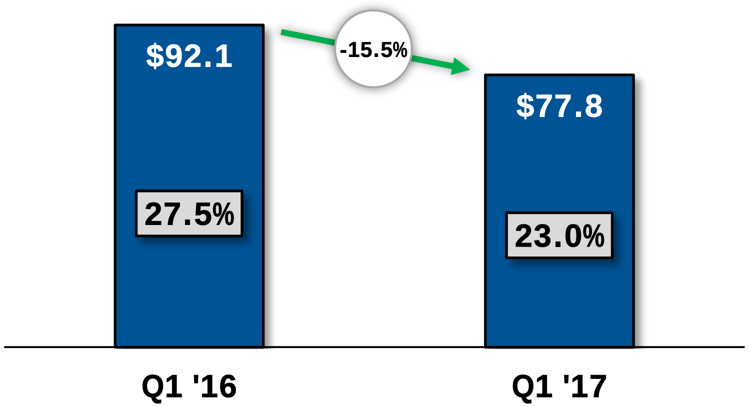


# Pro Forma SG&A & Pro Forma Adjusted Net Income

- Pro Forma Segment SG&A
  - Total pro forma segment SG&A declined in Q1 2017 by $14.3 million YoY
  - Excluding restructuring costs, $3.0 million of legal costs in Q1 2016 related to the AVL lawsuit settlement and SG&A costs associated with acquisitions and divestitures, pro forma SG&A was $8.5 million lower YoY
  - Decrease driven by company-wide cost reduction initiatives including the restructuring activities that occurred throughout 2016

