UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

☐ 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	**01-0573945**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
5605 Carnegie Boulevard, Suite 500, Charlotte, North Carolina	**28209**
(Address of principal executive offices)	(Zip Code)

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

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 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (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 ☒

As of July 31, 2013, there were 20,940,979 shares of common stock of the registrant outstanding. There is only one class of common stock.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
Quarters and Six Months Ended June 30, 2013 and 2012
(in millions, except per share amounts)

	Quarters Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net sales	$ 305.8	$ 301.7	$ 592.7	$ 613.2
Cost of sales	196.6	198.7	389.3	403.0
Gross profit	109.2	103.0	203.4	210.2
Operating expenses:				
Selling, general and administrative	75.6	75.8	148.2	149.3
Other	2.8	0.8	3.7	2.3
Total operating expenses	78.4	76.6	151.9	151.6
Operating income	30.8	26.4	51.5	58.6
Interest expense	(11.3)	(10.9)	(22.4)	(21.6)
Interest income	0.3	0.1	0.4	0.2
Other expense	(6.3)	(0.5)	(6.3)	(0.5)
Income before income taxes	13.5	15.1	23.2	36.7
Income tax expense	(5.5)	(4.9)	(6.6)	(12.7)
Net income	$ 8.0	$ 10.2	$ 16.6	$ 24.0
Comprehensive income (loss)	$ 10.7	$ (1.1)	$ 11.7	$ 20.2
Basic earnings per share	$ 0.39	$ 0.50	$ 0.80	$ 1.16
Diluted earnings per share	$ 0.35	$ 0.47	$ 0.74	$ 1.11

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Six Months Ended June 30, 2013 and 2012
(in millions)

	2013	2012
OPERATING ACTIVITIES		
Net income	$ 16.6	$ 24.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14.8	13.7
Amortization	13.6	12.7
Accretion of debt discount	3.7	3.4
Deferred income taxes	(6.0)	0.2
Stock-based compensation	(2.5)	2.7
Excess tax benefits from stock-based compensation	(2.0)	—
Change in assets and liabilities, net of effects of acquisitions of businesses:		
Accounts receivable	(22.9)	(24.1)
Inventories	(4.0)	(12.6)
Accounts payable	3.6	(1.2)
Other current assets and liabilities	(4.6)	(12.0)
Other non-current assets and liabilities	(4.8)	(1.3)
Net cash provided by operating activities	5.5	5.5
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(17.0)	(13.1)
Payments for capitalized internal-use software	(3.3)	(0.7)
Acquisitions, net of cash acquired	(2.0)	(85.3)
Other	0.2	—
Net cash used in investing activities	(22.1)	(99.1)
FINANCING ACTIVITIES		
Net proceeds from (repayments of) short-term borrowings	8.7	(0.3)
Proceeds from debt	103.5	191.2
Repayments of debt	(91.2)	(96.6)
Other	2.0	0.2
Net cash provided by financing activities	23.0	94.5
Effect of exchange rate changes on cash and cash equivalents	(2.1)	(0.4)
Net increase in cash and cash equivalents	4.3	0.5
Cash and cash equivalents at beginning of period	53.9	30.7
Cash and cash equivalents at end of period	$ 58.2	$ 31.2
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 20.6	$ 19.9
Income taxes	$ 12.6	$ 12.5

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in millions, except share amounts)

	June 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 58.2	$ 53.9
Accounts receivable	208.2	187.2
Inventories	133.8	130.8
Prepaid expenses and other current assets	27.5	22.3
Total current assets	427.7	394.2
Property, plant and equipment	185.7	185.5
Goodwill	216.9	220.4
Other intangible assets	210.4	222.5
Investment in GST	236.9	236.9
Other assets	123.2	111.4
Total assets	$ 1,400.8	$ 1,370.9
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings from GST	$ 17.9	$ 10.1
Notes payable to GST	11.2	10.7
Current maturities of long-term debt	152.7	1.0
Accounts payable	86.8	83.9
Accrued expenses	113.3	121.8
Total current liabilities	381.9	227.5
Long-term debt	48.6	184.3
Notes payable to GST	248.1	237.4
Pension liability	102.6	112.7
Other liabilities	63.2	61.9
Total liabilities	844.4	823.8
Commitments and contingencies		
Temporary equity	19.8	—
Shareholders' equity		
Common stock – $.01 par value; 100,000,000 shares authorized; issued, 20,937,601 shares in 2013 and 20,904,857 shares in 2012	0.2	0.2
Additional paid-in capital	403.2	425.4
Retained earnings	162.5	145.9
Accumulated other comprehensive loss	(27.9)	(23.0)
Common stock held in treasury, at cost – 203,303 shares in 2013 and 204,382 shares in 2012	(1.4)	(1.4)
Total shareholders' equity	536.6	547.1
Total liabilities and equity	$ 1,400.8	$ 1,370.9

See notes to consolidated financial statements (unaudited).

ENPRO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Overview, Basis of Presentation and Recently Issued Authoritative 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; 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 accompanying interim consolidated financial statements are unaudited, and certain related information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been omitted in accordance with Rule 10-01 of Regulation S-X. They were prepared following the same policies and procedures used in the preparation of our annual financial statements and reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of results for the periods presented. The Consolidated Balance Sheet as of December 31, 2012 was derived from the audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2012. The results of operations for the interim periods are not necessarily indicative of the results for the fiscal year. These consolidated financial statements should be read in conjunction with our annual consolidated financial statements for the year ended December 31, 2012 included within our annual report on Form 10-K.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amount of assets and liabilities, disclosures regarding contingent assets and liabilities at period end and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

All significant intercompany accounts and transactions between our consolidated operations have been eliminated.

Certain prior period amounts have been revised to conform to current classifications. Cash payments of $0.7 million for the six months ended June 30, 2012 that are associated with the development or purchase of internal-use software have been presented as investing cash flows on the Consolidated Statement of Cash Flows. They were previously classified as operating cash flows. We concluded this revision was not material to the prior period’s cash flow statement and no other financial amounts or disclosures were affected.

Recently Issued Authoritative Accounting Guidance

In February 2013, accounting guidance was amended to require companies to report, in one place, information about reclassifications out of accumulated other comprehensive income. Companies are also required to present reclassifications by component when reporting changes in the accumulated other comprehensive income balances. These changes became effective prospectively in fiscal years and interim periods within those years beginning after December 15, 2012. Other than the change in presentation, there was no effect on our consolidated financial results.

2. Earnings Per Share

	Quarters Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(in millions, except per share amounts)			
Numerator (basic and diluted):				
Net income	$ 8.0	$ 10.2	$ 16.6	$ 24.0
Denominator:				
Weighted-average shares – basic	20.7	20.7	20.7	20.6
Share-based awards	0.2	0.4	0.2	0.4
Convertible debentures	1.6	0.7	1.5	0.6
Weighted-average shares – diluted	22.5	21.8	22.4	21.6
Earnings per share:				
Basic	$ 0.39	$ 0.50	$ 0.80	$ 1.16
Diluted	$ 0.35	$ 0.47	$ 0.74	$ 1.11

As discussed further in Note 8, we previously issued Convertible Senior Debentures (the "Convertible Debentures"). Under the terms of the Convertible Debentures, upon conversion, we will settle the par amount of our obligations in cash and the remaining obligations, if any, 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 exceeds the stated conversion price.

3. Inventories

	June 30, 2013	December 31, 2012
	(in millions)	
Finished products	$ 67.3	$ 72.0
Deferred costs relating to long-term contracts	13.3	16.6
Work in process	47.7	33.4
Raw materials and supplies	41.9	36.3
	170.2	158.3
Reserve to reduce certain inventories to LIFO basis	(12.6)	(12.4)
Progress payments	(23.8)	(15.1)
Total	$ 133.8	$ 130.8

The deferred costs and progress payments shown in the table above relate to engine contracts accounted for under the completed contract method of accounting. In addition, we have made progress payments to our vendor on long lead time manufactured engine component parts. These payments of $8.1 million and $8.1 million as of June 30, 2013 and December 31, 2012, respectively, are included in other current assets in the accompanying Consolidated Balance Sheets.

We use the last-in, first-out ("LIFO") method of valuing certain of our inventories. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs, which are subject to change until the final year-end LIFO inventory valuation.

4. Percentage-of-Completion Long-Term Contracts

During the third quarter of 2011, the Engine Products and Services segment began using percentage-of-completion ("POC") accounting for new and nearly new engine contracts rather than the completed-contract method. We made this change as a result of enhancements to our financial management and reporting systems which enable us 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. We will also continue to use the completed-contract method for engines that were in production at June 30, 2011.

Progress towards completion under POC is measured by reference to costs incurred to date as a percentage of estimated total project costs. Recognized revenues and profits are subject to revisions during the engine build period in the event the assumptions regarding the overall contract outcome are revised. The cumulative effect of a revision in estimates is recorded in the period such revision becomes likely and estimable. Losses on contracts in progress are recognized in the period a loss becomes likely and estimable.

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

	June 30, 2013	December 31, 2012
	(in millions)	
Cumulative revenues recognized on uncompleted contracts	$ 113.9	$ 76.9
Cumulative billings on uncompleted contracts	113.3	71.2
	$ 0.6	$ 5.7

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

	June 30, 2013	December 31, 2012
	(in millions)	
Accounts receivable (revenue in excess of billings)	$ 7.7	$ 10.3
Accrued expenses (deferred revenue)	(7.1)	(4.6)
	$ 0.6	$ 5.7

See Note 3 for a presentation of the deferred costs and progress payments associated with engine contracts accounted for under the completed-contract method.

5. Goodwill and Other Intangible Assets

The changes in the net carrying value of goodwill by reportable segment for the six months ended June 30, 2013, are as follows:

	Sealing Products	Engineered Products	Engine Products and Services	Total
	(in millions)			
Gross goodwill as of December 31, 2012	$ 180.6	$ 169.2	$ 7.1	$ 356.9
Accumulated impairment losses	(27.8)	(108.7)	—	(136.5)
Goodwill as of December 31, 2012	152.8	60.5	7.1	220.4
Change due to acquisitions	—	(0.2)	—	(0.2)
Change due to foreign currency translation	(0.7)	(2.6)	—	(3.3)
Gross goodwill as of June 30, 2013	179.9	166.4	7.1	353.4
Accumulated impairment losses	(27.8)	(108.7)	—	(136.5)
Goodwill as of June 30, 2013	$ 152.1	$ 57.7	$ 7.1	$ 216.9

Identifiable intangible assets are as follows:

	As of June 30, 2013		As of December 31, 2012	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(in millions)			
Amortized:				
Customer relationships	$ 189.7	$ 77.0	$ 190.0	$ 70.7
Existing technology	53.6	16.3	53.8	13.3
Trademarks	33.2	15.7	33.2	14.8
Other	23.3	16.4	23.6	15.7
	299.8	125.4	300.6	114.5
Indefinite-Lived:				
Trademarks	36.0	—	36.4	—
Total	$ 335.8	$ 125.4	$ 337.0	$ 114.5

Amortization expense for the quarters ended June 30, 2013 and 2012, was $6.1 million and $6.1 million, respectively. Amortization expense for the six months ended June 30, 2013 and 2012, was $12.3 million and $11.5 million, respectively.

6. Accrued Expenses

	June 30, 2013	December 31, 2012
	(in millions)	
Salaries, wages and employee benefits	$ 44.2	$ 47.2
Interest	15.7	28.8
Other	53.4	45.8
	$ 113.3	$ 121.8

7. Related Party Transactions

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, GST commenced an asbestos claims resolution process under Chapter 11 of the United States Bankruptcy Code, which is ongoing. The resulting deconsolidation of GST from our financial results, discussed more fully in Note 14, required certain intercompany indebtedness described below to be reflected on our Consolidated Balance Sheets.

As of June 30, 2013 and December 31, 2012, Coltec Finance Company Ltd., a wholly-owned subsidiary of Coltec, had aggregate, short-term borrowings of $17.9 million and $10.1 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 2013 and 2012, $16.2 million and $15.4 million, respectively, was paid in cash and PIK interest of $11.2 million and $10.7 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 are subordinated to any obligations under our senior secured revolving credit facility described in Note 8.

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 financial statements arising from transactions with GST include the following:

	Financial Statement Location	Quarters Ended June 30, 2013	Quarters Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
		(in millions)			
Sales to GST	Net sales	$ 6.3	$ 7.5	$ 12.4	$ 12.1
Purchases from GST	Cost of sales	$ 6.6	$ 5.2	$ 13.9	$ 9.9
Interest expense	Interest expense	$ 7.2	$ 6.9	$ 14.4	$ 13.8

	Financial Statement Location	June 30, 2013	December 31, 2012
		(in millions)	
Due from GST	Accounts receivable	$ 12.1	$ 20.5
Income tax receivable	Other assets	$ 39.5	$ 32.8
Due to GST	Accounts payable	$ 6.3	$ 5.0
Accrued interest	Accrued expenses	$ 14.1	$ 27.4

Additionally, we had outstanding foreign exchange forward contracts with GST LLC involving the Australian dollar, Canadian dollar, Mexican peso and U.S. dollar with a notional amount of $10.3 million and $21.9 million as of June 30, 2013 and December 31, 2012, respectively. These related party contracts were eliminated in consolidation prior to the deconsolidation of GST.

8. Long-Term Debt

Convertible Debentures

As of June 30, 2013, we had $172.5 million outstanding in aggregate principal amount of Convertible Debentures, originally issued in October 2005 net of an original issue discount of $61.3 million. The Convertible Debentures bear interest at the annual rate of 3.9375%, with interest due on April 15 and October 15 of each year, and will mature on October 15, 2015, unless they are converted prior to that date. The Convertible Debentures are direct, unsecured and unsubordinated obligations and rank equal in priority with all unsecured and unsubordinated indebtedness and senior in right of payment to all subordinated indebtedness. The Convertible Debentures do not contain any financial covenants.

Holders may convert the Convertible Debentures into cash and shares of our common stock, under certain circumstances described more fully in our most recent Form 10-K. As of July 1, 2013, the Convertible Debentures remained convertible by holders of the Convertible Debentures. This conversion right was triggered because the closing price per share of EnPro's common stock exceeded $43.93, or 130% of the conversion price of $33.79, for at least twenty (20) trading days during the thirty (30) consecutive trading day period ending on June 30, 2013. The Convertible Debentures will be convertible until September 30, 2013, and may be convertible thereafter if one or more of the conversion conditions is satisfied during future measurement periods. Because the Convertible Debentures are currently convertible, the principal balance less the remaining unamortized debt discount was reflected in current maturities of long-term debt as of June 30, 2013. In addition, we classified the excess cash required to redeem the Convertible Debentures over their carrying value as temporary equity.

We used a portion of the net proceeds from the sale of the Convertible Debentures to enter into call options, consisting of hedge and warrant transactions, which entitle us to purchase shares of our stock from a financial institution at $33.79 per share and entitle the financial institution to purchase shares of our stock from us at $46.78 per share. This will reduce potential dilution to our common stock holders from conversion of the Convertible Debentures and have the effect to us of increasing the conversion price of the Convertible Debentures to $46.78 per share.

The debt discount, $19.8 million as of June 30, 2013, is being 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 quarters ended June 30, 2013 and 2012 includes $1.7 million of contractual interest coupon in both periods and $1.9 million and $1.7 million, respectively, of debt discount amortization. Interest expense related to the Convertible Debentures for the six months ended June 30, 2013 and 2012 includes $3.4 million of contractual interest coupon in both periods and $3.7 million and $3.4 million, respectively, of debt discount amortization.

