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**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division**

IN RE:)	Case No. 10-31607
)	
GARLOCK SEALING TECHNOLOGIES)	Chapter 11
LLC, et al.,)	
)	Jointly Administered
Debtors ¹)	
)	

**DISCLOSURE STATEMENT FOR DEBTORS' SECOND AMENDED
PLAN OF REORGANIZATION**

Dated: January 14, 2015

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PLEASE READ THIS IMPORTANT INFORMATION

Garlock Sealing Technologies LLC (“GST”), Garrison Litigation Management Group, Ltd. (“Garrison”) and The Anchor Packing Company (“Anchor”), debtors and debtors in possession (the “Debtors”) provide this disclosure statement (as amended, modified or supplemented, the “Disclosure Statement”) to the Office of the United States Bankruptcy Administrator (the “Bankruptcy Administrator”) and to all of the Debtors’ known Creditors and Interest Holders pursuant to section 1125(b) of title 11 of the United States Code (the “Bankruptcy Code”) for the purpose of soliciting acceptances of the Second Amended Plan of Reorganization (the “Plan”) and support for its approval,² which has been filed with the United States Bankruptcy Court for the Western District of North Carolina (the “Bankruptcy Court”) and the summaries of the Plan contained herein shall not be relied upon for any purpose other than to make a judgment with respect to, and to determine how to vote on and whether to support, the Plan. A copy of the Plan is attached hereto as Exhibit A. By Order dated _____, 2015, the Disclosure Statement was approved by the Bankruptcy Court as containing “adequate information” under Bankruptcy Code § 1125.

PLEASE NOTE THAT MUCH OF THE INFORMATION CONTAINED HEREIN HAS BEEN TAKEN, IN WHOLE OR IN PART, FROM INFORMATION CONTAINED IN THE DEBTORS’ BOOKS AND RECORDS. STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ABOUT THE PLAN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, AND THE EXHIBITS ATTACHED TO THE PLAN. ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO BE ACCURATE IN ALL MATERIAL RESPECTS, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ERROR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH BANKRUPTCY CODE § 1124 AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER RULES GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF THE BANKRUPTCY CODE.

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² Capitalized terms used, but not otherwise defined herein, shall have the meanings set forth in the Plan.

INDUCEMENT MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR
INCONSISTENT WITH, INFORMATION CONTAINED HEREIN AND IN THE PLAN.

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1. EXECUTIVE SUMMARY

1.1 THE DISCLOSURE STATEMENT

This Disclosure Statement describes the Debtors (in Article 2), discusses the events leading to the filing of the Chapter 11 Cases (in Article 2), and describes the main events that have occurred in the Chapter 11 Cases (in Article 3).

This Disclosure Statement goes on to summarize the Plan's contents (in Article 5), the voting procedures (in Article 6), and the process the Court will follow in determining whether to confirm the Plan (in Articles 6 and 7). This Disclosure Statement then outlines risk factors associated with the Plan (in Article 8), alternatives to the Plan (in Article 9), and certain potential federal income tax consequences (in Article 10). Finally, this Disclosure Statement makes clear that the Debtors recommend that Holders of Claims and Equity Interests who are eligible to vote on the Plan vote to accept the Plan (in Article 11).

1.2 THE PLAN

1.2.1 How Was the Plan Created?

On April 13, 2012, the Bankruptcy Court entered an Order For Estimation of Mesothelioma Claims (Dkt. No. 2102) determining that it would estimate the aggregate Allowed Amount of mesothelioma claims against Garlock (the "Estimation Order"). The Bankruptcy Court explained that the purpose of the estimation would be to determine the feasibility of a plan of reorganization, which would assist Debtors and representatives for asbestos claimants to formulate a fair plan of reorganization. Pursuant to the Estimation Order, the Bankruptcy Court subsequently held a trial that concluded in an order, entered on January 10, 2014, finding that the amount sufficient to satisfy the Debtors' liability for present and future mesothelioma [claims](#) is \$125 million, *see In re Garlock Sealing Technologies LLC, et al.*, 504 B.R. 71, 82 (Bankr. W.D.N.C. 2014) (the "Estimation Opinion").