**Pro Forma Segment SG&A**

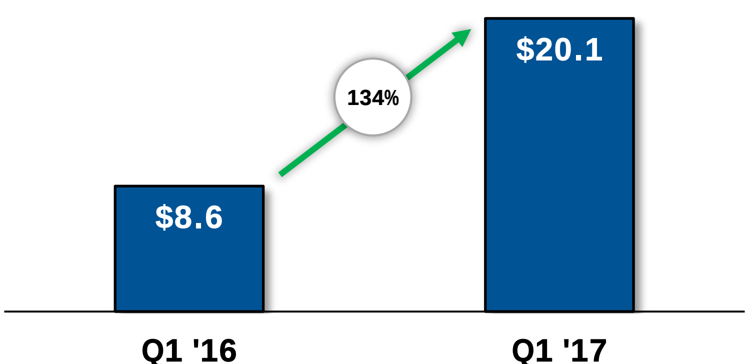
*$ in millions*




- Pro Forma Adjusted Net Income
  - Up $11.5 million YoY

**Pro Forma Adjusted Net Income**

*$ in millions*

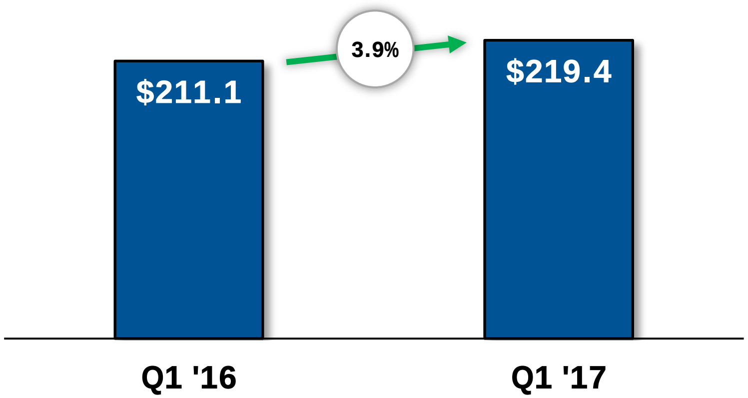


Segment Pro Forma Results

# Sealing Products

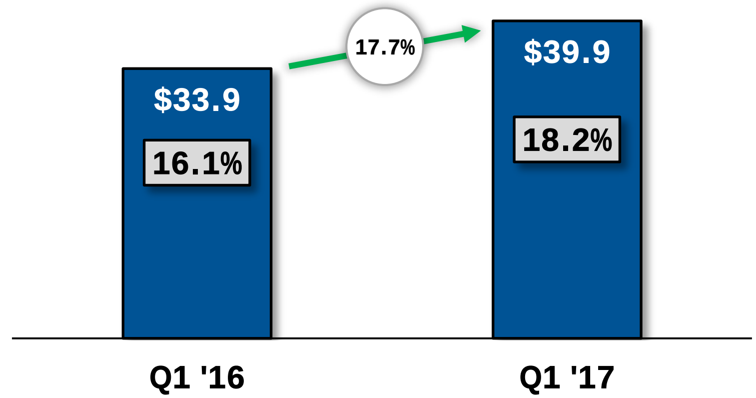
## Pro Forma Sales

*$ in millions*




## Pro Forma Segment Adjusted EBITDA & Margin

*$ in millions*



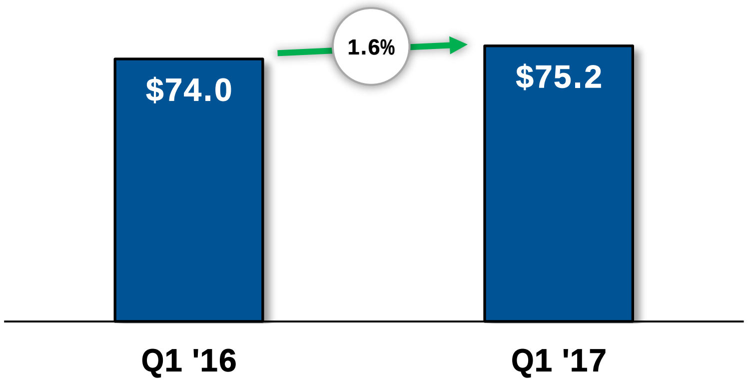

- Market conditions
  - Continued strength in semiconductor, food & pharma and aerospace
  - Demand in oil & gas, refining, steel and mining improved modestly
  - Flat demand in industrial gas turbine, general industrial and nuclear
  - Modest weakness in heavy-duty trucking
  - Excluding impact of acquisitions, divestitures and FX translation, pro forma sales were up 3.2%

- Key developments
  - Excluding impact of acquisitions, divestitures, FX translation and restructuring costs, pro forma segment adjusted EBITDA increased 16.3%
  - Increase driven by increased volume, positive impact from prior year restructuring activities and continued focus on managing costs
  - Excluding impact of restructuring and SG&A costs related to acquisitions and divestitures, pro forma segment SG&A costs were $5.3 million lower in Q1 2017 versus last year

# Segment Pro Forma Results
# Engineered Products

## Pro Forma Sales

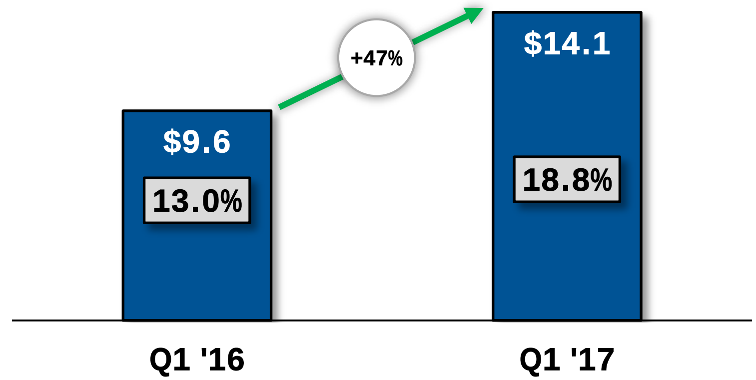
*$ in millions*




- Market conditions
  - Strength in European automotive, North American oil & gas and general demand in Asia
  - Excluding impact of FX translation, pro forma sales were up 4.1%

## Pro Forma Segment Adjusted EBITDA & Margin

*$ in millions*

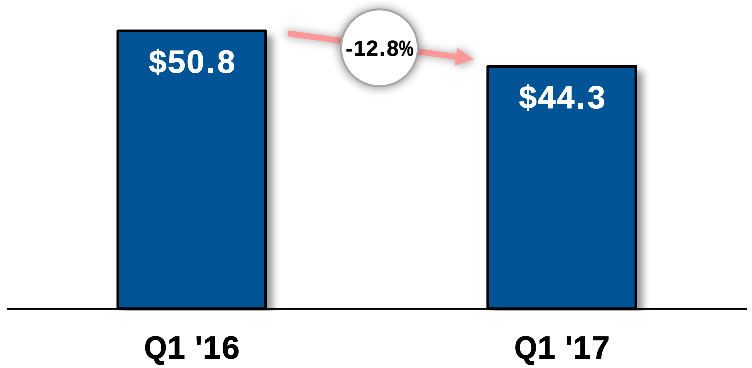



- Key developments
  - Benefited from increased volume, manufacturing efficiencies, cost reductions and the favorable impact of restructuring efforts completed in 2016
  - Excluding restructuring costs, pro forma segment SG&A costs were $1.9 million lower in Q1 2017 versus last year

## Segment Pro Forma Results
# Power Systems

### Pro Forma Sales

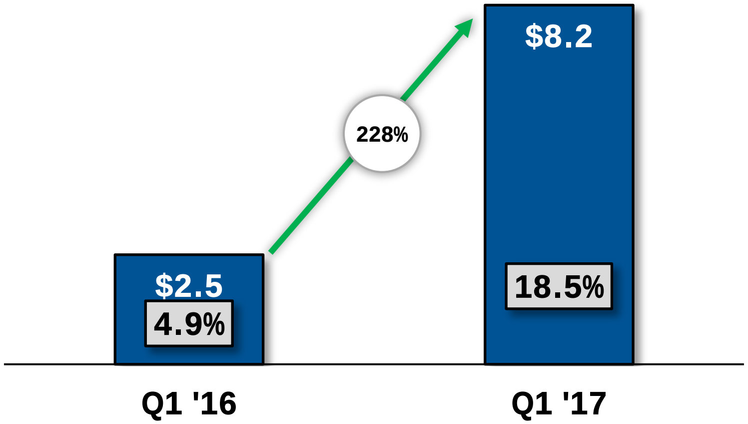
*$ in millions*




- Market conditions
  - Sales decline in Q1 2017 primarily due to lower engine revenue versus last year