Credit Facility

Our primary U.S. operating subsidiaries, other than GST LLC, have a senior secured revolving credit facility with a maximum availability of $175 million. Actual borrowing availability under the credit facility is determined by reference to a borrowing base of specified percentages of eligible accounts receivable, inventory, equipment and real property elected to be pledged, and is reduced by usage of the facility, including outstanding letters of credit and any reserves. Under certain conditions, we may request an increase to the facility maximum availability to $225 million in total. Any increase is dependent on obtaining future lender commitments for those amounts, and no current lender has any obligation to provide such commitment. The credit facility matures on July 17, 2015 unless, prior to that date, the Convertible Debentures are paid in full, refinanced on certain terms or defeased, in which case the facility will mature on March 30, 2016. The terms of the facility, including fees and customary covenants and restrictions, are described more fully in our most recent Form 10-K.

The borrowing availability under our senior secured revolving credit facility at June 30, 2013 was $83.9 million after giving consideration to $4.8 million of letters of credit outstanding and $47.6 million of outstanding revolver borrowings.

9. Pensions and Postretirement Benefits

The components of net periodic benefit cost for the Company's U.S. and foreign defined benefit pension and other postretirement plans for the quarters and six months ended June 30, 2013 and 2012, are as follows:

	Quarters Ended June 30,				Six Months Ended June 30,			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	2013	2012	2013	2012	2013	2012	2013	2012
	(in millions)				(in millions)			
Service cost	$ 1.7	$ 1.1	$ 0.2	$ 0.2	$ 3.4	$ 2.3	$ 0.4	$ 0.4
Interest cost	2.7	2.6	0.1	0.1	5.4	5.1	0.2	0.2
Expected return on plan assets	(3.1)	(2.3)	—	—	(6.2)	(4.5)	—	—
Amortization of prior service cost	0.1	0.1	—	—	0.1	0.2	—	—
Amortization of net loss	2.2	2.3	—	—	4.4	4.5	—	—
Deconsolidation of GST	(0.5)	(0.5)	—	—	(1.0)	(1.1)	—	—
Net periodic benefit cost	$ 3.1	$ 3.3	$ 0.3	$ 0.3	$ 6.1	$ 6.5	$ 0.6	$ 0.6

In the six months ended June 30, 2013, we contributed $12.3 million to our U.S. defined benefit pension plans and anticipate additional contributions of approximately $12 million prior to December 31, 2013.

10. 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 and GST LLC as described in Note 7. 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 December 2014 that are denominated in foreign currencies. The notional amount of foreign exchange contracts hedging foreign currency transactions was $71.8 million and $130.4 million at June 30, 2013 and December 31, 2012, 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 13 for additional information. The notional amounts of all of our foreign exchange contracts were recorded at their fair market value as of June 30, 2013 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.

11. Business Segment Information

We have three reportable segments. 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, heavy-duty truck wheel-end component systems including brake products, flange sealing and isolation products, 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, bellows and bellows assemblies, pedestals for semiconductor manufacturing, PTFE products, conveyor belting and sheeted rubber products.

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, precision engineered components, and lubrication systems for reciprocating compressors and provides repair services for those compressors.

Our Engine Products and Services segment designs, manufactures, sells and services heavy-duty, medium-speed diesel, natural gas and dual fuel reciprocating engines.

Our reportable segments are managed separately based on differences in their products and services and their end-customers. Segment profit is total segment revenue reduced by operating expenses, restructuring and other costs identifiable with the segment. Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains and losses related to the sale of assets, impairments, 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.

Segment operating results and other financial data for the quarters and six months ended June 30, 2013 and 2012 were as follows:

	Quarters Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(in millions)			
Sales				
Sealing Products	$ 165.9	$ 165.1	$ 312.5	$ 314.6
Engineered Products	95.1	95.1	186.9	195.7
Engine Products and Services	45.0	42.1	94.4	104.1
	306.0	302.3	593.8	614.4
Intersegment sales	(0.2)	(0.6)	(1.1)	(1.2)
Total sales	$ 305.8	$ 301.7	$ 592.7	$ 613.2
Segment Profit				
Sealing Products	$ 27.7	$ 22.8	$ 49.0	$ 45.3
Engineered Products	8.6	6.8	14.4	15.8
Engine Products and Services	6.4	7.8	11.2	19.6
Total segment profit	42.7	37.4	74.6	80.7
Corporate expenses	(8.5)	(9.1)	(17.6)	(18.2)
Interest expense, net	(11.0)	(10.8)	(22.0)	(21.4)
Other expense, net	(9.7)	(2.4)	(11.8)	(4.4)
Income before income taxes	$ 13.5	$ 15.1	$ 23.2	$ 36.7

Segment assets are as follows:

	June 30, 2013	December 31, 2012
Sealing Products	$ 543.6	$ 528.8
Engineered Products	335.3	318.5
Engine Products and Services	115.5	121.8
Corporate	406.4	401.8
	$ 1,400.8	$ 1,370.9

12. Fair Value Measurements

We utilize a fair value hierarchy that categorizes 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 the reporting entity’s own assumptions.

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

	Fair Value Measurements as of June 30, 2013			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Cash equivalents:				
European government money market	$ 15.9	$ 15.9	$ —	$ —
	15.9	15.9	—	—
Guaranteed investment contract	2.7	—	2.7	—
Foreign currency derivatives	0.6	—	0.6	—
Deferred compensation assets	5.0	5.0	—	—
	$ 24.2	$ 20.9	$ 3.3	$ —
Liabilities				
Deferred compensation liabilities	$ 7.0	$ 7.0	$ —	$ —
Foreign currency derivatives	1.1	—	1.1	—
	$ 8.1	$ 7.0	$ 1.1	$ —

	Fair Value Measurements as of December 31, 2012			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Cash equivalents:				
European government money market	$ 21.9	$ 21.9	$ —	$ —
	21.9	21.9	—	—
Guaranteed investment contract	2.6	—	2.6	—
Foreign currency derivatives	0.4	—	0.4	—
Deferred compensation assets	4.5	4.5	—	—
	$ 29.4	$ 26.4	$ 3.0	$ —
Liabilities				
Deferred compensation liabilities	$ 6.5	$ 6.5	$ —	$ —
Foreign currency derivatives	0.9	—	0.9	—
	$ 7.4	$ 6.5	$ 0.9	$ —

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 fair value for the guaranteed investment contract is based on quoted market prices for outstanding bonds of the insurance company issuing the contract. The fair values for foreign currency derivatives are based on quoted market prices from various banks for similar instruments.

The carrying values of our significant financial instruments reflected in the Consolidated Balance Sheets approximated their respective fair values except for the following instruments:

	June 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
Long-term debt	$ 201.3	$ 314.3	$ 185.3	$ 261.6
Notes payable to GST	$ 259.3	$ 274.2	$ 248.1	$ 268.2

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

13. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component (after tax) for the quarter ended June 30, 2013 are as follows:

	Unrealized Translation Adjustments	Pension and Other Postretirement Plans	Gains and Losses on Cash Flow Hedges	Total
Beginning balance	$ 31.9	$ (62.5)	$ —	$ (30.6)
Other comprehensive income before reclassifications	1.3	—	—	1.3
Amounts reclassified from accumulated other comprehensive loss	—	1.4	—	1.4
Net current-period other comprehensive income	1.3	1.4	—	2.7
Ending balance	$ 33.2	$ (61.1)	$ —	$ (27.9)

Changes in accumulated other comprehensive loss by component (after tax) for the six months ended June 30, 2013 are as follows:

	Unrealized Translation Adjustments	Pension and Other Postretirement Plans	Gains and Losses on Cash Flow Hedges	Total
Beginning balance	$ 41.6	$ (64.0)	$ (0.6)	$ (23.0)
Other comprehensive income before reclassifications	(8.4)	—	—	(8.4)
Amounts reclassified from accumulated other comprehensive loss	—	2.9	0.6	3.5
Net current-period other comprehensive income	(8.4)	2.9	0.6	(4.9)
Ending balance	$ 33.2	$ (61.1)	$ —	$ (27.9)

Reclassifications out of accumulated other comprehensive loss for the quarter and six months months ended June 30, 2013 are as follows:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Statement of Operations Line Item
	Quarter Ended June 30, 2013	Six Months Ended June 30, 2013	
Amortization of pension and other postretirement plans:			
Prior service costs	$ 0.1	$ 0.1	(1)
Actuarial losses	2.2	4.4	(1)
Total before tax	2.3	4.5	
Tax benefit	(0.9)	(1.6)	Income tax expense
Net of tax	$ 1.4	$ 2.9	
Gains and losses on cash flow hedges:			
Foreign exchange contracts	$ —	$ 1.0	Cost of sales
Tax benefit	—	(0.4)	Income tax expense
Net of tax	$ —	$ 0.6	

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. (See Note 9 – “Pensions and Postretirement Benefits” for additional details).

14. Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd.

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"). 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 current and future asbestos claims through court approval of a plan of reorganization, which typically would establish a trust to which all asbestos claims would be channeled for resolution. GST intends to seek an agreement with asbestos claimants and other creditors on the terms of a plan for the establishment of such a trust and repayment of other creditors in full, or in the absence of such an agreement, an order of the Bankruptcy Court confirming such a plan.

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. This investment 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.

In November 2011, GST filed a proposed plan of reorganization with the Bankruptcy Court. The proposed plan calls 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 proposed plan provides that each present asbestos personal injury claim, i.e., any pending claim or one that arises between the Petition Date and plan confirmation, will 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. Based on a preliminary estimate provided by Bates White, the estimation expert retained by counsel to GST prior to the time that GST filed its proposed plan, GST estimates that the indemnity costs to resolve all present claims pursuant to the settlement matrix in the plan would cost the reorganized GST approximately $70 million. Under the proposed plan, all non-asbestos claimants would be paid the full value of their claims.

GST's proposed plan is opposed by the Official Committee of Asbestos Personal Injury Claimants (the "Claimants' Committee") and Future Claimants' Representative (the "FCR") and is unlikely to be approved in its current form. The Claimants' Committee and FCR have announced their intention to file a competing proposed plan of reorganization.

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 potential proposed plan of reorganization. The estimation trial commenced on July 22, 2013.

Through June 30, 2013, GST has recorded cumulative reorganization costs, including fees and expenses, in the Chapter 11 case totaling $80.2 million. The total includes $43.4 million for fees and expenses of GST's counsel and experts; $29.7 million for fees and expenses of counsel and experts for the asbestos claimants' committee, and $7.1 million for the fees and expenses of the future claims representative and his counsel and experts. GST recorded $22.8 million of those case-related fees and expenses in the first six months of 2013, compared to $15.4 million in the first six months of 2012.

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.

Financial Results

Condensed combined financial information for GST is set forth below, presented on a historical cost basis.

GST
(Debtor-in-Possession)
Condensed Combined Statements of Operations (Unaudited)
(in millions)

	Quarters Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net sales	$ 64.8	$ 62.0	$ 128.6	$ 124.4
Cost of sales	37.7	36.1	77.5	74.0
Gross profit	27.1	25.9	51.1	50.4
Operating expenses:				
Selling, general and administrative	9.6	11.8	20.4	23.9
Asbestos-related	0.7	0.7	1.3	(2.4)
Other operating	0.2	0.7	0.4	1.3
	10.5	13.2	22.1	22.8
Operating income	16.6	12.7	29.0	27.6
Interest income, net	7.3	6.9	14.5	13.8
Income before reorganization expenses and income taxes	23.9	19.6	43.5	41.4
Reorganization expenses	(12.4)	(8.1)	(22.8)	(15.4)
Income before income taxes	11.5	11.5	20.7	26.0
Income tax expense	(3.6)	(3.7)	(6.4)	(9.2)
Net income	$ 7.9	$ 7.8	$ 14.3	$ 16.8
Comprehensive income	$ 3.4	$ 6.1	$ 10.4	$ 17.1

GST
(Debtor-in-Possession)
Condensed Combined Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 2013 and 2012
(in millions)

	2013	2012
Net cash provided by operating activities	$ 34.4	$ 13.4
Investing activities		
Purchases of property, plant and equipment	(3.7)	(3.4)
Net receipts (payments) from loans to affiliates	(8.7)	0.3
Purchase of held-to-maturity securities	(24.0)	—
Other	(1.1)	1.4
Net cash used in investing activities	(37.5)	(1.7)
Effect of exchange rate changes on cash and cash equivalents	(1.7)	(0.2)
Net increase (decrease) in cash and cash equivalents	(4.8)	11.5
Cash and cash equivalents at beginning of period	43.6	126.3
Cash and cash equivalents at end of period	$ 38.8	$ 137.8

GST
(Debtor-in-Possession)
Condensed Combined Balance Sheets (Unaudited)
(in millions)

		June 30, 2013		December 31, 2012
Assets:				
Current assets	$	299.9	$	168.2
U.S. Treasury securities		—		110.0
Asbestos insurance receivable		99.9		120.7
Deferred income taxes		124.9		124.8
Notes receivable from affiliate		248.1		237.4
Other assets		75.3		74.3
Total assets	$	848.1	$	835.4
Liabilities and Shareholder's Equity:				
Current liabilities	$	79.5	$	76.9
Other liabilities		10.6		10.8
Liabilities subject to compromise (A)		468.4		468.4
Total liabilities		558.5		556.1
Shareholder's equity		289.6		279.3
Total liabilities and shareholder's equity	$	848.1	$	835.4

(A) Liabilities subject to compromise include pre-petition unsecured claims which may be resolved at amounts different from those recorded in the condensed combined balance sheets. Liabilities subject to compromise consist principally of asbestos-related claims. GST has undertaken to project the number and ultimate cost of all present and future bodily injury claims expected to be asserted, based on actuarial principles, and to measure probable and estimable liabilities under generally accepted accounting principles. GST has accrued $466.8 million as of June 30, 2013. The estimate indicated for those asbestos-related claims reflects the point in a wide range of possible outcomes determined based on historical facts and circumstances prior to the Petition Date as our estimate of the cost to resolve asbestos-related personal injury cases and claims against GST as they would have been resolved in the state courts or by settlements over a ten-year period from April 1, 2010 through March 31, 2020. GST adjusts this estimate to reflect payments of previously accrued but unpaid legal fees and to reflect the results of appeals. Otherwise, GST does not expect to adjust the estimate unless developments in the Chapter 11 proceeding provide a reasonable basis for a revised estimate. GST intends to use the claims resolution process in Chapter 11 to determine the validity and ultimate amount of its aggregate liability for asbestos-related claims. Due to the uncertainties of asbestos-related litigation and the Chapter 11 process, GST's ultimate liability could differ materially from the recorded liability. See Note 15, "Commitments and Contingencies – Asbestos."

15. Commitments and Contingencies

General

A description of 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. Expenses 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.

Although we believe past operations were in substantial compliance with the then applicable regulations, we or one or more of our subsidiaries are involved with various remediation activities at 15 sites where the future cost per site for us or our subsidiary is expected to exceed $100 thousand. Investigations have been completed for 11 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.

Our policy is to accrue environmental investigation and remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. The measurement of the liability is based on an evaluation of currently available facts with respect to each individual situation and takes into consideration factors such as existing technology, presently enacted laws and regulations and prior experience in remediation of contaminated sites. Liabilities are established for all sites based on these factors. As assessments and remediation progress at individual sites, these liabilities are reviewed periodically and adjusted to reflect additional technical data and legal information. As of June 30, 2013 and December 31, 2012, we had accrued liabilities of $16.0 million and $11.3 million, respectively, for estimated future expenditures relating to environmental contingencies. These amounts have been recorded on an undiscounted basis in the Consolidated Balance Sheets. 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.

During the three months ended June 30, 2013, we accrued a liability of $6.25 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 (nonoperating) 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 been advised that, at June 30, 2013, this trust retained assets valued at approximately $750,000. In March 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. Based on our evaluation of the site, we believe our estimated costs to remediate the site will range between $7 million and $10 million, reduced by the value of the trust's remaining assets.

We believe that our accruals for specific environmental liabilities are adequate for those liabilities based on currently available information. Actual costs to be incurred in future periods may vary from estimates because of the inherent uncertainties in evaluating environmental exposures due to unknown and changing conditions, changing government regulations and legal standards regarding liability. In addition, 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, some of which are included in the 15 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 the section entitled “Crucible Steel Corporation a/k/a Crucible, Inc.” in this footnote for additional information.