The Plan is the product of months of extensive negotiations between the Debtors, on the one hand, and the Future Claimants' Representative (the "FCR"), on the other, that began after entry of the Estimation Opinion. The FCR is an independent lawyer who was appointed by the Bankruptcy Court to represent the interests of, appear on behalf of, and be a fiduciary to the Holders of Future GST Asbestos Claims and who represented Future Claimants at the estimation trial. The FCR engaged experienced legal counsel, financial advisors, and asbestos claims experts to represent and advise him in these cases. The Plan was formulated by the Debtors and agreed to by the FCR in consultation with their respective medical, claims, and other experts.

The Plan that emerged guarantees funding from Debtors and the Parent totaling \$357.5 million to resolve present and future asbestos claims, almost three times Judge Hodges' \$125 million aggregate estimate of Allowed mesothelioma claims. The FCR has agreed to vote for the Plan and support its confirmation.

The Plan is designed to ensure that all persons who have an asbestos disease and can demonstrate that they worked with or in close proximity to Garlock's asbestos-containing

products will be offered and paid reasonable compensation through an inexpensive, efficient administrative process. The Plan also offers claimants who prefer to try their claims an efficient means of doing so. It has safeguards that protect the funds set aside to pay asbestos claims from dilution by frivolous claims or suppression of evidence. Finally, the Plan has mechanisms to ensure that present and future claimants are offered the same treatment.

1.2.2 What Claims and Equity Interests Are Affected by the Plan?

The Plan will pay all Holders of Allowed GST Asbestos Claims and Allowed non-asbestos Claims in full. No Holders of Claims are impaired³ under the Plan. Holders of GST and Garrison Equity Interests (Classes 10 and 11) are impaired and will be solicited. Holders of Settled GST Asbestos Claims (Class 3), Current GST Asbestos Claims (Class 4), Future GST Asbestos Claims (Class 5), Pre-Petition Judgment GST Asbestos Claims (Class 6), and General Unsecured Claims (Class 7) will be solicited in the event that the Court determines they are impaired or the Court determines their votes are otherwise relevant to confirmation of the Plan.

The following table summarizes the classification and treatment of Claims and Equity Interests under the Plan. The figures in the column entitled “Estimated Amount of Allowed Claims” are consistent with the Debtors’ books and records and include the Debtors’ estimates for certain Claims that are disputed, which Claims may ultimately be determined to be significantly higher or lower.

CLASSIFICATION	IMPAIRMENT AND VOTING	ESTIMATED AMOUNT OF ALLOWED CLAIMS⁴
Class 1 Priority Claims	Unimpaired – deemed to have voted to accept the Plan; no separate vote being solicited.	\$70,000
Class 2 Secured Claims	Unimpaired – deemed to have voted to accept the Plan; no separate vote being solicited.	\$250,000
Class 3 Settled GST Asbestos Claims	Debtors contend that Class 3 Settled GST Asbestos Claims are unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 3 Claimants are	\$3.1-16.4 million

³ Bankruptcy Code § 1124 explains the circumstances under which a plan’s treatment of a class of claims or equity interests constitutes impairment of those claims or equity interests. Broadly stated, any alteration of a creditor’s or equity interest holder’s legal rights by a plan constitutes impairment.

⁴ Nothing herein shall be deemed an admission by the Debtors that any claim should be an Allowed Claim, and the Debtors reserve all rights to object to the Allowance of any Claim.

CLASSIFICATION	IMPAIRMENT AND VOTING	ESTIMATED AMOUNT OF ALLOWED CLAIMS ⁴
	being solicited in the event the Court determines that Class 3 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.	
Class 4 Current GST Asbestos Claims	Debtors contend that Class 4 Current GST Asbestos Claims are unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 4 Claimants are being solicited in the event the Court determines that Class 4 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.	TBD ⁵
Class 5 Future GST Asbestos Claims	Debtors contend that Class 5 Future GST Asbestos Claims are unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 5 Claimants are being solicited, through the FCR, in the event the Court determines that Class 5 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.	TBD ⁶
Class 6 Pre-Petition Judgment GST Asbestos Claims	Debtors contend that Class 6 Pre-Petition Judgment GST Asbestos Claims are unimpaired and should be deemed to have voted to accept	\$0-3 million