### Pro Forma Segment Adjusted EBITDA & Margin

*$ in millions*




- Key developments
  - Benefited from decreased operating costs attributable to prior-year cost-savings initiatives, lower warranty costs and the positive year-over-year impact of the $3.0 million AVL legal costs incurred in Q1 2016
  - $0.5 million positive accounting adjustment related to the EDF contract during Q1 2017
  - Excluding the $3.0 million AVL legal settlement charge, pro forma segment SG&A costs were $1.2 million lower in Q1 2017 versus last year

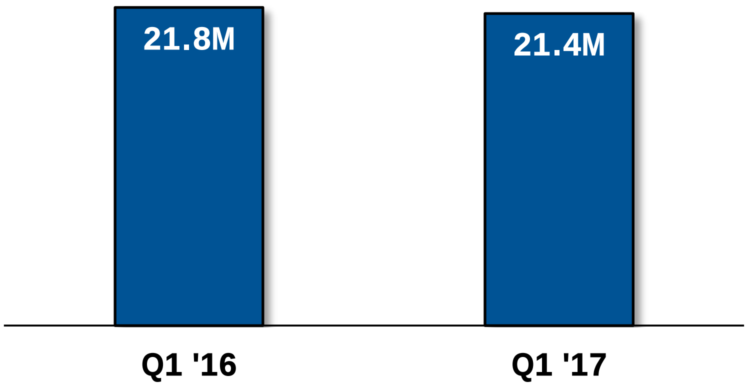
FAIRBANKS MORSE ENGINE

# Capital Allocation

- Share repurchase program
  - $50 million repurchase program initiated in Q4 2015
  - Program activity:
    - Q1 2017: repurchased ~61,000 shares for $4.0 million
    - Program to date[(1)]: repurchased ~788,000 shares for $39.6 million

**Outstanding Shares**

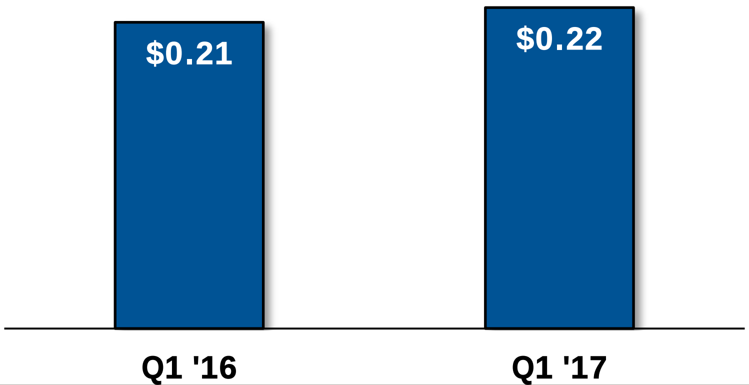
*# of shares, as of end of quarter*




- Quarterly dividend
  - $0.22/share dividend paid in March 2017
  - Up from $0.21/share in Q1 2016

**Dividend Paid**

*Units in $/share*




(1) As of the end of Q1 2017.

Capital Allocation and Liquidity Overview

# Net Debt & Liquidity Summary

EnPro Industries

| *As of March 31, 2017*<br>*$ millions* | | NPO | GST and OldCo | Proposed Consensual Plan Impact | Eliminate Intercompany Balances | Effect of Reconsolidation of GST and OldCo | Pro Forma |
|---|---|---|---|---|---|---|---|
| | Long-Term Debt | 468.8 | - | 115.2 | - | - | 584.0 |
| | Current Maturities of Long-Term Debt | 0.2 | - | - | - | - | 0.2 |
| | Notes Payable to GST | 309.3 | - | - | (309.3) | - | - |
| | Short-Term Borrowings from GST | 32.1 | - | - | (32.1) | - | - |
| | Asbestos Liability | 60.8 | 498.4 | (418.4)* | - | (60.8) | 80.0 |
| **A** | **Debt Components** | **871.2** | | | | | **664.2** |
| | Asbestos Insurance Receivable | - | 62.0 | - | - | - | 62.0 |
| | Cash and Investments | 113.7 | 318.3 | (301.6) | - | - | 130.4 |
| **B** | **Cash and Equivalents** | **113.7** | | | | | **192.4** |
| **C = (A - B)** | **Net Debt** | **757.5** | | | | | **471.8** |
| **D** | **Q1’17 TTM Adjusted EBITDA** | **165.9** | | | | | **203.5** |
| **E = (C / D)** | **Leverage Ratio** | **4.6x** | | | | | **2.3x** |

** Includes $1.6 million of pre petition unsecured claims against GST, assumed to be reflected in accounts payable after the effective date.*