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 our 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.

In conjunction with the closure of a Crucible plant in the early 1980s, Coltec was required to fund a trust for retiree medical benefits for certain employees at the plant. This trust (the “Benefits Trust”) pays for these retiree medical benefits on an ongoing basis. Coltec has no ownership interest in the Benefits Trust, and thus the assets and liabilities of this trust are not included in our Consolidated Balance Sheets. Under the terms of the Benefits Trust agreement, the trustees retained an actuary to assess the adequacy of the assets in the Benefits Trust in 1995 and 2005. A third and final actuarial report will be required in 2015. The actuarial reports in 1995 and 2005 determined that the Benefits Trust has sufficient assets to fund the payment of future benefits. We own a guaranteed investment contract with a current value of $2.7 million, which is being held in a special account in case of a shortfall in the Benefits Trust.

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, in addition to those mentioned previously 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.

Warranties

We provide warranties on many of our products. The specific terms and conditions of these warranties vary depending on the product and the market in which the product is sold. We record a liability based upon estimates of the costs we may incur under our warranties after a review of historical warranty experience and information about specific warranty claims. Adjustments are made to the liability as claims data and historical experience warrant.

Changes in the carrying amount of the product warranty liability for the six months ended June 30, 2013 and 2012 are as follows:

	2013	2012
	(in millions)	
Balance at beginning of year	$ 4.1	$ 3.5
Charges to expense	1.6	0.6
Settlements made (primarily payments)	(1.9)	(1.0)
Balance at end of period	$ 3.8	$ 3.1

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. There is no fixed deadline for the completion of the technical review and the presentation of the expert panel's findings. 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.

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 that exposure to asbestos fibers in products produced or sold by GST LLC or Anchor, together with products produced and sold by numerous other companies, contributed to the bodily injuries or deaths of such plaintiffs. 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 neither we nor any of our subsidiaries other than 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.

Subsidiary Chapter 11 Filing and Effect. On the Petition Date, GST LLC, Garrison and Anchor filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court. The filings were the initial step in a claims resolution process, which is ongoing. See Note 14 for additional information about this process and its impact on us.

During the pendency of the Chapter 11 proceedings, certain actions proposed to be taken by GST not in the ordinary course of business will be subject to approval by the Bankruptcy Court. As a result, during the pendency of these proceedings, we will 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, the numbers of new claims filed against our subsidiaries and, except as a result of the resolution of appeals from verdicts rendered prior to the Petition Date, the numbers of claims pending against them 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.

Pending Claims. On the Petition Date, according to Garrison, there were more than 90,000 total claims pending against GST LLC, and approximately 5,800 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. The primary 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, have been as a result 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) have not responded to the questionnaire at all, many others (more than 1,900) reflect claims where the claimants do not have mesothelioma, have acknowledged that they cannot establish exposure to GST products, their claims were dismissed, settled or withdrawn, their claims were duplicates of other filed claims, or were closed or inactive. Still others have responded to the questionnaire but their responses are deficient in some material respect. As a result of this process, less than 3,300 claimants have presented questionnaires asserting mesothelioma claims against GST LLC as of the Petition Date and many of them have not established exposure to GST products or have 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. Many of those claimants likely will make claims against GST in the bankruptcy proceeding.

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. We believe that GST LLC will continue to be successful in the appellate process, although there can be no assurance of success in any particular appeal. At June 30, 2013, three GST LLC appeals are pending from adverse decisions totaling $2.4 million.

GST LLC won reversals of adverse verdicts in one of two recent appellate decisions. In September 2011, the United States Court of Appeals for the Sixth Circuit overturned a $500 thousand 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 thousand share of a 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.

Insurance Coverage. At June 30, 2013 we had $123.1 million of insurance coverage we believe is available to cover current and future asbestos claims payments and certain expense payments. GST has collected insurance payments totaling $72.0 million since the Petition Date. Of the $123.1 million of available insurance coverage remaining, we consider $122.0 million (99%) 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. We consider $1.1 million (1%) to be of moderate quality because the insurance policies are written with various London market carriers. Of the $123.1 million, $87.1 million is allocated to claims that were paid by GST LLC prior to the initiation of the Chapter 11 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 $88.2 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 substantially all of the $123.1 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 $123.1 million is in addition to the $18.8 million collected in the first six months of 2013. 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 $36.7 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:

2013 – $3.2 million (in the second half of the year)
2014 – $21.2 million
2015 – $20 million
2016 – $18 million
2017 – $13 million
2018 – $11 million

In addition, GST LLC has received $7.2 million of insurance recoveries from insolvent carriers since 2007 and may receive additional payments from insolvent carriers in the future. No anticipated insolvent carrier collections are included in the $123.1 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 Petition Date 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.

Neither we nor GST has endeavored to update the accrual since the Petition Date except as necessary to reflect payments of accrued fees and the disposition of cases on appeal. After those necessary updates, the liability accrual at June 30, 2013 was $466.8 million. 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 and its creditors, including asbestos claimants and a representative of potential future claimants. GST does not believe that there is a reliable process by which an estimate of such a consensual resolution can be made and therefore believes that, prior to the resolution of liability in GST's Chapter 11 proceeding, there is no basis upon which it can revise the estimate last updated prior to the Petition Date. In addition, we do not believe that we can make a reasonable estimate of a specific range of more likely outcomes with respect to the asbestos liability of GST, and therefore, while we believe it to be an unlikely worst case scenario, GST's ultimate costs to resolve all asbestos claims against it could range up to the total value of GST.

In a proposed plan of reorganization filed by GST and opposed by claimant representatives, GST has proposed to resolve all pending and future claims. GST has estimated that the amounts to be paid into the trust created by the plan for payments to future claimants, plus the indemnity costs incurred under the plan to pay present claimants, would be approximately $270 million. Claimant representatives, on the other hand, have asserted that GST's liability exceeds the value of GST.

The proposed plan of reorganization includes provisions that would resolve any and all alleged derivative claims against us based on GST asbestos products. The provisions specify that we would fund $30 million of the amount proposed to be paid into the trust to pay future claimants and would guarantee the obligations of GST under the plan. Those provisions are incorporated into the terms of the proposed plan only in the context of the specifics of that plan, which would result in the equity interests of GST being retained by GST's equity holder, the reconsolidation of GST into the Company with substantial equity above the amount of equity currently included in our consolidated financial statements, and an injunction protecting us from future GST claims.

We cannot predict when a plan of reorganization for GST might be approved and effective. An estimation trial for the purpose of determining the number and value of allowed mesothelioma claims for plan feasibility purposes commenced on July 22, 2013, and is continuing. We believe that GST has presented compelling evidence at the estimation trial that, among other things, GST's products could not have been a substantial contributing cause of any asbestos-related disease. Therefore GST believes the amounts set forth in its proposed plan would be more than sufficient to fully fund its actual legal liability. There are many potential hurdles to plan confirmation, including appeals, that could arise during and after the estimation trial.

Item 2. 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 financial condition, cash flows and operating results during the periods included in the accompanying unaudited consolidated financial statements and the related notes. You should read this in conjunction with those financial statements and the audited consolidated financial statements and related notes included in our annual report on Form 10-K for the fiscal year ended December 31, 2012.

Forward-Looking Information

This quarterly report on Form 10-Q includes statements that reflect projections or expectations of the future financial condition, results of operations and business of EnPro that are subject to risk and uncertainty. We believe those statements to be "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this report, the words "may," "hope," "will," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," "likely," and other expressions generally identify forward-looking statements.

We cannot guarantee actual results or events will not differ materially from those projected, estimated, assigned or anticipated in any of the forward-looking statements contained in this report. Important factors that could result in those differences include those specifically noted in the forward-looking statements and those identified in Item 1A, "Risk Factors" at the Company's annual report on Form 10-K for the year ended December 31, 2012, which include:

- the value of pending claims and the number and value of future asbestos claims against our subsidiaries;
- risks inherent and potential adverse developments that may occur in the Chapter 11 reorganization proceeding involving Garlock Sealing Technologies LLC ("GST LLC"), The Anchor Packing Company ("Anchor") and Garrison Litigation Management Group, Ltd. ("Garrison"), including risks presented by efforts of asbestos claimant representatives to assert claims against us based on various theories of derivative corporate responsibility, including veil piercing and alter ego;
- general economic conditions in the markets served by our businesses, some of which are cyclical and experience periodic downturns;
- 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.

We caution our shareholders not to place undue reliance on these statements, which speak only as of the date on which such statements were made.

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. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Overview and Outlook

Overview. We are a leader in the design, development, manufacture and marketing of proprietary engineered industrial products. We have 61 primary manufacturing facilities located in 12 countries, including the United States.

We manage our business as three segments: a Sealing Products segment, an Engineered Products segment, and an Engine Products and Services 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, heavy-duty truck wheel-end component systems including brake products, flange sealing and isolation products, 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, bellows and bellows assemblies, pedestals for semiconductor manufacturing, PTFE products, conveyor belting and sheeted rubber products. These products are used in a variety of industries, including chemical and petrochemical processing, petroleum extraction and refining, pulp and paper processing, heavy-duty trucking, power generation, food and pharmaceutical processing, primary metal manufacturing, mining, water and waste treatment, 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, precision engineered components, and lubrication systems for reciprocating compressors and provides repair services for those 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 Engine Products and Services 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 the Company’s subsidiary, Coltec Industries Inc (“Coltec”), principally GST LLC and 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 and in Note 14 to our Consolidated Financial Statements.

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 LLC, Anchor and Garrison are sometimes referred to jointly as “GST” in this report. The filings were the initial step in a claims resolution process, which is ongoing. GST LLC is one of the businesses in our broader Garlock group and, prior to the Petition Date, was included in our Sealing Products segment. GST LLC and its subsidiaries operate five primary 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 and supervision. All pending litigation against GST is stayed during the process. We address our actions to permanently resolve GST LLC’s asbestos litigation, and provide an update on its claims resolution process, in this Management’s Discussion and Analysis of Financial Condition and Results of Operation in the “Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd.” and “Contingencies –Subsidiary Bankruptcy” sections.

The financial results of GST and subsidiaries were 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 June 30, 2013 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. See Note 14 to our Consolidated Financial Statements for condensed financial information for GST and subsidiaries.

In April 2012, the Company acquired Motorwheel Commercial Vehicle Systems, Inc. ("Motorwheel"). Motorwheel is a leading U.S. manufacturer of lightweight brake drums for heavy-duty trucks and other commercial vehicles. Motorwheel also sells wheel-end component assemblies for the heavy-duty market, sells fasteners for wheel-end applications and provides related services to its customers, including product development, testing and certification. The business operates manufacturing facilities in Chattanooga, Tennessee, and Berea, Kentucky. Motorwheel is managed as part of the Stemco operations in the Sealing Products segment.

We paid for the Motorwheel acquisition with approximately $85 million of cash, which was funded by additional borrowings from our revolving credit facility. We allocated the purchase price of the business to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the identifiable assets acquired less the liabilities assumed was reflected as goodwill.

Outlook

Based on our second quarter results, conditions in many of our markets appear to have stabilized as we move into the second half of 2013. In this environment where we expect only limited opportunities for growth, our focus will remain on executing our strategies to improve operating efficiencies, capturing increasing benefits from new products and new markets we have gained through acquisition, and taking other steps to achieve higher levels of profitability.

We expect little if any improvement in our European markets served by the Sealing Products and Engineered Products segments for the remainder of the year and only modest increases in activity in our North American markets compared to the second half of 2012. Additionally, we expect second half revenues in the Engine Products and Services segment to decline more than 10% compared to the second half of 2012 as a result of lower demand for the segment's aftermarket products and services.

Our effective tax rate is directly impacted 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 for the remainder of 2013 will be between 30% and 33%. Tax expense in 2013 is favorably impacted by the January passage of the American Taxpayer Relief Act of 2012, which retroactively extended previously expired tax provisions such as the deduction for domestic production activities, credits for research and development, certain employment credits, and other tax provisions applicable to us. Other 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.

Our U.S. defined benefit plans continue to be underfunded. Based on currently available data, which is subject to change, we have estimated we will be required to contribute approximately $24 million to our U.S. defined benefit pension plans in 2013, of which $12.3 million was contributed during the first six months of 2013. Additional significant contributions are likely to be required in 2014 and beyond. Future contribution requirements depend on pension asset returns, pension valuation assumptions, plan design, and legislative actions. We estimate annual pension expense for the full year of 2013 will be $10.5 million, which would be $1.9 million less than in 2012. The expected decrease in pension expense is primarily due to the strong performance of the pension assets, partially offset by a decrease in the discount rate used in the actuarial computations.

In connection with our growth strategy, we plan to evaluate additional acquisition opportunities in 2013. However, the effects of such acquisitions, if any, cannot be predicted and therefore are not reflected in this outlook.

We address our outlook regarding 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." and "Subsidiary Bankruptcy" sections.

Results of Operations

	Quarters Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(in millions)			
Sales				
Sealing Products	$ 165.9	$ 165.1	$ 312.5	$ 314.6
Engineered Products	95.1	95.1	186.9	195.7
Engine Products and Services	45.0	42.1	94.4	104.1
	306.0	302.3	593.8	614.4
Intersegment sales	(0.2)	(0.6)	(1.1)	(1.2)
Total sales	$ 305.8	$ 301.7	$ 592.7	$ 613.2
Segment Profit				
Sealing Products	$ 27.7	$ 22.8	$ 49.0	$ 45.3
Engineered Products	8.6	6.8	14.4	15.8
Engine Products and Services	6.4	7.8	11.2	19.6
Total segment profit	42.7	37.4	74.6	80.7
Corporate expenses	(8.5)	(9.1)	(17.6)	(18.2)
Interest expense, net	(11.0)	(10.8)	(22.0)	(21.4)
Other expense, net	(9.7)	(2.4)	(11.8)	(4.4)
Income before income taxes	$ 13.5	$ 15.1	$ 23.2	$ 36.7

Segment profit is total segment revenue reduced by operating expenses, restructuring and other costs identifiable with the segment. Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains and losses related to the sale of assets, impairments, 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.

Second Quarter of 2013 Compared to the Second Quarter of 2012

Sales of $305.8 million in the second quarter of 2013 increased 1% from $301.7 million in the second quarter of 2012. The following table summarizes the impact of acquisitions, foreign currency, and engine revenues, by segment:

Sales	Percent Change 2nd Quarter 2013 vs. 2nd Quarter 2012				
increase/(decrease)	Acquisitions	Foreign Currency	Engine Revenue	Other	Total
EnPro Industries, Inc.	1%	—%	—%	— %	1%
Sealing Products	1%	—%	n/a	(1)%	—%
Engineered Products	—%	—%	n/a	— %	—%
Engine Products & Services	—%	—%	—%	7 %	7%

Following are the drivers regarding changes in sales for the second quarter of 2013 compared to the same period in 2012:

- Our acquisition of Motorwheel – acquired in April 2012 and included in the Sealing Products segment.
- Sales and segment profits in the second quarter of 2013 as compared to the same period in 2012 were not impacted by foreign exchange rate fluctuations.

See below for additional discussion on segment sales and segment profits.

Corporate expenses for the second quarter of 2013 declined by $0.6 million compared to the same period in 2012. The decline was primarily driven by a decrease in purchased services ($0.6 million), group insurance costs ($0.9 million), and acquisition costs ($0.2 million), partially offset by higher salaries ($0.9 million), employee incentive compensation ($0.3 million) and travel costs ($0.2 million).

Net interest expense in the second quarter of 2013 increased $0.2 million as compared to the second quarter of 2012, primarily due to an increase in the note payable to GST because of capitalized PIK interest partially offset by lower borrowings against the senior secured revolving credit facility.

Other income (expenses), net in the second quarter of 2013 increased $7.3 million primarily due to a $6.3 million adjustment to an environmental reserve for a previously owned business and higher ACRP costs of $0.5 million as activity in relation to GST's asbestos liability estimation trial increased.