⁵ [The Bankruptcy Court found that \\$125 million is a reasonable and reliable estimate of the total allowed amount of Current GST Asbestos Claims and Future GST Asbestos Claims based on mesothelioma, and found that any liability for GST Asbestos Claims based on other diseases is insignificant by comparison. In re Garlock Sealing Technologies LLC, et al., 504 B.R. 71, 75, 96 \(Bankr. W.D.N.C. 2014\).](#)

⁶ [See note 5, supra.](#)

CLASSIFICATION	IMPAIRMENT AND VOTING	ESTIMATED AMOUNT OF ALLOWED CLAIMS ⁴
	the Plan. The votes of Class 6 Claimants are being solicited in the event the Court determines that Class 6 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.	
Class 7 General Unsecured Claims	Debtors contend that Class 7 is unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 7 Claimants are nevertheless being solicited in the event the Court determines that Class 7 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.	\$3.75 million
Class 8 Anchor Claims	Unimpaired - deemed to have voted to accept the Plan; no separate vote being solicited.	TBD Not presently known
Class 9 Intercompany Claims	Unimpaired – deemed to have voted to accept the Plan; no separate vote being solicited.	TBD See Sections 2.3.4.2 and 2.3.4.3 herein
Class 10 GST Equity Interests	Impaired – vote to accept or reject the Plan being solicited.	N/A
Class 11 Garrison Equity Interests	Impaired – vote to accept or reject the Plan being solicited.	N/A
Class 12 Anchor Equity Interests	Unimpaired - deemed to have voted to accept the Plan; no separate vote being solicited.	N/A

1.2.3 How Will Asbestos Claims Be Treated by the Plan?

GST and Garrison have property that substantially exceeds the costs necessary to resolve and pay in full all Claims, including GST Asbestos Claims, whether resolution occurs through settlement or litigation. The Plan accordingly provides for (a) payment in full, in Cash, of Allowed Amounts of all Claims against GST and Garrison and (b) cancellation of the GST and Garrison Equity Interests and distribution of new equity in Reorganized GST and Reorganized Garrison to a newly formed subsidiary of EnPro Industries, Inc., an Affiliate of the Debtors. Anchor, on the other hand, is a dormant Entity that has not had any property or paid any asbestos-related claims in many years. The Plan accordingly provides for dissolution and liquidation of Anchor, with no distribution of property to creditors.

More specifically, the Plan recognizes and addresses four principal classes of asbestos-related Claims: Settled GST Asbestos Claims (Class 3); Current GST Asbestos Claims (Class 4); Future GST Asbestos Claims (Class 5); and Pre-Petition Judgment GST Asbestos Claims (Class 6). In addition, there are some asbestos personal injury Claims in the class of Anchor Claims (Class 8).

Allowance of Current GST Asbestos Claims (Class 4) and Future GST Asbestos Claims (Class 5) and payment of such Claims that are Allowed will take place after the Effective Date. Such Claimants will have the opportunity to elect either the Litigation Option or the Settlement Option. The Litigation Option fully preserves such Claimants' rights in allowance litigation pursuant to the Bankruptcy Code.

Payment of Allowed Settled GST Asbestos Claims will take place on or after the Effective Date.

Allowance and treatment of Pre-Petition Judgment GST Asbestos Claims (Class 6) and Anchor Claims (Class 9) are discussed below.

1.2.4 Who Will Have Responsibility For Asbestos Claims Under The Plan?

Debtors shall create the Settlement Facility, which will assume sole responsibility for Current GST Asbestos Claims (Class 4), Future GST Asbestos Claims (Class 5), and Pre-Petition Judgment GST Asbestos Claims (Class 6) whose Holders elect the Settlement Option, and the Settlement Facility shall pay all such Claims that are Allowed under the procedures of the CRP.