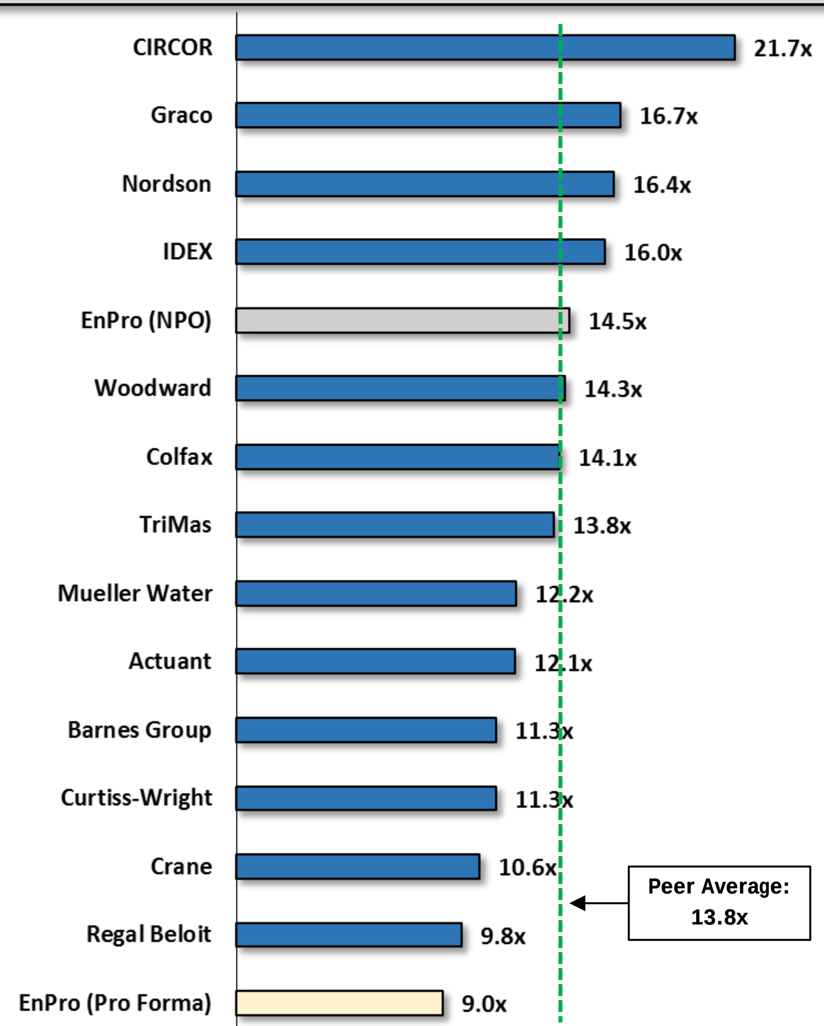
*Note: Does not include expected tax benefits from funding asbestos claims trust as contemplated in the terms of the consensual comprehensive settlement. Including the NPV of the assumed tax benefits (see footnote on slide 16 for assumptions), the adjusted net debt-to- pro forma adjusted EBITDA multiple would be approximately ~1.6x.*

# NPO Valuation Considerations

- Internal Valuation Summary
  - On a pro forma basis, taking into account ACRP settlement plan and reconsolidation of GST, EnPro trades at ~9.0x
  - Peer average is ~13.8x

| *$ in millions* | |
|---|---|
| Market Cap[(1)] | $1,509 |
| Pro Forma Net Debt (Per Slide 15) | $472 |
| (A) Enterprise Value | $1,981 |
| (B) Estimated Trust Funding Tax Benefits (NPV)[(2)] | $150 |
| (C) Adjusted Enterprise Value (A - B) | $1,831 |
| (D) Pro Forma Adjusted TTM EBITDA | $204 |
| **Pro Forma EV/EBITDA Multiple (C / D)** | **9.0x** |

## Peer Enterprise Value/TTM EBITDA Multiples[(3)]




(1) Market capitalization for NPO per CapitalIQ as of 4/28/17.
(2) Estimated Trust Funding Tax Benefit of $150 million assumes a loss carryback and refund in the second half of 2018. Detailed tax evaluation underway.
(3) EV/TTM EBITDA multiples per CapitalIQ as of 4/28/17. Peer average EV/TTM EBITDA multiple excludes NPO and EnPro (Pro Forma) from calculation. TTM = "Trailing Twelve Months".

# 2017 Outlook

## Outlook Commentary

- Demand in many of our markets showed signs of stability or modest improvement in Q1 2017
- Cautiously optimistic that these encouraging trends will continue into Q2 2017
- Do not expect significant benefits from year-over-year SG&A cost comparisons for the rest of 2017
- Market growth, product mix, operating efficiencies and cost discipline will be the key drivers of our performance during the balance of 2017
- Updated guidance based on our limited visibility into Q2 2017 and the demand levels that we have recently been experiencing

| | 2017 Pro Forma Adjusted EBITDA Guidance[(1)] | |
|---|---|---|
| | Low | High |
| *Previous Guidance* | *$188MM* | *$193MM* |
| **Updated Guidance** | **$193MM** | **$198MM** |

*(1) Excludes the future impact of acquisitions, restructuring costs, changes in foreign exchange, any litigation or environmental charges and purchase accounting impacts upon reconsolidation of GST.*

# QUESTIONS

# APPENDIX

# Reconciliation of Net Sales to Pro Forma Net Sales (Unaudited)

EnPro Industries

**For the Three Months Ended March 31, 2017 and 2016**
(Stated in Millions of Dollars)

| | Three Months Ended March 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Sealing Products | Engineered Products | Power Systems | Intersegment sales | Consolidated |
| Net sales | $ 179.3 | $ 75.1 | $ 42.4 | $ (1.0) | $ 295.8 |
| Adjustments: | | | | | |
| Sales of deconsolidated entities | 52.7 | 0.5 | 3.4 | - | 56.6 |
| Intercompany sales | (12.6) | (0.4) | (1.5) | - | (14.5) |
| Pro forma net sales | $ 219.4 | $ 75.2 | $ 44.3 | $ (1.0) | $ 337.9 |

| | Three Months Ended March 31, 2016 | | | | |
|---|---|---|---|---|---|
| | Sealing Products | Engineered Products | Power Systems | Intersegment sales | Consolidated |
| Net sales | $ 172.2 | $ 73.7 | $ 50.0 | $ (1.0) | $ 294.9 |
| Adjustments: | | | | | |
| Sales of deconsolidated entities | 49.5 | 0.6 | 1.0 | - | 51.1 |
| Intercompany sales | (10.6) | (0.3) | (0.2) | (0.2) | (11.3) |
| Pro forma net sales | $ 211.1 | $ 74.0 | $ 50.8 | $ (1.2) | $ 334.7 |