We recorded income tax expense of $5.5 million on pre-tax income from continuing operations of $13.5 million in the second quarter of 2013. During the second quarter of 2012, our effective tax rate was 32.2% as we recorded an income tax expense of $4.9 million on pre-tax income of $15.1 million. Our effective tax rate generally fluctuates based on the portion of our profits earned within and outside the U.S. versus lower rate foreign jurisdictions. The effective tax rate in the current quarter increased because more of our forecasted earnings are taxable in the U.S. This combined with certain losses arising outside the U.S. in jurisdictions where we do not record a tax benefit resulted in a higher than normal quarterly effective tax rate.

Net income was $8.0 million, or $0.35 per share, in the second quarter of 2013 compared to net income of $10.2 million, or $0.47 per share, in the same quarter of 2012. Earnings per share are expressed on a diluted basis.

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

Sealing Products. Sales of $165.9 million in the second quarter of 2013 were relatively flat compared to the $165.1 million reported in the same quarter of 2012. Excluding the effect of the Motorwheel acquisition, sales were down 1% or $1.5 million due to lower volumes, primarily in the semiconductor industry ($4.1 million), partially offset by higher demand in the North American heavy-duty truck markets ($1.7 million).

Segment profit of $27.7 million in the second quarter of 2013 increased 21% from $22.8 million reported in the second quarter of 2012. Excluding the effects of the Motorwheel acquisition, profit was up $4.4 million or 19%. The increase in segment profit was the result of lower operating costs at Garlock from cost savings initiatives, higher volumes at Stemco, and favorable product mix and modest price increases across the segment. Additionally, segment profit benefited $1.6 million from lower restructuring and acquisition related costs. Operating margins for the segment improved from 13.8% in 2012 to 16.7% in 2013.

Engineered Products. Sales of $95.1 million in the second quarter of 2013 were unchanged from the $95.1 million reported in the second quarter of 2012. Sales benefited from modest price increases offset by lower demand in the European automotive markets and in CPI's North American markets.

Segment profit in the second quarter of 2013 was $8.6 million compared to $6.8 million in the same quarter last year. Lower overall volume at both GGB and CPI was more than offset by modest price increases at both GGB and CPI ($2.1 million) and manufacturing efficiencies at CPI ($1.1 million). Operating margins for the segment were 9.0%, which improved from the 7.2% reported in the comparable quarter last year.

Engine Products and Services. Sales of $45.0 million in the second quarter of 2013 were 7% higher than the $42.1 million reported in the second quarter of 2012. The increase in sales was due to higher environmental upgrades ($2.1 million) and service revenues ($0.8 million) compared to the prior year. Engine and parts revenue was flat compared to the second quarter of 2012. All engine revenues in both quarters were recorded under the percentage of completion method of accounting.

The segment reported a profit of $6.4 million in the second quarter of 2013 compared to $7.8 million in the second quarter of 2012. The quarter-over-quarter decline in segment profit was primarily due to a $1.9 million restructuring charge related to an early retirement program at FME partially offset by modest price increases for parts and service ($0.7 million). Operating margins for the segment decreased from 18.5% in 2012 to 14.2% in 2013.

Six Months Ended June 30, 2013 Compared to the Six Months Ended June 30, 2012

Sales decreased 3% to $592.7 million in the first six months of 2013 from $613.2 million in 2012. The following table summarizes the impact of acquisitions, foreign currency, and engine revenues, by segment:

Sales	Percent Change First Six Months of 2013 vs. First Six Months of 2012				
increase/(decrease)	Acquisitions	Foreign Currency	Engine Revenue	Other	Total
EnPro Industries, Inc.	3%	—%	(2)%	(4)%	(3)%
Sealing Products	5%	—%	n/a	(6)%	(1)%
Engineered Products	—%	1%	n/a	(5)%	(4)%
Engine Products & Services	—%	—%	(14)%	5%	(9)%

The decline in sales primarily reflects a change in market conditions from the first half of 2012, when we benefited from higher demand for semiconductor products, more favorable conditions in the company's European markets and higher engine revenues in the Engine Products and Services segment due to the shipment in the first quarter of 2012 of four engines accounted for under the completed contract method ($18.4 million).

Segment profit decreased 8% to $74.6 million in the first six months of 2013 from $80.7 million in the first six months of 2012 primarily because of lower volumes and a less favorable product mix ($20.1 million). These factors were partially offset by pricing initiatives across the company ($6.3 million), acquisitions ($4.6), and lower SG&A expenses in the Sealing Products and Engineered Products segments ($2.7 million). Following are the segment margins for the six months ended June 30, 2013 and 2012.

	2013	2012
Company Totals	12.6%	13.2%
Sealing Products	15.7%	14.4%
Engineered Products	7.7%	8.1%
Engine Products and Services	11.9%	18.8%

Corporate expenses for the first six months of 2013 were $0.6 million lower than the first six months of 2012 for the same factors affecting the comparison of the results between the second quarters of 2013 and 2012.

Net interest expense for the first six months of 2013 was $0.6 million higher than the first six months of 2012 for the same factors affecting the comparison of the results between the second quarters of 2013 and 2012.

Other income (expense), net for the first six months of 2013 was $7.4 million higher than the first six months of 2012 for the same factors affecting the comparison of the results between the second quarters of 2013 and 2012.

Income tax expense during the first six months of 2013 was $6.6 million compared to $12.7 million in the comparable period of 2012, resulting in a year-to-date effective tax rate of 28.4%. In January 2013, the United States Congress passed the American Taxpayer Relief Act of 2012, retroactively extending previously expired tax provisions including credits for research and development, certain employment incentives, and other tax provisions applicable to us. Consequently, results from the six months ended June 30, 2013 include a tax benefit which significantly reduces our effective tax rate for the period, and to a lesser extent will reduce the annual effective tax rate for 2013. Our effective tax rate is generally 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.

Net income was $16.6 million, or $0.74 per share, for the first six months of 2013 compared to $24.0 million, or $1.11 per share, in the same period last year.

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 acquisition opportunities could exceed our cash balance at the time of closing. Should we need additional capital, we have resources available, which are discussed in this section under the heading "Capital Resources."

As of June 30, 2013, we held no cash or cash equivalents in the United States and $58.2 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 could be required to accrue and pay U.S. taxes to repatriate these funds. However, 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 $5.5 million in the first six months of both 2013 and 2012. Lower pre-tax earnings of $14 million and $8 million of higher pension plan contributions in 2013 were offset by $22 million of lower working capital requirements in 2013 as compared to 2012. The lower working capital requirements, primarily inventories and accounts payable, resulted from decreased business activity and working capital improvement programs in place at the operations. Income taxes paid in both periods were the same.

Investing activities used $22.1 million of cash during the first six months of 2013, primarily to fund capital expenditures and enterprise resource and planning system implementations. Investing activities used $99.1 million of cash in the first six months of 2012. Approximately $85 million was used to fund the Motorwheel acquisition and the balance was used to fund capital expenditures and enterprise resource and planning system implementations.

Financing activities provided $23.0 million in cash in the first six months of 2013, including net borrowings on the senior secured revolving credit facility of approximately $13 million and net proceeds from short term borrowings of $8.7 million. Financing activities in the first six months of 2012 provided cash of $94.5 million, primarily consisting of net borrowings on the senior secured revolving credit facility to fund the Motorwheel acquisition.

Capital Resources

Senior Secured Revolving Credit Facility. Our primary U.S. operating subsidiaries, other than GST LLC, have a senior secured revolving credit facility with a maximum availability of $175 million. Actual borrowing availability under the credit facility is determined by reference to a borrowing base of specified percentages of eligible accounts receivable, inventory, equipment and real property elected to be pledged, and is reduced by usage of the facility, including outstanding letters of credit and any reserves. Under certain conditions, we may request an increase to the facility maximum availability to $225 million in total. Any increase is dependent on obtaining future lender commitments for those amounts, and no current lender has any obligation to provide such commitment. The credit facility matures on July 17, 2015 unless, prior to that date, the Convertible Debentures are paid in full, refinanced on certain terms or defeased, in which case the facility will mature on March 30, 2016. The terms of the facility, including fees and customary covenants and restrictions, are described more fully in our most recent Form 10-K.

The borrowing availability at June 30, 2013, under our senior secured revolving credit facility was $83.9 million after giving consideration to $4.8 million of letters of credit outstanding and $47.6 million of revolver borrowings.

Convertible Debentures. As of June 30, 2013, we had $172.5 million outstanding in aggregate principal amount of Convertible Debentures, originally issued in October 2005 net of an original issue discount of $61.3 million. The Convertible Debentures bear interest at the annual rate of 3.9375%, with interest due on April 15 and October 15 of each year, and will mature on October 15, 2015, unless they are converted prior to that date. The Convertible Debentures are direct, unsecured and unsubordinated obligations and rank equal in priority with all unsecured and unsubordinated indebtedness and senior in right of payment to all subordinated indebtedness. The Convertible Debentures do not contain any financial covenants.

Holders may convert the Convertible Debentures into cash and shares of our common stock, under certain circumstances described more fully in our most recent Form 10-K. As of April 1, 2013, the Convertible Debentures became convertible by holders of the Convertible Debentures. This conversion right was triggered because the closing price per share of EnPro's common stock exceeded $43.93, or 130% of the conversion price of $33.79, for at least twenty (20) trading days during the thirty (30) consecutive trading day period ending on March 31, 2013. Conversion rights remain in effect through September 30, 2013 because the closing price per share of EnPro's common stock has exceeded $43.93, or 130% of the initial conversion price of $33.79, for at least 20 of 30 consecutive trading days during the period ending on June 30, 2013. The Convertible Debentures may be convertible thereafter if one or more of the conversion conditions is satisfied during future measurement periods. Because the Convertible Debentures are currently convertible, the principal balance less the remaining unamortized debt discount was reflected in current maturities of long-term debt as of June 30, 2013. In addition, we classified the excess cash required to redeem the Convertible Debentures over their carrying value as temporary equity.

The debt discount, $19.8 million as of June 30, 2013, is being 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 quarters ended June 30, 2013 and 2012 includes $1.7 million of contractual interest coupon in both periods and $1.9 million and $1.7 million, respectively, of debt discount amortization. Interest expense related to the

Convertible Debentures for the six months ended June 30, 2013 and 2012 includes $3.4 million of contractual interest coupon in both periods and $3.7 million and $3.4 million, respectively, of debt discount amortization.

For a discussion of the potential liquidity issues and risks we could face in the event some or all of the debentures are converted, see Part I, Item 1A, "Risk Factors" "*We may not have sufficient cash to fund amounts payable upon a conversion of our convertible debentures or to repurchase the debentures at the option of the holder upon a change of control*" in our annual report on Form 10-K for the year ended December 31, 2012.

Garlock Sealing Technologies LLC and Garrison Litigation Management Group, Ltd.

The historical business operations of GST LLC and 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, 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 current and future asbestos claims through court approval of a plan of reorganization, which is expected to establish a trust to which all asbestos claims will be channeled for resolution. GST intends to seek an agreement with asbestos claimants and other creditors on the terms of a plan for the establishment of such a trust and repayment of other creditors in full, or in the absence of such an agreement an order of the Bankruptcy Court confirming such a plan.

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 the Company's 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 14 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 June 30, 2013, this amount was $39.5 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', operating activities 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 Note 14 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.

Critical Accounting Policies and Estimates

Please refer to our annual report on Form 10-K for the fiscal year ended December 31, 2012, for a complete list of our critical accounting policies and estimates.

Recently Issued Accounting Pronouncement

See Note 1 to our Consolidated Financial Statements in this Form 10-Q for a description of new accounting pronouncements.

Contingencies

General

A description of 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. Expenses 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.

Although we believe past operations were in substantial compliance with the then applicable regulations, we or one or more of our subsidiaries are involved with various remediation activities at 15 sites where the future cost per site for us or our subsidiary is expected to exceed $100 thousand. Investigations have been completed for 11 sites and are in progress at the other 4 sites. The majority of these sites relate to remediation projects at former operating facilities that were sold or closed and primarily deal with soil and groundwater contamination.

During the three months ended June 30, 2013, we accrued a liability of $ 6.25 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 (nonoperating) 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 been advised that, at June 30, 2013, this trust retained assets valued at approximately $750,000. In March 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. Based on our evaluation of the site, we believe our estimated costs to remediate the site will range between $ 7 million and $10 million, reduced by the value of the trust's remaining assets.

As of June 30, 2013 and December 31, 2012, we had accrued liabilities of $16.0 million and $11.3 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 Steel Corporation a/k/a Crucible, Inc. ("Crucible"), we may have additional contingent liabilities in one or more significant environmental matters, some of which are included in the 15 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 15 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 our 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 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. 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 other 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 15 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. There is no fixed deadline for the completion of the technical review and the presentation of the expert panel's findings. 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.

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 trust to which all asbestos claims will be channeled for resolution and payment.

In November 2011, GST filed a proposed plan of reorganization with the Bankruptcy Court. The proposed plan calls 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 proposed plan provides that each present personal injury claim (any pending claim or one that arises between the Petition Date and plan confirmation) will 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 judgment entered after trial in federal court. Based on a preliminary estimate provided by Bates White, the estimation expert retained by counsel to GST, prior to the time that GST filed its proposed plan, GST estimates that the indemnity costs to resolve all present claims pursuant to the settlement matrix in the plan would cost reorganized GST approximately $70 million. Under the proposed plan, all non-asbestos claimants would be paid the full value of their claims.

GST's proposed plan is opposed by the Official Committee of Asbestos Personal Injury Claimants (the "Claimants' Committee") and the Future Claimants' Representative (the "FCR" and together with the Claimants' Committee, "claimant representatives") and is unlikely to be approved in its current form. The claimant representatives have announced their intention to file a competing proposed plan of reorganization.

Update. 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.

GST and the Claimants' Committee and FCR have 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 offers a merits-based approach that focuses on its legal defenses to liability and takes 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' Committee and FCR offer a settlement-based theory of estimation.

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 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 will be no reason for the claimant representatives to re-file the motion because the derivative claims will likely be moot after the estimation trial, as we believe that the estimation trial will result in an estimate of aggregate liability for asbestos claims that GST is capable of fully funding.

From time to time during the case we have engaged in settlement discussions with asbestos claimant representatives and we anticipate that we will continue to do so; however, there can be no assurance that a settlement will be reached and, if so, when that might occur.

Through June 30, 2013, GST has recorded Chapter 11 case-related fees and expenses totaling \$80.2 million. The total includes \$43.4 million for fees and expenses of GST's counsel and experts; \$29.7 million for fees and expenses of counsel and experts for the asbestos claimants' committee, and \$7.1 million for the fees and expenses of the future claims representative and his counsel and experts. GST recorded \$22.8 million of those case-related fees and expenses in the first half of 2013 and \$12.4 million in the second quarter of 2013, compared to \$15.4 million and \$8.1 million, respectively, in the first half and second quarter of 2012. GST attributes the large year-over-year increase to increased activity in the case, including activity related to discovery disputes, the identification and preparation of experts for the estimation trial, and claimant representatives' efforts to extend GST's liability to affiliates.

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 14 and 15 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 that exposure to asbestos fibers in products produced or sold by GST LLC or Anchor, together with products produced and sold by numerous other companies, contributed to the bodily injuries or deaths of such plaintiffs. 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 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 believe that as billions of dollars of 524(g) trust assets continue to become available to claimants, defendants will 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 an ongoing 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 will be subject to approval by the Bankruptcy Court. As a result, during the pendency of these proceedings, we will 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, the numbers of new claims filed against our subsidiaries and, except as a result of the resolution of appeals from verdicts rendered prior to the Petition Date, the numbers of claims pending against them 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, there were more than 90,000 total claims pending against GST LLC, and approximately 5,800 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. The primary 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, have been as a result 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) have not responded to the questionnaire at all, many others (more than 1,900) reflect claims where the claimants do not have mesothelioma, have acknowledged that they cannot establish exposure to GST products, their claims were dismissed, settled or withdrawn, their claims were duplicates of other filed claims, or were closed or inactive. Still others have responded to the questionnaire but their responses are deficient in some material respect. As a result of this process, less than 3,300 claimants have presented questionnaires asserting mesothelioma claims against GST LLC as of the Petition Date and many of them have not established exposure to GST products or have 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. Many of those claimants likely will make claims against GST in the bankruptcy proceeding.