Reorganized Garrison shall receive and defend Current GST Asbestos Claims (Class 4) and Future GST Asbestos Claims (Class 5) whose Holders elect the Litigation Option. The Settlement Facility and Reorganized Garrison shall assume joint responsibility for paying the costs of defending and resolving such Claims. Reorganized Garrison shall use the Litigation Fund to pay its share of the costs of managing the Claims allowance process for Litigation Option Claims, prosecuting objections to Litigation Option Claims, and paying any such Claims that are Allowed. The allocation of joint responsibility for Litigation Option Claims between the Settlement Facility and Reorganized Garrison is explained in Section 1.2.5, below.

Reorganized Garrison shall also receive and defend Pre-Petition Judgment GST Asbestos Claims (Class 6) who elect to complete state court appeals (or who, after reversal of a judgment

that does not result in Disallowance, elect the Litigation Option), and the Settlement Facility and Reorganized Garrison shall assume joint responsibility, as explained in Section 1.2.6, for paying the costs of defending and resolving such Claims.

Reorganized GST shall pay Allowed Settled GST Asbestos Claims (Class 3).

Finally, Anchor shall assume responsibility for Anchor Claims (Class 8) but Anchor, which has no property, will be liquidated and dissolved in accordance with the provisions of Article 14 of Chapter 55 of the North Carolina Business Corporation Act.

1.2.5 How Will GST Asbestos Claimants Who Choose the Settlement Option Be Treated Under The Plan?

Current GST Asbestos Claimants (Class 4), Future GST Asbestos Claimants (Class 5), and Pre-Petition Judgment GST Asbestos Claimants (Class 6) who choose the Settlement Option will submit their Claims to the Settlement Facility for processing pursuant to the Claims Resolution Procedures or “CRP.” The Settlement Facility will be a trust governed by the Settlement Facility Agreement. It will be managed by a trustee who must meet independence criteria contained in the Settlement Facility Agreement.

The CRP prescribe predetermined settlement offers, without the expense and delay of litigation, based on defined, objective factors. Settlement Option Claimants will have the option of choosing Expedited Review or Individual Review. Expedited Review requires submission of less information than Individual Review and for most Claimants will result in higher settlement offers (up to a maximum settlement offer of \$200,000). Individual Review requires submission of more information but could produce higher settlement offers for certain Claimants (up to a maximum settlement offer of \$2.5 million). All Claimants who elect the Settlement Option will have a \$250 filing fee, to prevent the filing of frivolous claims that would raise costs for the Settlement Facility. Filing fees for Settlement Option Claimants who receive and accept settlement offers will be refunded.

Any Current GST Asbestos Claimant who elects the Settlement Option (including any Claimant who does not receive a settlement offer under the CRP or is dissatisfied with such offer) may rescind such election and elect the Litigation Option by Filing a Proof of Claim in the form of Official Form No. 10 on the docket of *In re Garlock Sealing Technologies LLC*, No. 10-31607 (Bankr. W.D.N.C.) (or a Notice of Election of Litigation Option if the claimant has already filed a Proof of Claim in response to the Asbestos Claims Bar Date).

1.2.6 How Will GST Asbestos Claimants Who Choose the Litigation Option Be Treated Under The Plan?

Current GST Asbestos Claimants (Class 4), Future GST Asbestos Claimants (Class 5), and Pre-Petition Judgment GST Asbestos Claims (Class 6) who choose the Litigation Option (the latter after reversal of a judgment in state court that does not result in Disallowance) will pursue allowance litigation, to be governed by the Case Management Order, or “CMO.” The CMO preserves all such Claimants’ rights in allowance litigation under the Bankruptcy Code. Pretrial proceedings will take place in the Bankruptcy Court, which will refer any Litigation Option Claimant entitled to trial to the District Court. Both Claimants and Reorganized Garrison

will be required to answer standard discovery requests, to be followed by fact and expert depositions. The CMO contains procedures designed to prevent the manipulation of exposure evidence by plaintiffs and their lawyers that the Bankruptcy Court found “had a profound impact on a number of Garlock’s trials and many of its settlements such that the amounts recovered were inflated” in asbestos litigation before the Petition Date. *See In re Garlock Sealing Technologies LLC, et al.*, 504 B.R. 71, 82 (Bankr. W.D.N.C. 2014) (the “Estimation Opinion”).