# Reconciliation of Segment Profit to Pro Forma Segment Profit to Pro Forma Adjusted Segment EBITDA (Unaudited)

EnPro Industries

**For the Three Months Ended March 31, 2017 and 2016**
(Stated in Millions of Dollars)

| | Three Months Ended March 31, 2017 | | | |
|---|---|---|---|---|
| | Sealing Products | Engineered Products | Power Systems | Total Segments |
| Segment Profit | $ 20.3 | $ 9.5 | $ 6.2 | $ 36.0 |
| Segment profit of deconsolidated entities | 9.0 | - | 0.9 | 9.9 |
| Pro forma depreciation and amortization adjustments (1) | (1.7) | - | - | (1.7) |
| Pro forma segment profit | 27.6 | 9.5 | 7.1 | 44.2 |
| Adjustments: | | | | |
| Acquisition expenses | 0.1 | - | - | 0.1 |
| Restructuring costs | 0.3 | 0.5 | - | 0.8 |
| Depreciation and amortization expense | 11.9 | 4.1 | 1.1 | 17.1 |
| Pro forma segment earnings before interest, income taxes, depreciation amortization, and other selected items (pro forma adjusted segment EBITDA) | $ 39.9 | $ 14.1 | $ 8.2 | $ 62.2 |

| | Three Months Ended March 31, 2016 | | | |
|---|---|---|---|---|
| | Sealing Products | Engineered Products | Power Systems | Total Segments |
| Segment Profit | $ 14.7 | $ 2.1 | $ 1.2 | $ 18.0 |
| Segment profit of deconsolidated entities | 7.4 | 0.1 | 0.2 | 7.7 |
| Pro forma depreciation and amortization adjustments (1) | (1.7) | - | - | (1.7) |
| Pro forma segment profit | 20.4 | 2.2 | 1.4 | 24.0 |
| Adjustments: | | | | |
| Acquisition expenses | 0.4 | - | - | 0.4 |
| Restructuring costs | 1.4 | 2.9 | - | 4.3 |
| Depreciation and amortization expense | 11.7 | 4.5 | 1.1 | 17.3 |
| Pro forma segment earnings before interest, income taxes, depreciation amortization, and other selected items (pro forma adjusted segment EBITDA) | $ 33.9 | $ 9.6 | $ 2.5 | $ 46.0 |

(1) See notes (2) and (3) to the accompanying Pro Forma Condensed Consolidated Statements of Operations (Unaudited) for further information about these adjustments.

# Reconciliation of Pro Forma Net Income to Pro Forma Adjusted Net Income (Unaudited)

EnPro Industries

**For the Three Months Ended March 31, 2017 and 2016**
(Stated in Millions of Dollars, Except Per Share Data)

| | 2017 | 2016 |
|---|---|---|
| Pro forma net income | $ 17.4 | $ 4.5 |
| Income tax expense | 8.1 | 1.9 |
| Income before taxes | 25.5 | 6.4 |
| Adjustments: | | |
| Restructuring costs | 0.8 | 4.3 |
| Environmental reserve adjustment | 3.3 | 1.6 |
| Acquisition expenses | 0.1 | 0.4 |
| Other | 0.1 | - |
| Adjusted income before taxes | 29.8 | 12.7 |
| Adjusted income tax expense | (9.7) | (4.1) |
| Pro forma adjusted net income | $ 20.1 | $ 8.6 |

# Reconciliation of Pro Forma Net Income to Pro Forma Adjusted EBITDA (Unaudited)

**For the Three Months ended March 31, 2017 and 2016**
(Stated in Millions of Dollars)

| | 2017 | 2016 |
|---|---|---|
| Pro forma net income | $ 17.4 | $ 4.5 |
| Adjustments to arrive at pro forma earnings before interest, taxes, depreciation, and amortization (pro forma EBITDA) | | |
| Interest expense, net | 6.7 | 5.6 |
| Income tax expense | 8.4 | 2.2 |
| Depreciation and amortization expense | 17.1 | 17.4 |
| Pro forma EBITDA | 49.6 | 29.7 |
| Adjustments to arrive at pro forma earnings before interest, income taxes, depreciation, amortization, and other selected items (pro forma adjusted EBITDA): | | |
| Restructuring costs | 0.8 | 4.3 |
| Acquisition expenses | 0.1 | 0.4 |
| Environmental reserve adjustment | 3.3 | 1.6 |
| Other | 0.1 | - |
| Pro forma adjusted EBITDA | $ 53.9 | $ 36.0 |