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. We believe that GST LLC will continue to be successful in the appellate process, although there can be no assurance of success in any particular appeal. At June 30, 2013, three GST LLC appeals are pending from adverse decisions totaling $2.4 million.

GST LLC won reversals of adverse verdicts in one of two recent appellate decisions. In September 2011, the United States Court of Appeals for the Sixth Circuit overturned a $500 thousand 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 thousand share of a 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.

Insurance Coverage. At June 30, 2013, we had $123.1 million of insurance coverage we believe is available to cover current and future asbestos claims payments and certain expense payments. GST has collected insurance payments totaling $72.0 million since the Petition Date. Of the $123.1 million of available insurance coverage remaining, we consider $122.0 million (99%) 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. We consider $1.1 million (1%) to be of moderate quality because the insurance policies are written with various London market carriers. Of the $123.1 million, $87.1 million is allocated to claims that were paid by GST LLC prior to the initiation of the Chapter 11 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 $88.2 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 substantially all of the $123.1 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 $123.1 million is in addition to the $18.8 million collected in the first half of 2013. 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 $36.7 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:

2013 – $3.2 million (in the second half of the year)
2014 – $21.2 million

2015 – $20 million
2016 – $18 million
2017 – $13 million
2018 – $11 million

In addition, GST LLC has received $7.2 million of insurance recoveries from insolvent carriers since 2007 and may receive additional payments from insolvent carriers in the future. No anticipated insolvent carrier collections are included in the $123.1 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 Petition Date 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.

Neither we nor GST has endeavored to update the accrual since the Petition Date except as necessary to reflect payments of accrued fees and the disposition of cases on appeal. After those necessary updates, the liability accrual at June 30, 2013 was $466.8 million. 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 and its creditors, including asbestos claimants and a representative of potential future claimants. GST does not believe that there is a reliable process by which an estimate of such a consensual resolution can be made and therefore believes that, prior to the resolution of liability in GST's Chapter 11 proceeding, there is no basis upon which it can revise the estimate last updated prior to the Petition Date. In addition, we do not believe that we can make a reasonable estimate of a specific range of more likely outcomes with respect to the asbestos liability of GST, and therefore, while we believe it to be an unlikely worst case scenario, GST's ultimate costs to resolve all asbestos claims against it could range up to the total value of GST.

In a proposed plan of reorganization filed by GST and opposed by claimant representatives, GST has proposed to resolve all pending and future claims. GST has estimated that the amounts to be paid into the trust created by the plan for payments to future claimants, plus the indemnity costs incurred under the plan to pay present claimants, would be approximately $270 million. See the section entitled "Subsidiary Bankruptcy" in this Management's Discussion and Analysis of Financial condition and Results of Operations. Claimant representatives, on the other hand, have asserted that GST's liability exceeds the value of GST.

The proposed plan of reorganization includes provisions that would resolve any and all alleged derivative claims against us based on GST asbestos products. The provisions specify that we would fund $30 million of the amount proposed to be paid into the trust to pay future claimants and would guarantee the obligations of GST under the plan. Those provisions are incorporated into the terms of the proposed plan only in the context of the specifics of that plan, which would result in the equity interests of GST being retained by GST's equity holder, the reconsolidation of GST into the Company with substantial equity above the amount of equity currently included in our consolidated financial statements, and an injunction protecting us from future GST claims.

We cannot predict when a plan of reorganization for GST might be approved and effective. An estimation trial for the purpose of determining the number and value of allowed mesothelioma claims for plan feasibility purposes commenced on July 22, 2013, and is continuing. We believe that GST has presented compelling evidence at the estimation trial that, among other things, GST's products could not have been a substantial contributing cause of any asbestos-related disease. Therefore GST believes the amounts set forth in its proposed plan would be more than sufficient to fully fund its actual legal liability. There are many potential hurdles to plan confirmation, including appeals, that could arise during and after the estimation trial.

Item 3. 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 impact our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular 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. For information about our interest rate risk, see "Quantitative and Qualitative Disclosures about Market Risk – Interest Rate Risk" in our annual report on Form 10-K for the year ended December 31, 2012, and the following section.

Foreign Currency Risk

We are exposed to foreign currency risks that arise 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 following table provides information about our outstanding foreign currency forward and option contracts as of June 30, 2013:

Transaction Type	Notional Amount Outstanding in Millions of U.S. Dollars (USD)	Maturity Dates	Exchange Rate Ranges
Forward Contracts			
Buy British pound/sell euro	$ 26.6	Jul 2013 – Mar 2014	0.788 to 0.874 pound/euro
Buy USD/sell euro	7.6	Jul 2013 – Mar 2014	1.223 to 1.339 USD/euro
Sell British pound/buy euro	7.2	Jul 2013	0.857 pound/euro
Various others	30.4	Jul 2013 – Dec 2014	Various
	$ 71.8		

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 4. 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 Securities Exchange Act of 1934 (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.

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 June 30, 2013, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

A description of environmental, asbestos and other legal matters is included in Note 15 to the Consolidated Financial Statements in this report, which is incorporated herein by reference. A description of the bankruptcy proceeding filed by certain of the Company’s subsidiaries, and an update on and discussion of the implications of that proceeding and related activities are included in Note 7 and Note 14 to the Consolidated Financial Statements in this report, which are incorporated herein by reference. Those matters are also discussed in Management’s Discussion and Analysis of Financial Condition and Results of Operations. 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table sets forth all purchases made by or on behalf of the Company or any “affiliated purchaser,” as defined in Rule 10b-18(a)(3) under the Exchange Act, of shares of the Company’s common stock during each month in the second quarter of 2013.

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	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
April 1 – April 30, 2013	—	—	—	—
May 1 – May 31, 2013	—	—	—	—
June 1 – June 30, 2013	595 (1)	$50.67 (1)	—	—
Total	595 (1)	$50.67 (1)	—	—

(1) In June 2013, a total of 595 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. These shares were valued at a price of $50.67 per share, the average of the high and low trading price of our common stock on June 28, 2013. We do not consider the transfer of shares from Coltec in this context to be pursuant to a publicly announced plan or program.

Item 6. Exhibits.

The exhibits to this report on Form 10-Q are listed in the accompanying Exhibit Index.

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 8th day of August, 2013.

ENPRO INDUSTRIES, INC.

By: /s/ Robert S. McLean

Robert S. McLean
Vice President, General Counsel and
Secretary

By: /s/ Susan P. Ballance

Susan P. Ballance
Vice President, Chief Accounting Officer and
Controller

EXHIBIT INDEX

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	Restated Bylaws of EnPro Industries, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K dated November 2, 2012 filed by EnPro Industries, Inc. (File No. 001-31225))
10.1*	Management Continuity Agreement dated as of May 1, 2013 between EnPro Industries, Inc. and Susan P. Ballance
10.2*	Management Continuity Agreement dated as of May 1, 2013 between EnPro Industries, Inc. and Eric A. Vaillancourt
23.1*	Consent of Bates White, LLC
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

* Filed herewith

Exhibit 10.1

MANAGEMENT CONTINUITY AGREEMENT

THIS AGREEMENT dated as of this 1st day of May 2013 between Susan P. Ballance (the "Executive") and EnPro Industries, Inc., a North Carolina corporation (the "Company").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continuous employment of key management personnel in the event there is, or is threatened, a change in control of the Company; and

WHEREAS, the Company recognizes that the uncertainty and questions which may arise among key management in connection with the possibility of a change in control may result in the departure or distraction of key management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Company desires to provide certain protection to Executive in the event of a change in control of the Company as set forth in this Agreement in order to induce Executive to remain in the employ of the Company notwithstanding any risks and uncertainties created by the possibility of a change in control of the Company;

WITNESSETH:

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, the parties agree as follows:

1. **Term**. The "Term" of this Agreement shall mean the period commencing on the date hereof and ending twenty-four (24) months after such date; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Term shall be automatically extended so as to terminate twenty-four (24) months from such Renewal Date, unless at least sixty (60) days prior to the Renewal Date the Company shall give notice to the Executive that the Term shall not be so extended.

2. **Period of Employment**. Executive's "Period of Employment" shall commence on the date on which a Change in Control occurs during the Term and shall end on the date that is twenty-four (24) months after the date on which such Change in Control occurs (subject to the provisions of Section 20 below pursuant to which the Period of Employment may be deemed to have commenced prior to the date of a Change in Control in certain circumstances).

3. **Certain Definitions**. For purposes of this Agreement:

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean Executive's termination of employment with the Company due to (A) the willful and continued failure by Executive to substantially perform Executive's duties with the Company, which failure causes material and demonstrable injury to the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness), after a demand for substantial performance is delivered to Executive by the Board which specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties, and after Executive has been given a period (hereinafter known as the "Cure Period") of at least thirty (30) days to correct Executive's performance, or (B) the willful engaging by Executive in other gross misconduct materially and demonstrably injurious to the Company. For purposes hereof, no act, or failure to act, on Executive's part shall be considered "willful" unless conclusively demonstrated to have been done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the best interests of the Company. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a Notice of Termination which shall include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board Executive was guilty of conduct set forth above in clause (A) (including the expiration of the Cure Period without the correction of Executive's performance) or clause (B) above and specifying the particulars thereof in detail.

"Change in Control" shall mean:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (other than by exercise of a conversion privilege), (B) any acquisition by the Company or any of its subsidiaries, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (D) any acquisition by any company with respect to which, following such acquisition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, solely in their capacity as shareholders of the Company, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (ii) individuals who, as of the Distribution Date (as such term is defined in the Distribution Agreement among Goodrich Corporation, EnPro Industries, Inc. and Coltec Industries Inc.), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Distribution Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest; or (iii) consummation of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, solely in their capacity as shareholders of the Company, more than 70% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (iv) consummation of (A) a complete liquidation or dissolution of the Company or (B) a sale or other disposition of all or substantially all of the assets of the Company, other than to a company, with respect to which following such sale or other disposition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities, solely in their capacity as shareholders of the Company, who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

"Date of Termination" is as defined in Section 8 below.

"Good Reason" shall mean:

(i) without Executive's express written consent, (A) the assignment to Executive of any new duties or responsibilities substantially inconsistent in character with Executive's duties and responsibilities within the Company immediately prior to a Change in Control, (B) any substantial adverse change in Executive's duties and responsibilities as in effect immediately prior to a Change in Control, including, but not limited to, a reduction in duties or responsibilities which occurs because the Company is no longer an independent publicly-held entity, (C) any removal of Executive from or any failure to re-elect Executive to any director position of the Company, (D) a change in the annual or long term incentive plan in which Executive currently participates such that Executive's opportunity to earn incentive compensation is impaired, (E) a material reduction in the aggregate value of Company perquisites made available to Executive, (F) an elimination or material impairment of Executive's ability to participate in retirement plans comparable to those in which Executive currently participates, (G) any substantial increase in Executive's obligation to travel on the Company's business over Executive's present business travel obligations, or (H) an elimination or material impairment of Executive's ability to receive stock options with values comparable to those Executive was granted within the one year period preceding the commencement of the Period of Employment; (ii) the failure of the Company to comply with any other of its obligations under Section 4 herein; (iii) the relocation of the offices of the Company at which Executive was employed immediately prior to the Change in Control to a location which is more than fifty (50) miles from such prior location, or the failure of the Company to (A) pay or reimburse Executive, in accordance with the Company's relocation policy for its employees in existence immediately prior to a Change in Control, for all reasonable costs and expenses; plus "gross ups" referred to in such policy incurred by Executive relating to a change of Executive's principal residence in connection with any relocation of the Company's offices to which Executive consents, and (B) indemnify Executive against any loss (defined as the difference between the actual sale price of such residence and the higher of (1) Executive's aggregate investment in such residence or (2) the fair market value of such residence as determined by the relocation management organization used by the Company immediately prior to the Change in Control (or other real estate appraiser designated by Executive and reasonably satisfactory to the Company)) realized in the sale of Executive's principal residence in connection with any such change of residence; (iv) the failure of the Company to obtain the assumption of and the agreement to perform this Agreement by any successor as contemplated in Section 11 hereof; or (v) any purported termination of Executive's employment during the Period of Employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 7 hereof.

"Incapacity Discharge" means Executive's termination of employment with the Company if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from Executive's duties with the Company on a full-time basis for one-hundred twenty (120) consecutive business days, and within thirty (30) days after a written Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

"Mandatory Retirement Date" shall mean the compulsory retirement date, if any, established by the Company for those executives of the Company who, by reason of their positions and the size of their nonforfeitable annual retirement benefits under the Company's pension, profit-sharing, and deferred compensation plans, are exempt from, the provisions of the Age Discrimination in Employment Act, 29 U.S.C. Sections 621, et seq., which date shall not in any event be earlier for any executive than the last day of the month in which such Executive reaches age 65.

"Notice of Termination" is as defined in Section 7 below.

"Payment Period" shall mean twenty-four (24) months, provided that the Payment Period shall not exceed the number of whole calendar months between the Executive's Date of Termination and Mandatory Retirement Date (if applicable).

4. **Compensation During Period of Employment**. For so long during Executive's Period of Employment as Executive is an employee of the Company, the Company shall be obligated to compensate Executive as follows:

(a) Executive shall continue to receive Executive's full base salary at the rate in effect immediately prior to the Change in Control. Executive's base salary shall be increased annually, with each such increase due on the anniversary date of Executive's most recent previous increase. Each such increase shall be no less than an amount which at least equals on a percentage basis the mean of the annualized percentage increases in base salary for all elected officers of the Company during the two full calendar years immediately preceding the Change in Control.

(b) Executive shall continue to participate in all benefit and compensation plans (including but not limited to the Equity Compensation Plan, Long-Term Incentive Program, Performance Share Deferred Compensation Plan, Annual Performance Plan, Executive Life Insurance Program, Deferred Compensation Plan, 401(K) plan, savings plan, flexible benefits plan, life insurance plan, health and accident plan or disability plan) in which Executive was participating immediately prior to the Change in Control, or in plans providing substantially similar benefits, in either case upon terms and conditions and at levels at least as favorable as those provided to Executive under the plans in which Executive was participating immediately prior to the Change in Control;

(c) Executive shall continue to receive all fringe benefits, perquisites, and similar arrangements which Executive was entitled to receive immediately prior to the Change in Control; and

(d) Executive shall continue to receive annually the number of paid vacation days and holidays Executive was entitled to receive immediately prior to the Change in Control.

5. **Compensation Upon Termination of Employment**. The following provisions set forth the benefits that may become payable to Executive upon termination of employment with the Company during the Period of Employment in accordance with, and subject to, the provisions of Section 6 below:

(a) By not later than the fifth business day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of the following:

(i) any base salary that is earned but unpaid as of the Date of Termination;

(ii) a pro rata portion of the "target incentive amount" under the Annual Performance Plan for the calendar year in which the Date of Termination occurs (based on the number of calendar days in such calendar year completed through the Date of Termination); and

(iii) a pro rata portion of the "calculated market value" of the phantom Performance Shares, if any, awarded to Executive under the Company's Long-Term Incentive Program (the "LTIP") for each Plan Cycle under the LTIP that has not been completed as of the Date of Termination, determined as follows:

(A) The performance for each such Plan Cycle under the applicable LTIP award agreement shall be determined based on (x) for any completed calendar year of the Plan Cycle as of the Date of Termination, actual performance for the calendar year, (y) for the calendar year in which the Date of Termination occurs if at least one calendar quarter has been completed during such calendar year, the greater of target performance for the calendar year or actual performance for the completed calendar quarter(s) for the calendar year annualized for the year, and (z) for any other calendar years of the Plan Cycle, target performance for the calendar year.