For any GST Asbestos Claimant choosing the Litigation Option, the Settlement Facility shall pay the first costs of defending and resolving such Claim up to an amount equal to the highest settlement for which such Claimant would have qualified under the CRP (defined as the “CRP Value” in the Plan). Reorganized Garrison shall then be responsible for paying from a Litigation Fund any costs of defense and resolution exceeding such CRP Value.

Claims Allowed by Final Order through the Litigation Option will be paid in full by the Settlement Facility and Reorganized Garrison, as described in the previous paragraph. Claims Disallowed by Final Order will receive no payment.

Claimants who elect the Litigation Option will be able to rescind that election and select the Settlement Option at any time. Such a Claimant will receive the payment prescribed by the CRP, if any, less any Litigation Expenses incurred by Reorganized Garrison. The authority of Reorganized Garrison to settle Litigation Option Claims will be limited to the CRP Value less any Litigation Expenses incurred by Reorganized Garrison prior to the date of any settlement. This settlement authority will therefore decrease as litigation of a Litigation Option Claim continues. Reorganized Garrison will not be obligated to make any settlement offer, and whether to make any settlement offer will be in the sole discretion of Reorganized Garrison. If Reorganized Garrison makes a settlement offer and the Litigation Option Claimant accepts, the Settlement Facility will make the settlement payment to the Litigation Option Claimant (and will also be responsible for Litigation Expenses incurred before the date of the settlement, with its total responsibility not to exceed the CRP Value).

1.2.7 How Will Pre-Petition Judgment GST Asbestos Claimants Be Treated Under The Plan?

The class of Pre-Petition Judgment GST Asbestos Claims includes Claimants who obtained judgments against GST that are currently on appeal. These Claimants will have the option after the Effective Date of pursuing the Settlement Option or completing an appeal in state court. If such a Claimant chooses to complete appeals and a judgment is affirmed, the costs of the appeal and such judgment (plus any post-petition interest at the rate applicable to judgments in the jurisdiction in which the judgment was obtained) will be paid in full first by the Settlement Facility up to the CRP Value and second, by Reorganized Garrison from the Litigation Fund (with a guaranty of collection by Reorganized GST) to the extent the costs of appeal and the judgment exceed the CRP Value. If the judgment is reversed on appeal and judgment entered in GST’s favor, the Claim will be Disallowed and the costs of appeal will be paid first by the Settlement Facility up to the CRP Value and second, by Reorganized Garrison from the Litigation Fund. If a judgment is reversed and such Claim is not dismissed or Disallowed as a result of such reversal (for example, if the Claim is remanded for new trial), the costs of appeal would be allocated between the Settlement Facility and Reorganized Garrison as

explained above and the Claimant will have the options of pursuing the Settlement Option or the Litigation Option just like any other Current GST Asbestos Claimant.

1.2.8 How Will Settled GST Asbestos Claims Be Treated Under The Plan?

Allowed Settled GST Asbestos Claims (Class 3) will be paid in full on the Distribution Date with ~~post~~-post-petition interest at the federal judgment rate in effect on the Petition Date. Settled GST Asbestos Claimants whose Claims are Disallowed as not settled will nonetheless continue to hold Current GST Asbestos Claims and may assert such Claims against the Settlement Facility or Reorganized Garrison pursuant to the Settlement Option or Litigation Option respectively, subject to any applicable defenses.

1.2.9 How Will Anchor Claims Be Treated Under The Plan?

Holders of Anchor Claims (Class 8) will receive nothing under the Plan. Anchor, which has no property and has not paid a claim in many years, shall be liquidated and dissolved in accordance with the provisions of Article 14 of Chapter 55 of the North Carolina Business Corporation Act.

1.2.10 How Will General Unsecured Claims Be Treated Under the Plan?

Holders of Allowed General Unsecured Claims will receive, on the Distribution Date, Cash equal to the Allowed Amounts of their Claims plus post-petition interest at the federal judgment rate in effect on the Petition Date.

1.2.11 How Will Equity Interests Be Treated Under the Plan?

As a result of transactions and agreements between the Parent and the Debtors, the GST Equity Interests and Garrison Equity Interests will be canceled, and new equity interests in GST and Garrison will be issued to a newly formed subsidiary of EnPro Industries, Inc., an Affiliate of the Debtors. The Anchor Equity Interest will be retained by Reorganized Garrison.