# Pro Forma Condensed Consolidated Statements of Operations (Unaudited)

**For the Three Months Ended March 31, 2017**
(Stated in Millions of Dollars, Except Per Share Data)

| | Consolidated EnPro | GST and OldCo | Eliminate Intercompany Transactions | Effect of Reconsolidation of GST and OldCo | Pro Forma | Pro Forma Adjustments Reference |
|---|---|---|---|---|---|---|
| Net sales | $ 295.8 | $ 56.6 | $ (14.5) | $ - | $ 337.9 | (1) |
| Cost of sales | 194.2 | 36.1 | (14.5) | 0.3 | 216.1 | (1), (2) |
| Gross profit | 101.6 | 20.5 | - | (0.3) | 121.8 | |
| Operating expenses: | | | | | | |
| Selling, general and administrative | 72.9 | 10.8 | - | 1.4 | 85.1 | (2), (3) |
| Other | 1.3 | 0.2 | - | (0.5) | 1.0 | (4) |
| Total operating expenses | 74.2 | 11.0 | - | 0.9 | 86.1 | |
| Operating income | 27.4 | 9.5 | - | (1.2) | 35.7 | |
| Interest expense | (14.9) | - | 8.7 | (0.9) | (7.1) | (5) |
| Interest income | 0.1 | 9.0 | (8.7) | - | 0.4 | (5) |
| Other expense | (3.2) | (2.1) | - | 2.1 | (3.2) | (4) |
| Income before income taxes | 9.4 | 16.4 | - | (0.0) | 25.8 | |
| Income tax expense | (3.0) | (5.8) | - | 0.4 | (8.4) | (6) |
| Net income | $ 6.4 | $ 10.6 | $ - | $ 0.4 | $ 17.4 | |
| Basic earningsper share | $ 0.30 | N/A | N/A | N/A | $ 0.81 | |
| Average common shares outstanding (millions) | 21.4 | | | | 21.4 | |
| Diluted earnings per share | $ 0.30 | N/A | N/A | N/A | $ 0.80 | |
| Average common shares outstanding (millions) | 21.8 | | | | 21.8 | |

(1) Eliminate intercompany sales of $14.5 million.

(2) Reflects the increase in depreciation expense of $0.3 million due to adjusting property, plant and equipment to fair value. The total fair value adjustment to property, plant and equipment was $19.8 million of which $14.6 million related to depreciable buildings and improvements and machinery and equipment that have a net estimated remaining economic life of 14.1 years.

(3) Reflects the increase in amortization expense as a result of the estimated fair value adjustment due to the creation of the finite-lived intangible assets. The estimated useful life of the finite-lived intangible assets is 15 years.

(4) Eliminate asbestos-related expenses which would cease upon confirmation and consummation of the proposed joint plan of reorganization

(5) Eliminate intercompany interest and add interest expense on incremental borrowings made in order to make payment upon confirmation and consummation of the proposed consensual plan of reorganization. We used an estimated interest rate of 3% for all periods.

(6) For purposes of the consolidated pro forma financial information, an estimated effective tax rate of 32.5% has been used for all periods presented.

# Pro Forma Condensed Consolidated Statements of Operations (Unaudited)

**For the Three Months Ended March 31, 2016**
(Stated in Millions of Dollars, Except Per Share Data)

| | Consolidated EnPro | GST | Eliminate Intercompany Transactions | Effect of Reconsolidation of GST | Pro Forma | Pro Forma Adjustments Reference |
|---|---|---|---|---|---|---|
| Net sales | $ 294.9 | $ 51.1 | $ (11.3) | $ - | $ 334.7 | (1) |
| Cost of sales | 197.3 | 32.5 | (11.3) | 0.3 | 218.8 | (1), (2) |
| Gross profit | 97.6 | 18.6 | - | (0.3) | 115.9 | |
| Operating expenses: | | | | | | |
| Selling, general and administrative | 85.6 | 10.7 | - | 1.4 | 97.7 | (2), (3) |
| Other | 84.4 | 49.8 | - | (129.9) | 4.3 | (4) |
| Total operating expenses | 170.0 | 60.5 | - | (128.5) | 102.0 | |
| Operating income (loss) | (72.4) | (41.9) | - | 128.2 | 13.9 | |
| Interest expense | (13.3) | - | 8.3 | (0.9) | (5.9) | (5) |
| Interest income | 0.2 | 8.4 | (8.3) | - | 0.3 | (5) |
| Other expense | (1.6) | (6.1) | - | 6.1 | (1.6) | (4) |
| Income (loss) before income taxes | (87.1) | (39.6) | - | 133.4 | 6.7 | |
| Income tax benefit (expense) | 40.3 | 14.2 | - | (56.7) | (2.2) | (6) |
| Net income (loss) | $ (46.8) | $ (25.4) | $ - | $ 76.7 | $ 4.5 | |
| Basic earnings (loss) per share | $ (2.15) | N/A | N/A | N/A | $ 0.21 | |
| Average common shares outstanding (millions) | 21.8 | | | | 21.8 | |
| Diluted earnings (loss) per share | $ (2.15) | N/A | N/A | N/A | $ 0.20 | |
| Average common shares outstanding (millions) | 21.8 | | | 0.2 | 22.0 | (7) |

(1) Eliminate intercompany sales of $11.3 million.

(2) Reflects the increase in depreciation expense of $0.3 million due to adjusting property, plant and equipment to fair value. The total fair value adjustment to property, plant and equipment was $19.8 million of which $14.6 million related to depreciable buildings and improvements and machinery and equipment that have a net estimated remaining economic life of 14.1 years.