(B) The number of phantom Performance Shares for each such Plan Cycle shall be adjusted in accordance with the formula set forth in the applicable LTIP award agreement based on the performance for the Plan Cycle determined under paragraph (A) above.

(C) The pro rata portion of the "calculated market value" of the number of phantom Performance Shares adjusted in accordance with paragraph (B) above shall be based on the number of calendar days in the Plan Cycle completed through the Date of Termination.

Section 5(c) below sets for the method for determining the "target incentive amount" under the Annual Performance Plan and the "calculated market value" of phantom Performance Shares under the LTIP. Any amounts payable under Sections 5(a)(ii) or (iii) above shall be offset dollar-for-dollar by any pro rata payments otherwise provided for under the Annual Performance Plan or the LTIP.

(b) In lieu of any salary payments that Executive would have received if he had continued in the employment of the Company during the Payment Period, the Company shall pay to Executive in a lump sum, by not later than the fifth business day following the Date of Termination, an amount equal to one-twelfth of Executive's annualized base salary in effect immediately prior to the Date of Termination, multiplied by the number of months in the Payment Period.

(c) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of:

(i) under the Annual Performance Plan (and in lieu of any further awards under the Annual Performance Plan that Executive would have received if he had continued in the employment of the Company during the Payment Period), the number of months in the Payment Period multiplied by the greatest of one-twelfth of: (A) the amount most recently paid to Executive for a full calendar year; (B) Executive's "target incentive amount" for the calendar year in which his Date of Termination occurs; or (C) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs; plus, if applicable,

(ii) under the LTIP (and in lieu of any further grants under the LTIP that Executive would have received if he had continued in the employment of the Company during the Payment Period), sixteen (16) multiplied by the greatest of: (A) with respect to the most recently completed Plan Cycle as of the Date of Termination, one-twelfth of the "calculated market value" of the Performance Shares actually awarded Executive (including the value of any Performance Shares Executive may have elected to defer under the Performance Share Deferred Compensation Program); (B) with respect to the most recently commenced Plan Cycle under the LTIP (if Executive is a participant in such Plan Cycle) prior to Executive's Date of Termination, one-twelfth of the "calculated market value" of the phantom Performance Shares, if any, awarded to Executive; or (C) with respect to the most recently commenced Plan Cycle prior to the date of the occurrence of the Change in Control, one-twelfth of the "calculated market value" of the phantom Performance Shares, if any, awarded to Executive.

For purposes of this Section 5, Executive's "target incentive amount" under the Annual Performance Plan for a given calendar year (i.e., the calendar year in which the Date of Termination occurs or the Change in Control occurs, as applicable) is determined by multiplying (i) Executive's annualized total gross base salary for the calendar year by (ii) the incentive target percentage which is applicable to Executive's incentive category under the Annual Performance Plan for the calendar year. For purposes of this Section 5, the "calculated market value" of each Performance Share actually awarded upon completion of a Plan Cycle, Performance Share deferred under the Performance Share Deferred Compensation Program or phantom Performance Share granted under the LTIP shall be the mean of the high and low prices of the Company's common stock on the relevant date as reported on the New York Stock Exchange Composite Transactions listing (or similar report), or, if no sale was made on such date, then on the next preceding day on which a sale was made multiplied by the number of shares involved in the calculation. The relevant date for Section 5(a)(iii) and clauses 5(c)(ii)(B) and 5(c)(ii)(C) is the date upon which the Compensation Committee ("Committee") of the Board of Directors awarded the phantom Performance Shares in question; for clause 5(c)(ii)(A) the relevant date is the date on which the Committee made a determination of attainment of financial objectives and awarded Performance Shares (including any Performance Shares Executive may have elected to defer under the Performance Share Deferred Compensation Program).

Any payments received pursuant to Sections 5(c)(i) or (ii) above shall be in addition to, and not in lieu of, any payments required to be made to Executive as the result of the happening of an event that would constitute a change in control pursuant to the provisions of the Annual Performance Plan or LTIP, as applicable.

(d) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of:

(i) If Executive is under age 55, or over the age of 55 but not eligible to retire, at the Date of Termination the present value of all health and welfare benefits the Executive would have been entitled to had the Executive continued as an employee of the Company during the Payment Period and been entitled to or participated in the same health and welfare benefits during the Payment Period as immediately prior to the Date of Termination plus an amount in cash equal to the amount necessary to cause the amount of the aggregate after-tax lump sum payment the Executive receives pursuant to this provision to be equal to the aggregate after-tax value of the benefits which Executive would have received if Executive continued to receive such benefits as an employee; or

(ii) If Executive is age 55 or over and eligible to retire on the Date of Termination, the present value of the health and welfare benefits to which Executive would have been entitled under the Company's general retirement policies if Executive retired on the Date of Termination with the Company paying that percentage of the premium cost of the plans which it would have paid under the terms of the plans in effect immediately prior to the Change of Control with respect to individuals who retire at age 65, regardless of Executive's actual age on the Termination Date, provided such lump sum value would be at least equal to the lump sum value of the benefits which would have been payable if Executive had been eligible to retire and had retired immediately prior to the Change in Control.

(e) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of the present value of the fringe benefit programs, perquisites (if any), and similar arrangements the Executive would have been entitled to receive had the Executive continued in employment with the Company for the Payment Period and been entitled to or participated in the same such benefits during the Payment Period as immediately prior to the Date of Termination. In addition and notwithstanding any provision of the Company's 2002 Equity Compensation Plan (or any comparable equity award plan of the Company) or any applicable award agreement thereunder to the contrary, Executive may exercise any of Executive's stock options that are vested as of Executive's Date of Termination at any time during the Payment Period (but not exceeding the original expiration date of the options).

(f) The Company shall, in addition to the benefits to which Executive is entitled under the retirement plans or programs sponsored by the Company or its affiliates in which Executive participates (including without limitation any Supplemental Executive Retirement Plan in which Executive participates, if applicable), pay Executive in a lump sum in cash by no later than the fifth day following the Date of

Termination an amount equal to the actuarial equivalent of the retirement pension to which Executive would have been entitled under the terms of such retirement plans or programs had Executive accumulated additional years of continuous service under such plans equal in length to Executive's Payment Period. The length of the Payment Period will be added to total years of continuous service for determining vesting, the amount of benefit accrual, to the age which Executive will be considered to be for the purposes of determining eligibility for normal or early retirement calculations and the age used for determining the amount of any actuarial reduction. For the purposes of calculating the additional benefit accrual under this paragraph, the amount of compensation Executive will be deemed to have received during each month of Executive's Payment Period shall be equal to the sum of Executive's annual base salary prorated on a monthly basis as provided for under Section 4(a) immediately prior to the Date of Termination (including salary increases), plus under the Company's Annual Performance Plan the greatest of one-twelfth of:

(i) the amount most recently paid to Executive for a full calendar year,

(ii) Executive's "target incentive amount" for the calendar year in which Executive's Date of Termination occurs, or

(iii) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs. Attached as Exhibit 1 is an illustration, not intending to be exhaustive, of examples of how inclusion of the Payment Period may affect the calculation of Executive's retirement benefit.

(g) In no event shall any amount payable to Executive described in this Section 5 be considered compensation or earnings under any pension, savings or other retirement plan of the Company.

6. **Termination**.

(a) **Termination Without Compensation.** If Executive's employment is terminated for any of the following reasons, Executive shall not be entitled by virtue of this Agreement to any of the benefits provided in the foregoing Section 5:

(i) If, prior to the commencement of the Period of Employment, Executive's employment with the Company is terminated at any time for any reason, including without limitation due to (A) Executive's death, (B) an Incapacity Discharge, (C) a termination initiated by the Company with or without Cause or (D) resignation, retirement or other termination initiated by Executive with or without Good Reason, subject, however, to the provisions of Section 20 below.

(ii) If Executive's employment with the Company is terminated during the Period of Employment with Cause.

(iii) If Executive resigns, retires or otherwise voluntarily terminates employment with the Company during the Period of Employment without Good Reason.

(b) **Termination with Compensation.** If Executive's employment is terminated for any of the following reasons, Executive shall be entitled by virtue of this Agreement to the benefits provided in the foregoing Section 5 as follows:

(i) If, during the Period of Employment, the Company discharges Executive other than for Cause, Executive shall receive all of the benefits and payments provided in Section 5.

(ii) Executive may terminate his employment with the Company at any time during the Period of Employment for Good Reason ("Good Reason Termination") and shall receive all of the benefits and payments provided in Section 5.

(iii) If, during the Period of Employment, Executive either (A) retires from employment with the Company or (B) if the Company discharges Executive due to an Incapacity Discharge, in either case while Executive has cause to terminate his employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7), Executive shall receive all of the benefits and payments provided in Section 5.

(iv) If Executive dies while employed by the Company during the Period of Employment while having cause to terminate his employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7), Executive's beneficiary or beneficiaries named on Exhibit 2 to this Agreement (or Executive's estate if he has not named a beneficiary) shall be entitled to receive those payments provided under Sections 5(a), 5(b) and 5(c) of this Agreement in addition to any benefits that such beneficiaries would be entitled under any other plan, program or policy of the Company as a result of Executive's employment with the Company.

(v) Executive may become eligible for the benefits and payments under Section 5 for termination of employment prior to a Change in Control in accordance with, and subject to, the provisions of Section 20 below.

7. **Notice of Termination.** Any termination of Executive's employment by the Company or any termination by Executive as a Good Reason Termination shall be communicated by written notice to the other party hereto. For purposes of this Agreement, such notice shall be referred to as a "Notice of Termination." Such notice shall, to the extent applicable, set forth the specific reason for termination, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

8. **Date of Termination.** "Date of Termination" shall mean:

(a) If Executive terminates Executive's employment as a Good Reason Termination, the date specified in the Notice of Termination, but in no event more than sixty (60) days after Notice of Termination is given.

(b) If Executive's employment is terminated with Cause, the date on which a Notice of Termination is given, except that the Date of Termination shall not be any date prior to the date on which the Cure Period expires without the correction of Executive's performance (if applicable).

(c) If Executive's employment pursuant to this Agreement is terminated following absence due to physical incapacity as an Incapacity Discharge, then the Date of Termination shall be thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such thirty (30) day period).

(d) A termination of employment by either the Company or by Executive shall not affect any rights Executive or Executive's surviving spouse or beneficiaries may have pursuant to any other agreement or plan of the Company providing benefits to Executive, except as provided in such agreement or plan.

9. **Adjustments to Payments**.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to Executive or for Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments") would be subject to the excise tax imposed by Section 4999 (or any successor provisions) of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalty is incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, is hereinafter collectively referred to as the "Excise Tax"), then the Payments shall be reduced (but not below zero) if and to the extent that such reduction would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the imposition of the Excise Tax), than if Executive received all of the Payments. The Company shall reduce or eliminate the Payments, by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination.

(b) All determinations required to be made under this Section 9, including whether and when an adjustment to any Payments is required and, if applicable, which Payments are to be so adjusted, shall be made by PricewaterhouseCoopers LLC (or their successors) (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and to Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Executive.

10. **No Obligation to Mitigate Damages, No Effect on Other Contractual Rights.** Executive shall not be required to refund the amount of any payment or employee benefit provided for or otherwise mitigate damages under this Agreement by seeking or accepting other employment or otherwise, nor shall the amount of any payment required to be made under this Agreement be reduced by any compensation earned by Executive as the result of any employment by another employer after the date of termination of Executive's employment with the Company, or otherwise. Upon receipt of written notice from Executive that Executive has been reemployed by another company or entity on a full-time basis, benefits, fringe benefits and perquisites otherwise receivable by Executive pursuant to Sections 5(d) or 5(e) related to life, health, disability and accident insurance plans and programs and other similar benefits, company cars, financial planning, country club memberships, and the like (but not incentive compensation, LTIP, pension plans or other similar plans and programs) shall be reduced to the extent comparable benefits are made available to Executive at his new employment and any such benefits actually received by Executive shall be reported to the Company by Executive.

The provisions of the Agreement, and any payment or benefit provided for hereunder shall not reduce any amount otherwise payable, or in any way diminish Executive's existing rights, or rights which would occur solely as a result of the passage of time, under any other agreement, contract, plan or arrangement with the Company.

11. **Successors and Binding Agreement.**

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Executive, to assume and agree to perform this Agreement.

(b) This Agreement shall be binding upon the Company and any successor of or to the Company, including, without limitation, any person acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed the “Company" for the purposes of this Agreement), but shall not otherwise be assignable by the Company.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive and Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to Executive pursuant to Sections 5 and 6 hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate.

12. **Notices**. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing, except that notices of change of address shall be effective only upon receipt.

13. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of North Carolina, without giving effect to the principles of conflict of laws of such State.

14. **Miscellaneous.** No provisions of this Agreement may be modified, waived or discharged, and this Agreement may not be terminated before the end of the Term, unless such waiver, modification, discharge or termination is agreed to in a writing signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof, have been made by either party which is not set forth expressly in this Agreement.

15. **Validity.** The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

17. **Withholding of Taxes.** The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.

18. **Nonassignability.** This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 11 above. Without limiting the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and in the event of any attempted assignment or transfer contrary to this Section 18 the Company shall have no liability to pay any amounts so attempted to be assigned or transferred.

19. **Legal Fees and Expenses.** If a Change in Control shall have occurred, thereafter the Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by Executive to successfully (in whole or in part and whether by modification of the Company's position, agreement, compromise, settlement, or administrative or judicial determination) enforce this Agreement or any provision hereof or as a result of the Company or any Shareholder of the Company contesting the validity or enforceability of this Agreement or any provision hereof. To secure the foregoing obligation, the Company shall, within 90 days after being requested by Executive to do so, enter into a contract with an insurance company, open a letter of credit or establish an escrow in a form satisfactory to Executive. Notwithstanding the provisions of this Section 19 to the contrary, in no event shall

any payments made to Executive under this Section 19 be made for expenses incurred by Executive following the end of the second calendar year following the calendar year in which Executive's Date of Termination occurs, provided that the period during which reimbursement for such expenses may be made may extend to the end of the third calendar year in which Executive's Date of Termination occurs.

20. **Employment Rights**. Nothing expressed or implied in this Agreement shall create any right or duty on Executive's part or on the part of the Company to have Executive remain in the employment of the Company prior to the commencement of the Period of Employment; provided, however, that any termination or purported termination of Executive's employment by the Company without Cause, or termination of Executive's employment by Executive under circumstances that would constitute Good Reason had a Change in Control occurred, in either case following the commencement of any discussion with a third party, or the announcement by a third party of the commencement of, or the intention to commence a tender offer, or other intention to acquire all or a portion of the equity securities of the Company that ultimately results in a Change in Control shall be deemed to be a termination of Executive's employment after a Change in Control for purposes of (i) this Agreement and both the Period of Employment and the Payment Period shall be deemed to have begun on the day prior to such termination and (ii) the Company's Equity Compensation Plan as if the Change in Control had occurred on the day prior to such termination (resulting in the full vesting and extended exercisability of the Executive's outstanding stock options under, and in accordance with, the provisions of the Equity Compensation Plan).

21. **Right of Setoff.** There shall be no right of setoff or counterclaim against, or delay in, any payment by the Company to Executive or Executive's designated beneficiary or beneficiaries provided for in this Agreement in respect of any claim against Executive or any debt or obligation owed by Executive, whether arising hereunder or otherwise.

22. **Rights to Other Benefits.** The existence of the Agreement and Executive's rights hereunder shall be in addition to, and not in lieu of, Executive's rights under any other of the Company's compensation and benefit plans and programs, and under any other contract or agreement between Executive and the Company.

23. **Prior Agreements.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Company and the Executive with respect to the subject matter hereof. Any such prior agreements and understandings are no longer in force or effect.

24. **Compliance with Section 409A of the Internal Revenue Code .** Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended, are intended to comply with the requirements of Section 409A. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last until the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within ten (10) days after the end of such deferral period. If Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of Executive's estate within sixty (60) days after the date of Executive's death. For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

ENPRO INDUSTRIES, INC.