1.2.12 How Will the Plan Treatment for GST Asbestos Claims Be Funded?

The Plan provides guaranteed funding in the amount of \$357,500,000 for Current GST Asbestos Claims, Future GST Asbestos Claims, and Pre-Petition Judgment GST Asbestos Claims. That is almost three times the \$125 million that the Bankruptcy Court has found is a reasonable and reliable measure of the amount that will be sufficient to satisfy present and future mesothelioma claims against the Debtors, which Debtors, the Official Committee of Asbestos Personal Injury Claimants, and the Future Claimants' Representative all agree represent the large majority of the value in asbestos claims against the Debtors' estates.

The Settlement Facility will receive aggregate funding of three hundred twenty seven million five hundred thousand dollars (\$327,500,000) for payment of Claims and facility administrative expenses from two sources. First, Reorganized GST will make Settlement Facility Contributions totaling two hundred ninety seven million five hundred thousand dollars (\$297,500,000): (1) two hundred twenty million dollars (\$220,000,000) in Cash on the Effective Date and (2) seventy seven million five hundred thousand dollars (\$77,500,000) in deferred Cash

contributions after the Effective Date, plus interest on such deferred contributions. Second, pursuant to the Parent Settlement, the Parent will make a single contribution of thirty million dollars (\$30,000,000) to the Settlement Facility in Cash on the Effective Date.

The costs of resolving Litigation Option Claims will be paid from two sources. The Settlement Facility will pay the first costs up to the CRP Settlement Value of each Claim and the Litigation Fund will then pay amounts in excess of the CRP Value.

To fund the Litigation Fund's share of Litigation Option Claims and pay the costs of managing the Litigation Option, Reorganized GST will contribute thirty million dollars (\$30,000,000) to the Litigation Fund in Cash on the Effective Date and, if the balance of the Litigation Fund falls below specified threshold amounts on specified dates, make additional Contingent Litigation Fund Contributions totaling up to one hundred thirty two million dollars (\$132,000,000) to the Litigation Fund after the Effective Date.

Reorganized GST's obligations to make Settlement Facility Contributions and Contingent Litigation Fund Contributions after the Effective Date are guaranteed by EnPro as part of the Parent Settlement.

Allowed Settled GST Asbestos Claims will be paid in full on the Distribution Date with post-petition interest at the federal judgment rate in effect on the Petition Date. If the Allowed Amount of all Settled GST Asbestos Claims is less than \$10 million, the Reorganized Debtors will contribute the difference between \$10 million and the Allowed Amount (defined as the Settled GST Asbestos Claims Surplus) to the Settlement Facility.

Apart from their Settlement Facility Contributions, Litigation Fund Contributions, Contingent Litigation Fund Contributions, transfer of the Settled GST Asbestos Claims Surplus to the Settlement Facility, and payments to Settled GST Asbestos Claimants, Reorganized GST and Reorganized Garrison shall have no further financial obligation for GST Asbestos Claims or any expenses (including attorney's fees) associated with those Claims. After the Effective Date, all Claims against the Debtors will be discharged and the Reorganized Debtors will be protected by the Discharge Injunction described in Section 8.1 of the Plan. The Reorganized Debtors' obligations will be limited to those expressly set forth in this Plan.

2. DESCRIPTION OF THE DEBTORS, THEIR PRIMARY ASSETS, AND EVENTS LEADING TO THE FILING OF THESE CASES

2.1 GENERAL OVERVIEW OF THE DEBTORS

GST, a North Carolina limited liability company, and Garrison, a North Carolina corporation, are wholly owned subsidiaries of Coltec Industries, Inc. (the "Parent"), which is in turn wholly owned by EnPro Industries, Inc. ("EnPro"), a North Carolina corporation headquartered in Charlotte, North Carolina. EnPro owns a broad range of engineered industrial products manufacturers. EnPro (NPO) shares are traded on the New York Stock Exchange.