(3) Reflects the increase in amortization expense as a result of the estimated fair value adjustment due to the creation of the finite-lived intangible assets. The estimated useful life of the finite-lived intangible assets is 15 years.

(4) Eliminate asbestos-related expenses which would cease upon confirmation and consummation of the proposed joint plan of reorganization

(5) Eliminate intercompany interest and add interest expense on incremental borrowings made in order to make payment upon confirmation and consummation of the proposed joint plan of reorganization. We used an estimated interest rate of 3% for all periods.

(6) For purposes of the consolidated pro forma financial information, an estimated effective tax rate of 32.5% has been used for all periods presented.

(7) Represents shares that would no longer be antidilutive since the pro-forma consolidated company would have net income.

# Reconciliation of Consolidated Net Income (Loss) to Consolidated Adjusted EBITDA (Unaudited)

EnPro Industries

**For the Three Months Ended March 31, 2017 and 2016**
(Stated in Millions of Dollars)

| | 2017 | 2016 |
|---|---|---|
| Net income (loss) | $ 6.4 | $ (46.8) |
| Adjustments to arrive at earnings before interest, income taxes, depreciation and amortization (EBITDA): | | |
| Interest expense, net | 14.8 | 13.1 |
| Income tax expense (benefit) | 3.0 | (40.3) |
| Depreciation and amortization expense | 13.8 | 13.9 |
| EBITDA | 38.0 | (60.1) |
| Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization and other selected items (Consolidated Adjusted EBITDA): | | |
| Asbestos settlement | - | 80.0 |
| Restructuring costs | 0.8 | 4.3 |
| Acquisition expenses | 0.1 | 0.4 |
| Environmental reserve adjustment | 3.3 | 1.6 |
| Other | 0.5 | 0.6 |
| Consolidated adjusted EBITDA | $ 42.7 | $ 26.8 |

* Consolidated adjusted EBITDA as presented also represents the amount defined as "EBITDA" under the indenture governing the Company's 5.875% senior notes due 2022.

# Pro Forma Condensed Consolidated Balance Sheets (Unaudited)

**As of March 31, 2017**

(Stated in Millions of Dollars)

| | Consolidated EnPro | GST and OldCo | Proposed Consensual Plan impact (1) | Eliminate Intercompany Balances | Effect of Reconsolidation of GST and OldCo | Pro Forma | Pro Forma Adjustments Reference |
|---|---|---|---|---|---|---|---|
| Current assets | | | | | | | |
| Cash and investments | $ 113.7 | $ 318.3 | $ (301.6) | $ - | $ - | $ 130.4 | |
| Accounts receivable | 221.9 | 35.6 | - | (20.0) | - | 237.5 | (4) |
| Inventories | 183.8 | 17.2 | - | - | 5.6 | 206.6 | (2) |
| Notes receivable from EnPro | - | 341.4 | - | (341.4) | - | 0.0 | (3) |
| Asbestos insurance receivable | - | 13.0 | 38.0 | - | - | 51.0 | |
| Other current assets | 35.2 | 12.0 | 58.9 | (8.4) | - | 97.7 | (4) |
| Total current assets | 554.6 | 737.5 | (204.7) | (369.8) | 5.6 | 723.2 | |
| Property, plant and equipment | 215.3 | 41.1 | - | - | 19.8 | 276.2 | (2) |
| Goodwill | 201.8 | 18.3 | - | - | (18.3) | 201.8 | (2) |
| Other intangible assets | 172.2 | 3.7 | - | - | 156.7 | 332.6 | (2) |
| Investment in GST | 236.9 | - | - | - | (236.9) | - | (6) |
| Asbestos insurance receivable | - | 49.0 | (38.0) | - | - | 11.0 | |
| Deferred income taxes and income taxes receivable | 112.1 | 136.0 | (58.9) | (91.9) | - | 97.3 | (5) |
| Other assets | 36.7 | 3.3 | - | (0.2) | - | 39.8 | (4) |
| Total assets | $ 1,529.6 | $ 988.9 | $ (301.6) | $ (461.9) | $ (73.1) | $ 1,681.9 | |
| Current liabilities | | | | | | | |
| Short-term borrowings from GST | $ 32.1 | $ - | $ - | $ (32.1) | $ - | $ - | (3) |
| Notes payable to GST | 309.3 | - | - | (309.3) | - | - | (3) |
| Current maturities of long-term debt | 0.2 | - | - | - | - | 0.2 | |
| Accounts payable | 99.0 | 19.3 | 1.6 | (20.0) | - | 99.9 | (4) |
| Asbestos liability | 60.8 | - | - | - | (60.8) | - | (6) |
| Accrued expenses | 102.6 | 10.0 | - | (8.4) | - | 104.2 | (4) |
| Total current liabilities | 604.0 | 29.3 | 1.6 | (369.8) | (60.8) | 204.3 | |
| Long-term debt | 468.8 | - | 115.2 | | - | 584.0 | |
| Notes payable to GST | - | - | - | - | - | - | (3) |
| Asbestos liability | - | 498.4 | (418.4) | | - | 80.0 | |
| Deferred income taxes and income taxes payable | 7.3 | 92.2 | - | (91.9) | 45.6 | 53.2 | (5), (7) |
| Other liabilities | 87.2 | 5.2 | - | (0.2) | - | 92.2 | (4) |
| Total liabilities | 1,167.3 | 625.1 | (301.6) | (461.9) | (15.2) | 1,013.7 | |
| Shareholders' equity | 362.3 | 363.8 | - | - | (57.9) | 668.2 | (8) |
| Total liabilities and equity | $ 1,529.6 | $ 988.9 | $ (301.6) | $ (461.9) | $ (73.1) | $ 1,681.9 | |

Footnotes on following page.