By: /s/ Stephen E. Mcadam

Name:Stephen E. Macadam

Title:President and Chief Executive Officer

/s/ Susan P. Ballance

Susan P. Ballance

EXHIBIT 1

A. If as of Executive's Date of Termination Executive's years of continuous service under the applicable retirement plans for purposes of determining eligibility for normal or early retirement plus the length of Executive's Payment Period is at least 5, then

1. If as of Executive's Date of Termination Executive's age plus the length of Executive's Payment Period is at least 65, Executive's retirement benefit under Section 5(f) will be calculated as a "normal retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period; and

2. If as of Executive's Date of Termination Executive's age plus the length of Executive's Payment Period is at least 55 but less than 65, Executive's retirement benefit under Section 5(f) will be calculated as an "early retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period. The actuarial reduction used shall be the actuarial reduction factor for early retirement, calculated to Executive's actual age plus the length of Executive's Payment Period, at Executive's Date of Termination.

B. If as of Executive's Date of Termination the sum of Executive's years of continuous service under the applicable retirement plans for purposes of determining eligibility for normal or early retirement plus the length of Executive's Payment Period is less than 5, or Executive's age plus the length of Executive's Payment Period is less than 55, Executive's retirement benefit under Section 5(f) will be calculated as a "deferred vested pension" to which Executive would have been entitled under the terms of the retirement plans in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period. The actuarial reduction used shall be the actuarial reduction factor for a deferred vested pension, calculated to Executive's actual age at Executive's Date of Termination plus the length of Executive's Payment Period.

C. For purposes of Section 5(f), "actuarial equivalent" shall be determined using the same methods and assumptions as those utilized under the Company's retirement plans and programs immediately prior to the Change in Control.

EXHIBIT 2
BENEFICIARY DESIGNATION

I hereby designate the following person(s) as a beneficiary for the purposes of Section 6(b)(iv) to the extent of the percentage interest listed next to their name:

NAME	PERCENTAGE INTEREST
TOTAL (CANNOT EXCEED 100%)	

Exhibit 10.2

MANAGEMENT CONTINUITY AGREEMENT

THIS AGREEMENT dated as of this 1st day of May 2013 between Eric A. Vaillancourt (the "Executive") and EnPro Industries, Inc., a North Carolina corporation (the "Company").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continuous employment of key management personnel in the event there is, or is threatened, a change in control of the Company; and

WHEREAS, the Company recognizes that the uncertainty and questions which may arise among key management in connection with the possibility of a change in control may result in the departure or distraction of key management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Company desires to provide certain protection to Executive in the event of a change in control of the Company as set forth in this Agreement in order to induce Executive to remain in the employ of the Company notwithstanding any risks and uncertainties created by the possibility of a change in control of the Company;

WITNESSETH:

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, the parties agree as follows:

1. **Term**. The "Term" of this Agreement shall mean the period commencing on the date hereof and ending twenty-four (24) months after such date; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Term shall be automatically extended so as to terminate twenty-four (24) months from such Renewal Date, unless at least sixty (60) days prior to the Renewal Date the Company shall give notice to the Executive that the Term shall not be so extended.

2. **Period of Employment**. Executive's "Period of Employment" shall commence on the date on which a Change in Control occurs during the Term and shall end on the date that is twenty-four (24) months after the date on which such Change in Control occurs (subject to the provisions of Section 20 below pursuant to which the Period of Employment may be deemed to have commenced prior to the date of a Change in Control in certain circumstances).

3. **Certain Definitions**. For purposes of this Agreement:

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean Executive's termination of employment with the Company due to (A) the willful and continued failure by Executive to substantially perform Executive's duties with the Company, which failure causes material and demonstrable injury to the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness), after a demand for substantial performance is delivered to Executive by the Board which specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties, and after Executive has been given a period (hereinafter known as the "Cure Period") of at least thirty (30) days to correct Executive's performance, or (B) the willful engaging by Executive in other gross misconduct materially and demonstrably injurious to the Company. For purposes hereof, no act, or failure to act, on Executive's part shall be considered "willful" unless conclusively demonstrated to have been done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the best interests of the Company. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a Notice of Termination which shall include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board Executive was guilty of conduct set forth above in clause (A) (including the expiration of the Cure Period without the correction of Executive's performance) or clause (B) above and specifying the particulars thereof in detail.

"Change in Control" shall mean:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (other than by exercise of a conversion privilege), (B) any acquisition by the Company or any of its subsidiaries, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (D) any acquisition by any company with respect to which, following such acquisition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, solely in their capacity as shareholders of the Company, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (ii) individuals who, as of the Distribution Date (as such term is defined in the Distribution Agreement among Goodrich Corporation, EnPro Industries, Inc. and Coltec Industries Inc.), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Distribution Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest; or (iii) consummation of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, solely in their capacity as shareholders of the Company, more than 70% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or (iv) consummation of (A) a complete liquidation or dissolution of the Company or (B) a sale or other disposition of all or substantially all of the assets of the Company, other than to a company, with respect to which following such sale or other disposition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities, solely in their capacity as shareholders of the Company, who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company

Common Stock and Outstanding Company Voting Securities, as the case may be.

"Date of Termination" is as defined in Section 8 below.

"Good Reason" shall mean:

(i) without Executive's express written consent, (A) the assignment to Executive of any new duties or responsibilities substantially inconsistent in character with Executive's duties and responsibilities within the Company immediately prior to a Change in Control, (B) any substantial adverse change in Executive's duties and responsibilities as in effect immediately prior to a Change in Control, including, but not limited to, a reduction in duties or responsibilities which occurs because the Company is no longer an independent publicly-held entity, (C) any removal of Executive from or any failure to re-elect Executive to any director position of the Company, (D) a change in the annual or long term incentive plan in which Executive currently participates such that Executive's opportunity to earn incentive compensation is impaired, (E) a material reduction in the aggregate value of Company perquisites made available to Executive, (F) an elimination or material impairment of Executive's ability to participate in retirement plans comparable to those in which Executive currently participates, (G) any substantial increase in Executive's obligation to travel on the Company's business over Executive's present business travel obligations, or (H) an elimination or material impairment of Executive's ability to receive stock options with values comparable to those Executive was granted within the one year period preceding the commencement of the Period of Employment; (ii) the failure of the Company to comply with any other of its obligations under Section 4 herein; (iii) the relocation of the offices of the Company at which Executive was employed immediately prior to the Change in Control to a location which is more than fifty (50) miles from such prior location, or the failure of the Company to (A) pay or reimburse Executive, in accordance with the Company's relocation policy for its employees in existence immediately prior to a Change in Control, for all reasonable costs and expenses; plus "gross ups" referred to in such policy incurred by Executive relating to a change of Executive's principal residence in connection with any relocation of the Company's offices to which Executive consents, and (B) indemnify Executive against any loss (defined as the difference between the actual sale price of such residence and the higher of (1) Executive's aggregate investment in such residence or (2) the fair market value of such residence as determined by the relocation management organization used by the Company immediately prior to the Change in Control (or other real estate appraiser designated by Executive and reasonably satisfactory to the Company)) realized in the sale of Executive's principal residence in connection with any such change of residence; (iv) the failure of the Company to obtain the assumption of and the agreement to perform this Agreement by any successor as contemplated in Section 11 hereof; or (v) any purported termination of Executive's employment during the Period of Employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 7 hereof.

"Incapacity Discharge" means Executive's termination of employment with the Company if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from Executive's duties with the Company on a full-time basis for one-hundred twenty (120) consecutive business days, and within thirty (30) days after a written Notice of Termination is given, Executive shall not have returned to the full-time performance of Executive's duties.

"Mandatory Retirement Date" shall mean the compulsory retirement date, if any, established by the Company for those executives of the Company who, by reason of their positions and the size of their nonforfeitable annual retirement benefits under the Company's pension, profit-sharing, and deferred compensation plans, are exempt from, the provisions of the Age Discrimination in Employment Act, 29 U.S.C. Sections 621, et seq., which date shall not in any event be earlier for any executive than the last day of the month in which such Executive reaches age 65.

"Notice of Termination" is as defined in Section 7 below.

"Payment Period" shall mean twenty-four (24) months, provided that the Payment Period shall not exceed the number of whole calendar months between the Executive's Date of Termination and Mandatory Retirement Date (if applicable).

4. **Compensation During Period of Employment** . For so long during Executive's Period of Employment as Executive is an employee of the Company, the Company shall be obligated to compensate Executive as follows:

(a) Executive shall continue to receive Executive's full base salary at the rate in effect immediately prior to the Change in Control. Executive's base salary shall be increased annually, with each such increase due on the anniversary date of Executive's most recent previous increase. Each such increase shall be no less than an amount which at least equals on a percentage basis the mean of the annualized percentage increases in base salary for all elected officers of the Company during the two full calendar years immediately preceding the Change in Control.

(b) Executive shall continue to participate in all benefit and compensation plans (including but not limited to the Equity Compensation Plan, Long-Term Incentive Program, Performance Share Deferred Compensation Plan, Annual Performance Plan, Executive Life Insurance Program, Deferred Compensation Plan, 401(K) plan, savings plan, flexible benefits plan, life insurance plan, health and accident plan or disability plan) in which Executive was participating immediately prior to the Change in Control, or in plans providing substantially similar benefits, in either case upon terms and conditions and at levels at least as favorable as those provided to Executive under the plans in which Executive was participating immediately prior to the Change in Control;

(c) Executive shall continue to receive all fringe benefits, perquisites, and similar arrangements which Executive was entitled to receive immediately prior to the Change in Control; and

(d) Executive shall continue to receive annually the number of paid vacation days and holidays Executive was entitled to receive immediately prior to the Change in Control.

5. **Compensation Upon Termination of Employment**. The following provisions set forth the benefits that may become payable to Executive upon termination of employment with the Company during the Period of Employment in accordance with, and subject to, the provisions of Section 6 below:

(a) By not later than the fifth business day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of the following:

(i) any base salary that is earned but unpaid as of the Date of Termination;

(ii) a pro rata portion of the "target incentive amount" under the Annual Performance Plan for the calendar year in which the Date of Termination occurs (based on the number of calendar days in such calendar year completed through the Date of Termination); and

(iii) a pro rata portion of the "calculated market value" of the phantom Performance Shares, if any, awarded to Executive under the Company's Long-Term Incentive Program (the "LTIP") for each Plan Cycle under the LTIP that has not been completed as of the Date of Termination, determined as follows:

(A) The performance for each such Plan Cycle under the applicable LTIP award agreement shall be determined based on (x) for any completed calendar year of the Plan Cycle as of the Date of Termination, actual performance for the calendar year, (y) for the calendar year in which the Date of Termination occurs if at least one calendar quarter has been completed during such calendar year, the greater of target performance for the calendar year or actual performance for the completed calendar quarter(s) for the calendar year annualized for the year, and (z) for any other calendar years of the Plan Cycle, target performance for the calendar year.

(B) The number of phantom Performance Shares for each such Plan Cycle shall be adjusted in accordance with the formula set forth in the applicable LTIP award agreement based on the performance for the Plan Cycle determined under paragraph (A) above.

(C) The pro rata portion of the "calculated market value" of the number of phantom Performance Shares adjusted in accordance with paragraph (B) above shall be based on the number of calendar days in the Plan Cycle completed through the Date of Termination.

Section 5(c) below sets for the method for determining the "target incentive amount" under the Annual Performance Plan and the "calculated market value" of phantom Performance Shares under the LTIP. Any amounts payable under Sections 5(a)(ii) or (iii) above shall be offset dollar-for-dollar by any pro rata payments otherwise provided for under the Annual Performance Plan or the LTIP.

(b) In lieu of any salary payments that Executive would have received if he had continued in the employment of the Company during the Payment Period, the Company shall pay to Executive in a lump sum, by not later than the fifth business day following the Date of Termination, an amount equal to one-twelfth of Executive's annualized base salary in effect immediately prior to the Date of Termination, multiplied by the number of months in the Payment Period.

(c) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of:

(i) under the Annual Performance Plan (and in lieu of any further awards under the Annual Performance Plan that Executive would have received if he had continued in the employment of the Company during the Payment Period), the number of months in the Payment Period multiplied by the greatest of one-twelfth of: (A) the amount most recently paid to Executive for a full calendar year; (B) Executive's "target incentive amount" for the calendar year in which his Date of Termination occurs; or (C) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs; plus, if applicable,

(ii) under the LTIP (and in lieu of any further grants under the LTIP that Executive would have received if he had continued in the employment of the Company during the Payment Period), sixteen (16) multiplied by the greatest of: (A) with respect to the most recently completed Plan Cycle as of the Date of Termination, one-twelfth of the "calculated market value" of the Performance Shares actually awarded Executive (including the value of any Performance Shares Executive may have elected to defer under the Performance Share Deferred Compensation Program); (B) with respect to the most recently commenced Plan Cycle under the LTIP (if Executive is a participant in such Plan Cycle) prior to Executive's Date of Termination, one-twelfth of the "calculated market value" of the phantom Performance Shares, if any, awarded to Executive; or (C) with respect to the most recently commenced Plan Cycle prior to the date of the occurrence of the Change in Control, one-twelfth of the "calculated market value" of the phantom Performance Shares, if any, awarded to Executive.

For purposes of this Section 5, Executive's "target incentive amount" under the Annual Performance Plan for a given calendar year (i.e., the calendar year in which the Date of Termination occurs or the Change in Control occurs, as applicable) is determined by multiplying (i) Executive's annualized total gross base salary for the calendar year by (ii) the incentive target percentage which is applicable to Executive's incentive category under the Annual Performance Plan for the calendar year. For purposes of this Section 5, the "calculated market value" of each Performance Share actually awarded upon completion of a Plan Cycle, Performance Share deferred under the Performance Share

Deferred Compensation Program or phantom Performance Share granted under the LTIP shall be the mean of the high and low prices of the Company's common stock on the relevant date as reported on the New York Stock Exchange Composite Transactions listing (or similar report), or, if no sale was made on such date, then on the next preceding day on which a sale was made multiplied by the number of shares involved in the calculation. The relevant date for Section 5(a)(iii) and clauses 5(c)(ii)(B) and 5(c)(ii)(C) is the date upon which the Compensation Committee ("Committee") of the Board of Directors awarded the phantom Performance Shares in question; for clause 5(c)(ii)(A) the relevant date is the date on which the Committee made a determination of attainment of financial objectives and awarded Performance Shares (including any Performance Shares Executive may have elected to defer under the Performance Share Deferred Compensation Program).

Any payments received pursuant to Sections 5(c)(i) or (ii) above shall be in addition to, and not in lieu of, any payments required to be made to Executive as the result of the happening of an event that would constitute a change in control pursuant to the provisions of the Annual Performance Plan or LTIP, as applicable.

(d) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of:

(i) If Executive is under age 55, or over the age of 55 but not eligible to retire, at the Date of Termination the present value of all health and welfare benefits the Executive would have been entitled to had the Executive continued as an employee of the Company during the Payment Period and been entitled to or participated in the same health and welfare benefits during the Payment Period as immediately prior to the Date of Termination plus an amount in cash equal to the amount necessary to cause the amount of the aggregate after-tax lump sum payment the Executive receives pursuant to this provision to be equal to the aggregate after-tax value of the benefits which Executive would have received if Executive continued to receive such benefits as an employee; or

(ii) If Executive is age 55 or over and eligible to retire on the Date of Termination, the present value of the health and welfare benefits to which Executive would have been entitled under the Company's general retirement policies if Executive retired on the Date of Termination with the Company paying that percentage of the premium cost of the plans which it would have paid under the terms of the plans in effect immediately prior to the Change of Control with respect to individuals who retire at age 65, regardless of Executive's actual age on the Termination Date, provided such lump sum value would be at least equal to the lump sum value of the benefits which would have been payable if Executive had been eligible to retire and had retired immediately prior to the Change in Control.