Anchor, a North Carolina corporation, is a wholly-owned, non-operating subsidiary of Garrison. GST acquired Anchor as a wholly owned subsidiary in June 1987. For many years before GST acquired Anchor and for several years thereafter, Anchor distributed fluid sealing

materials, including gaskets and packing. In 1994, Anchor ceased business operations and in 1996 GST transferred its Equity Interest in Anchor to Garrison.

Some of the gaskets and packing produced and/or sold by GST (prior to 2001) and Anchor (prior to 1988) contained encapsulated asbestos. Since the 1970s, GST and Anchor have received hundreds of thousands of claims by individuals alleging that they suffer from personal injuries related to exposure to asbestos from such products.

2.2 THE DEBTORS' BUSINESSES

2.2.1 GST

GST's business was founded in 1887 in Palmyra, New York. GST produces and sells high performance fluid-sealing products, including gaskets and compression packing used in internal piping and valve assemblies in numerous industries. GST employs approximately nine hundred eighty people and has a global sales presence serviced from manufacturing facilities in Palmyra, New York and Houston, Texas.

GST also owns three non-Debtor foreign subsidiaries that own manufacturing operations in Canada, Mexico and Australia.

In 2013, GST and its subsidiaries had global sales of approximately \$244 million. In 2012, 2011, and 2010, GST and its subsidiaries had global sales of approximately \$240 million, \$236 million, and \$198 million, respectively. In 2013, GST and its subsidiaries had income before reorganization expenses and income taxes excluding asbestos-related expenses of approximately \$85 million, and in 2012, 2011, and 2010, GST and its subsidiaries had income before reorganization expenses and income taxes excluding asbestos-related expenses of approximately \$78 million, \$69 million, and \$57 million, respectively. *See* Post-Petition Operating Results of GST and Management Forecast, attached to this Disclosure Statement as Exhibit B.

GST continuously develops innovative products to meet the changing preferences of its customers. In 2005, GST began a multi-year, \$40 million capital project to modernize and improve its Palmyra manufacturing facilities, which has been completed since the Petition Date. GST believes that its new, state-of-the-art facilities have enhanced the company's position as the high quality producer in its industry. During the period for 2010 through 2013, GST has spent an average of approximately \$4.7 million annually on capital expenses, continuously upgrading its facilities, new product development capabilities, and equipment in order to retain its position as a leading manufacturer in its field.

2.2.2 Garrison

Garrison, which is headquartered in East Rochester, New York, was formed in 1996 to manage the defense and settlement of asbestos claims against GST. At the time of Garrison's creation, Garrison and GST entered into a series of transactions designed to ensure that Garrison would be adequately funded. Pursuant to an Exchange Agreement dated September 13, 1996 (the "Exchange Agreement"), Garrison undertook all future responsibility for the resolution of asbestos claims against GST, agreeing to indemnify GST for any losses it might suffer related to

asbestos claims and to assume the defense and settlement of such Claims. The Exchange Agreement also provided for GST's transfer of assets to Garrison to fund the resolution of asbestos claims against GST, including GST's right to receive payments under any insurance policies that covered asbestos-related claims against GST. GST reserved a security interest in such insurance assets to secure Garrison's obligations under the Exchange Agreement.

In addition, upon its creation, Garrison was capitalized, in part, by GST's contribution of a \$375 million promissory note (the "Stemco, Inc. Note") maturing August 1, 2011 issued by Stemco Inc. (which merged with GST in 2006) and 100% of the stock of Anchor, in exchange for 100,000 shares of Garrison common stock. The Parent eventually acquired all of Garrison's outstanding common stock.

From its inception to the Petition Date, Garrison (a) supervised a nationwide network of law firms defending asbestos claims against GST; (b) managed the defense and settlement of asbestos claims against GST; (c) paid judgments, settlements and defense costs; and (d) collected insurance that covered losses associated with asbestos claims against GST. Since the Petition Date, Garrison has continued to work on the resolution of asbestos claims against GST by, among other things, updating the Debtors' master claims database, responding to discovery, providing support services for the Debtors' professionals, continuing to collect insurance, and participating in plan formulation. Garrison currently employs five people, including paralegals, accountants, and data entry personnel.