# Pro Forma Condensed Consolidated Balance Sheets (Unaudited) - Footnotes

(1) We determined that in the establishment of the Trust contemplated by the Proposed Consensual Plan, payments of agreed-upon amounts on the effective date would be funded by cash on hand and additional borrowings of $115.2 million. The existing deferred tax asset on the asbestos liability was eliminated and a new deferred tax asset on the remaining trust liability payments was established. Upon payment of these liablities, $58.9 million of the new deferred tax asset is reversed and an income tax receivable is established to reflect the tax benefits that will be realized from a carryback of the resulting tax deductions.

(2) Upon reconsolidation, the assets and liabilities of GST will need to be recognized at fair value. Inventory is valued at net realizable value which required a $5.6 million adjustment to the carrying value. We reflected a $19.8 million fair value adjustment to property, plant and equipment. We eliminated GST's pre-existing goodwill and other identifiable intangible assets of $18.3 million and $3.7 million, respectively. We identified finite-lived intangible assets with an estimated fair value of $92.2 million. In addition, we identified $68.2 million of indefinite-lived intangible assets. The carrying value of all other assets and liabilities approximated fair value.

(3) Eliminate intercompany notes receivable/payable

(4) Eliminate intercompany trade receivables/payables , intercompany interest receivable/payable and other intercompany receivables/payables.

(5) Eliminate $91.9 million of intercompany income taxes payable.

(6) Eliminate the investment in GST, which is carried at historical cost, and and release liability associated with keep well to OldCo upon reconsolidation.

(7) The elimination of the deferred tax liability on the investment in GST and establish a deferred tax liability on the step-up in fair value of assets resulted in a net increase in long-term tax liabilities of $45.6 million.

(8) The entries above resulted in reflecting a $305.9 million after-tax gain upon reconsolidation.

# Reconciliation of Consolidated Segment Selling, General and Administrative Expenses to Pro Forma Segment Selling, General and Administrative Expenses (Unaudited)

EnPro Industries

**For the Quarters Ended March 31, 2017 and 2016**
(Stated in Millions of Dollars)

| | Quarter Ended March 31, 2017 | | | |
|---|---|---|---|---|
| | Sealing Products | Engineered Products | Power Systems | Total Segments |
| Consolidated Segment Selling, General, and Administrative Expenses | $ 37.7 | $ 21.5 | $ 6.4 | $ 65.6 |
| Selling, general and adminstrative expenses of unconsolidated entities | 10.4 | 0.1 | - | 10.5 |
| Pro forma depreciation and amortization adjustments (1) | 1.7 | - | - | 1.7 |
| Pro Forma Segment Selling, General, and Administrative Expenses | $ 49.8 | $ 21.6 | $ 6.4 | $ 77.8 |

| | Quarter Ended December 31, 2016 | | | |
|---|---|---|---|---|
| | Sealing Products | Engineered Products | Power Systems | Total Segments |
| Consolidated Segment Selling, General, and Administrative Expenses | $ 43.3 | $ 25.8 | $ 10.5 | $ 79.6 |
| Selling, general and adminstrative expenses of unconsolidated entities | 10.6 | 0.1 | 0.1 | 10.8 |
| Pro forma depreciation and amortization adjustments (1) | 1.7 | - | - | 1.7 |
| Pro Forma Segment Selling, General, and Administrative Expenses | $ 55.6 | $ 25.9 | $ 10.6 | $ 92.1 |

(1) See note (3) to the accompanying Pro Forma Condensed Consolidated Statements of Operations (Unaudited) for further information about these adjustments.

# Calculation of Trailing Twelve Months (TTM) Pro Forma Adjusted EBITDA

EnPro Industries

March 31, 2017
In Millions of $

| | Consolidated Net Income (Loss) | Consolidated Adjusted EBITDA | Pro Forma Adjusted EBITDA |
|---|---|---|---|
| Three Months March 31, 2017 (A) | $ 6.4 | $ 42.7 | $ 53.9 |
| Year ended December 31, 2016 | (40.1) | 150.0 | 185.6 |
| Less: Three Months Ended March 31,2016 (A) | (46.8) | 26.8 | 36.0 |
| Trailing Twelve Months Ended March 31, 2017 | $ 13.1 | $ 165.9 | $ 203.5 |

(A) For reconciliations of consolidated net income to consolidated adjusted EBITDA and to pro forma net income, and of pro forma net income to pro forma adjusted EBITDA for the three months ended March 31, 2017 and 2016, please refer to our first quarter earnings release dated May 1, 2017 and available at our website. For reconciliations of consolidated net income to consolidated adjusted EBITDA and to pro forma net income, and of pro forma net income to pro forma adjusted EBITDA for the year ended December 31, 2016, please refer to our fourth quarter earnings release dated February 15, 2017, also available at our website