(e) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the sum of the present value of the fringe benefit programs, perquisites (if any), and similar arrangements the Executive would have been entitled to receive had the Executive continued in employment with the Company for the Payment Period and been entitled to or participated in the same such benefits during the Payment Period as immediately prior to the Date of Termination. In addition and notwithstanding any provision of the Company's 2002 Equity Compensation Plan (or any comparable equity award plan of the Company) or any applicable award agreement thereunder to the contrary, Executive may exercise any of Executive's stock options that are vested as of Executive's Date of Termination at any time during the Payment Period (but not exceeding the original expiration date of the options).

(f) The Company shall, in addition to the benefits to which Executive is entitled under the retirement plans or programs sponsored by the Company or its affiliates in which Executive participates (including without limitation any Supplemental Executive Retirement Plan in which Executive participates, if applicable), pay Executive in a lump sum in cash by no later than the fifth day following the Date of Termination an amount equal to the actuarial equivalent of the retirement pension to which Executive would have been entitled under the terms of such retirement plans or programs had Executive accumulated additional years of continuous service under such plans equal in length to Executive's Payment Period. The length of the Payment Period will be added to total years of continuous service for determining vesting, the amount of benefit accrual, to the age which Executive will be considered to be for the purposes of determining eligibility for normal or early retirement calculations and the age used for determining the amount of any actuarial reduction. For the purposes of calculating the additional benefit accrual under this paragraph, the amount of compensation Executive will be deemed to have received during each month of Executive's Payment Period shall be equal to the sum of Executive's annual base salary prorated on a monthly basis as provided for under Section 4(a) immediately prior to the Date of Termination (including salary increases), plus under the Company's Annual Performance Plan the greatest of one-twelfth of:

(i) the amount most recently paid to Executive for a full calendar year,

(ii) Executive's "target incentive amount" for the calendar year in which Executive's Date of Termination occurs, or

(iii) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs. Attached as Exhibit 1 is an illustration, not intending to be exhaustive, of examples of how inclusion of the Payment Period may affect the calculation of Executive's retirement benefit.

(g) In no event shall any amount payable to Executive described in this Section 5 be considered compensation or earnings under any pension, savings or other retirement plan of the Company.

6. **Termination**.

(a) **Termination Without Compensation.** If Executive's employment is terminated for any of the following reasons, Executive shall not be entitled by virtue of this Agreement to any of the benefits provided in the foregoing Section 5:

(i) If, prior to the commencement of the Period of Employment, Executive's employment with the Company is terminated at any time for any reason, including without limitation due to (A) Executive's death, (B) an Incapacity Discharge, (C) a termination initiated by the Company with or without Cause or (D) resignation, retirement or other termination initiated by Executive with or without Good Reason, subject, however, to the provisions of Section 20 below.

(ii) If Executive's employment with the Company is terminated during the Period of Employment with Cause.

(iii) If Executive resigns, retires or otherwise voluntarily terminates employment with the Company during the Period of Employment without Good Reason.

(b) **Termination with Compensation.** If Executive's employment is terminated for any of the following reasons, Executive shall be entitled by virtue of this Agreement to the benefits provided in the foregoing Section 5 as follows:

(i) If, during the Period of Employment, the Company discharges Executive other than for Cause, Executive shall receive all of the benefits and payments provided in Section 5.

(ii) Executive may terminate his employment with the Company at any time during the Period of Employment for Good Reason ("Good Reason Termination") and shall receive all of the benefits and payments provided in Section 5.

(iii) If, during the Period of Employment, Executive either (A) retires from employment with the Company or (B) if the Company discharges Executive due to an Incapacity Discharge, in either case while Executive has cause to terminate his employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7), Executive shall receive all of the benefits and payments provided in Section 5.

(iv) If Executive dies while employed by the Company during the Period of Employment while having cause to terminate his employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7), Executive's beneficiary or beneficiaries named on Exhibit 2 to this Agreement (or Executive's estate if he has not named a beneficiary) shall be entitled to receive those payments provided under Sections 5(a), 5(b) and 5(c) of this Agreement in addition to any benefits that such beneficiaries would be entitled under any other plan, program or policy of the Company as a result of Executive's employment with the Company.

(v) Executive may become eligible for the benefits and payments under Section 5 for termination of employment prior to a Change in Control in accordance with, and subject to, the provisions of Section 20 below.

7. **Notice of Termination.** Any termination of Executive's employment by the Company or any termination by Executive as a Good Reason Termination shall be communicated by written notice to the other party hereto. For purposes of this Agreement, such notice shall be referred to as a "Notice of Termination." Such notice shall, to the extent applicable, set forth the specific reason for termination, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

8. **Date of Termination.** "Date of Termination" shall mean:

(a) If Executive terminates Executive's employment as a Good Reason Termination, the date specified in the Notice of Termination, but in no event more than sixty (60) days after Notice of Termination is given.

(b) If Executive's employment is terminated with Cause, the date on which a Notice of Termination is given, except that the Date of Termination shall not be any date prior to the date on which the Cure Period expires without the correction of Executive's performance (if applicable).

(c) If Executive's employment pursuant to this Agreement is terminated following absence due to physical incapacity as an Incapacity Discharge, then the Date of Termination shall be thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such thirty (30) day period).

(d) A termination of employment by either the Company or by Executive shall not affect any rights Executive or Executive's surviving spouse or beneficiaries may have pursuant to any other agreement or plan of the Company providing benefits to Executive, except as provided in such agreement or plan.

9. **Adjustments to Payments**.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to Executive or for Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments") would be subject to the excise tax imposed by Section 4999 (or any successor provisions) of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalty is incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, is hereinafter collectively referred to as the "Excise Tax"), then the Payments shall be reduced (but not below zero) if and to the extent that such reduction would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the imposition of the Excise Tax), than if Executive received all of the Payments. The Company shall reduce or eliminate the Payments, by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination.

(b) All determinations required to be made under this Section 9, including whether and when an adjustment to any Payments is required and, if applicable, which Payments are to be so adjusted, shall be made by PricewaterhouseCoopers LLC (or their successors) (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and to Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Executive.

10. **No Obligation to Mitigate Damages, No Effect on Other Contractual Rights.** Executive shall not be required to refund the amount of any payment or employee benefit provided for or otherwise mitigate damages under this Agreement by seeking or accepting other employment or otherwise, nor shall the amount of any payment required to be made under this Agreement be reduced by any compensation earned by Executive as the result of any employment by another employer after the date of termination of Executive's employment with the Company, or otherwise. Upon receipt of written notice from Executive that Executive has been reemployed by another company or entity on a full-time basis, benefits, fringe benefits and perquisites otherwise receivable by Executive pursuant to Sections 5(d) or 5(e) related to life, health, disability and accident insurance plans and programs and other similar benefits, company cars, financial planning, country club memberships, and the like (but not incentive compensation, LTIP, pension plans or other similar plans and programs) shall be reduced to the extent comparable benefits are made available to Executive at his new employment and any such benefits actually received by Executive shall be reported to the Company by Executive.

The provisions of the Agreement, and any payment or benefit provided for hereunder shall not reduce any amount otherwise payable, or in any way diminish Executive's existing rights, or rights which would occur solely as a result of the passage of time, under any other agreement, contract, plan or arrangement with the Company.

11. **Successors and Binding Agreement.**

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Executive, to assume and agree to perform this Agreement.

(b) This Agreement shall be binding upon the Company and any successor of or to the Company, including, without limitation, any person acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but shall not otherwise be assignable by the Company.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive and Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to Executive pursuant to Sections 5 and 6 hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate.

12. **Notices**. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing, except that notices of change of address shall be effective only upon receipt.

13. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of North Carolina, without giving effect to the principles of conflict of laws of such State.

14. **Miscellaneous.** No provisions of this Agreement may be modified, waived or discharged, and this Agreement may not be terminated before the end of the Term, unless such waiver, modification, discharge or termination is agreed to in a writing signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof, have been made by either party which is not set forth expressly in this Agreement.

15. **Validity.** The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

17. **Withholding of Taxes.** The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.

18. **Nonassignability.** This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 11 above. Without limiting the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and in the event of any attempted assignment or transfer contrary to this Section 18 the Company shall have no liability to pay any amounts so attempted to be assigned or transferred.

19. **Legal Fees and Expenses.** If a Change in Control shall have occurred, thereafter the Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by Executive to successfully (in whole or in part and whether by modification of the Company's position, agreement, compromise, settlement, or administrative or judicial determination) enforce this Agreement or any provision hereof or as a result of the Company or any Shareholder of the Company contesting the validity or enforceability of this Agreement or any provision hereof. To secure the foregoing obligation, the Company shall, within 90 days after being requested by Executive to do so, enter into a contract with an insurance company, open a letter of credit or establish an escrow in a form satisfactory to Executive. Notwithstanding the provisions of this Section 19 to the contrary, in no event shall any payments made to Executive under this Section 19 be made for expenses incurred by Executive following the end of the second calendar year following the calendar year in which Executive's Date of Termination occurs, provided that the period during which reimbursement for such expenses may be made may extend to the end of the third calendar

year in which Executive's Date of Termination occurs.

20. **Employment Rights**. Nothing expressed or implied in this Agreement shall create any right or duty on Executive's part or on the part of the Company to have Executive remain in the employment of the Company prior to the commencement of the Period of Employment; provided, however, that any termination or purported termination of Executive's employment by the Company without Cause, or termination of Executive's employment by Executive under circumstances that would constitute Good Reason had a Change in Control occurred, in either case following the commencement of any discussion with a third party, or the announcement by a third party of the commencement of, or the intention to commence a tender offer, or other intention to acquire all or a portion of the equity securities of the Company that ultimately results in a Change in Control shall be deemed to be a termination of Executive's employment after a Change in Control for purposes of (i) this Agreement and both the Period of Employment and the Payment Period shall be deemed to have begun on the day prior to such termination and (ii) the Company's Equity Compensation Plan as if the Change in Control had occurred on the day prior to such termination (resulting in the full vesting and extended exercisability of the Executive's outstanding stock options under, and in accordance with, the provisions of the Equity Compensation Plan).

21. **Right of Setoff.** There shall be no right of setoff or counterclaim against, or delay in, any payment by the Company to Executive or Executive's designated beneficiary or beneficiaries provided for in this Agreement in respect of any claim against Executive or any debt or obligation owed by Executive, whether arising hereunder or otherwise.

22. **Rights to Other Benefits.** The existence of the Agreement and Executive's rights hereunder shall be in addition to, and not in lieu of, Executive's rights under any other of the Company's compensation and benefit plans and programs, and under any other contract or agreement between Executive and the Company.

23. **Prior Agreements.** This Agreement supersedes and replaces any and all prior agreements and understandings between the Company and the Executive with respect to the subject matter hereof. Any such prior agreements and understandings are no longer in force or effect.

24. **Compliance with Section 409A of the Internal Revenue Code .** Any payments under this Agreement that are deemed to be deferred compensation subject to the requirements of Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended, are intended to comply with the requirements of Section 409A. To this end and notwithstanding any other provision of this Agreement to the contrary, if at the time of Executive's termination of employment with the Company, (i) the Company's securities are publicly traded on an established securities market; (ii) Executive is a "specified employee" (as defined in Section 409A); and (iii) the deferral of the commencement of any payments or benefits otherwise payable pursuant to this Agreement as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of such payments (without any reduction in amount ultimately paid or provided to Executive) that are not paid within the short-term deferral rule under Section 409A (and any regulations thereunder) or within the "involuntary separation" exemption of Treasury Regulation § 1.409A-1(b)(9)(iii). Such deferral shall last until the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A). Any amounts the payment of which are so deferred shall be paid in a lump sum payment within ten (10) days after the end of such deferral period. If Executive dies during the deferral period prior to the payment of any deferred amount, then the unpaid deferred amount shall be paid to the personal representative of Executive's estate within sixty (60) days after the date of Executive's death. For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

ENPRO INDUSTRIES, INC.

By: /s/ Stephen E. Mcadam

Name:Stephen E. Macadam

Title:President and Chief Executive Officer

/s/ Eric A. Vaillancourt

Eric A. Vaillancourt

EXHIBIT 1

A. If as of Executive's Date of Termination Executive's years of continuous service under the applicable retirement plans for purposes of determining eligibility for normal or early retirement plus the length of Executive's Payment Period is at least 5, then

1. If as of Executive's Date of Termination Executive's age plus the length of Executive's Payment Period is at least 65, Executive's retirement benefit under Section 5(f) will be calculated as a "normal retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period; and

2. If as of Executive's Date of Termination Executive's age plus the length of Executive's Payment Period is at least 55 but less than 65, Executive's retirement benefit under Section 5(f) will be calculated as an "early retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period. The actuarial reduction used shall be the actuarial reduction factor for early retirement, calculated to Executive's actual age plus the length of Executive's Payment Period, at Executive's Date of Termination.

B. If as of Executive's Date of Termination the sum of Executive's years of continuous service under the applicable retirement plans for purposes of determining eligibility for normal or early retirement plus the length of Executive's Payment Period is less than 5, or Executive's age plus the length of Executive's Payment Period is less than 55, Executive's retirement benefit under Section 5(f) will be calculated as a "deferred vested pension" to which Executive would have been entitled under the terms of the retirement plans in which Executive participates had Executive accumulated benefit service under the retirement plan that included the Payment Period. The actuarial reduction used shall be the actuarial reduction factor for a deferred vested pension, calculated to Executive's actual age at Executive's Date of Termination plus the length of Executive's Payment Period.

C. For purposes of Section 5(f), "actuarial equivalent" shall be determined using the same methods and assumptions as those utilized under the Company's retirement plans and programs immediately prior to the Change in Control.

EXHIBIT 2
BENEFICIARY DESIGNATION

I hereby designate the following person(s) as a beneficiary for the purposes of Section 6(b)(iv) to the extent of the percentage interest listed next to their name:

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NAME PERCENTAGE INTEREST

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TOTAL (CANNOT EXCEED 100%)

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Exhibit 23.1

CONSENT OF EXPERT

We consent to the incorporation by reference in the Registration Statement (Form S-8, No. 333-89576 and Form S-8, No. 333-178668) pertaining to the EnPro Industries, Inc. Retirement Savings Plan for Hourly Workers, the Registration Statement (Form S-8, No. 333-89580 and Form S-8, No. 333-178668) pertaining to the EnPro Industries, Inc. Retirement Savings Plan for Salaried Workers, the Registration Statements (Form S-8, No. 333-107775, Form S-8, No. 333-159099 and Form S-8, No. 333-181282) pertaining to the EnPro Industries, Inc. Amended and Restated 2002 Equity Compensation Plan, and the Registration Statement (Form S-8, No. 333-113284) pertaining to the EnPro Industries, Inc. Deferred Compensation Plan for Non-Employee Directors, of excerpts of our report dated February 2, 2010, with respect to the estimation of the liability of Garlock Sealing Technologies LLC for pending and reasonably estimable unasserted future asbestos claims, which excerpts are included in this Quarterly Report (Form 10-Q) of EnPro Industries, Inc. for the quarter ended June 30, 2013.

/s/ Bates White, LLC

Washington, D.C.
August 7, 2013

Exhibit 31.1

CERTIFICATION

I, Stephen E. Macadam, certify that:

1. I have reviewed this Form 10-Q for the quarter ended June 30, 2013 of EnPro Industries, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2013

/s/ Stephen E. Macadam

Stephen E. Macadam
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Alexander W. Pease, certify that:

1. I have reviewed this Form 10-Q for the quarter ended June 30, 2013 of EnPro Industries, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2013

/s/ Alexander W. Pease

Alexander W. Pease
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION

The undersigned chief executive officer and chief financial officer of the registrant each certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge, this report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that to his knowledge, the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to EnPro Industries, Inc. and will be retained by EnPro Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 8, 2013

/s/ Stephen E. Macadam
Stephen E. Macadam
President and Chief Executive Officer

Date: August 8, 2013

/s/ Alexander W. Pease
Alexander W. Pease
Senior Vice President and Chief Financial Officer