In addition to managing litigation and resolution of asbestos claims against GST, Garrison was paid fees and reimbursed expenses for managing the defense and resolution of asbestos claims against Anchor and certain Non-Debtor Affiliates.

2.3 DEBTORS' ASSETS

2.3.1 Estimated Value of Reorganized GST's Core Business

GST's principal offices and largest manufacturing facility are located in Palmyra, New York. GST owns the Palmyra offices and plants subject to a "lease-leaseback" arrangement extending through February 2026 with the Wayne County Industrial Development Agency. GST has a second, leased manufacturing facility in Houston, Texas. GST owns substantial property and equipment at each of the two operating facilities used in connection with its business, as well as finished inventory and raw materials. A more detailed description of these assets is included in GST's Schedules of Assets and Liabilities, filed on July 20, 2010 (Docket No. 249). Since the Petition Date, GST has continued to operate in the ordinary course of business, and has acquired and divested assets in the ordinary course of business consistent with its pre-petition operations.

The Debtors have engaged FTI Consulting to advise them with respect to the liquidation value and reorganized value of GST's core business operations. FTI Consulting has assisted the Debtors in preparing the Liquidation Analysis, attached to this Disclosure Statement as Exhibit C. The Liquidation Analysis reflects a going concern value for GST's core business, including its non-debtor subsidiaries, in the range of \$312 million to \$361 million, prior to applying any reductions to account for a forced sale of the business in a Chapter 7 liquidation scenario. The

Debtors concur with FTI's conclusions regarding the value of the Debtors' core business operations.

An estimate of the going concern value of GST's business in a quick sale environment under Chapter 7 of the Bankruptcy Code is included in the information provided in Exhibit C to this Disclosure Statement.

2.3.2 Cash

As of ~~May~~December 31, 2014, GST (exclusive of its non-Debtor subsidiaries) ~~will hold Cash held approximately \$201.4 million in Cash (\$587,000), Cash equivalents (\$37.5 million), and United States Treasury Notes with maturities ranging from June 30, 2014 to September 15, 2014 in the amount of approximately \$206 (\$163.3 million). -GST's Cash and other liquid investments position has increased from \$26.5 million on the Petition Date to approximately \$157 million as a result of income generated from post-petition operations and the collection of approximately \$73 million from insurance, either under remaining coverage or pursuant to pre-petition settlements with certain of the Debtors' insurers~~Inclusion of Cash held by non-debtor subsidiaries increases this figure by \$27.8 million.

2.3.3 Insurance

The Parent purchased general liability insurance policies to cover losses associated with, among other things, product liability claims against the Parent and certain of its subsidiaries. A block of these insurance policies, in effect from 1976, the year after the Parent purchased GST, to 1984 (when insurance policies began excluding asbestos-related losses from coverage) included GST as an insured. Under these insurance policies, GST is entitled to be indemnified for losses associated with asbestos claims against GST that trigger coverage under such policies. Prior to these Chapter 11 Cases, proceeds from these policies have been used to pay a portion of the indemnity payments made to resolve asbestos claims against GST.

In addition to GST, certain non-Debtor Affiliates also have indemnity rights against the carriers under these insurance policies, which also cover such Affiliates for asbestos-related losses. To the extent any such non-Debtor Affiliate is required to defend and pay any future asbestos litigation or pending asbestos litigation, such non-Debtor Affiliate is entitled to be indemnified under the insurance policies for any such claim that triggers such Policies. As part of the Parent Settlement, such Affiliates have agreed to subordinate their rights in such shared insurance to the obligations Reorganized GST and Reorganized Garrison will have to make deferred payments to the Settlement Facility and Litigation Fund (the latter contingent on certain events) under the Plan.

As of the Petition Date, \$194 million of available products hazard limits or insurance receivables arising from settlements with insurance carriers existed under the insurance policies (the "Available Shared Insurance"). The Debtors' interest in the Available Shared Insurance is one of the largest assets of the Estates of the Debtors. To protect GST's interest in the Available Shared Insurance, on or about June 21, 2010, the Bankruptcy Court entered a preliminary injunction preventing any asbestos claimant from pursuing claims against certain Non-Debtor

Affiliates (Adversary Proceeding 10-03145, United States Bankruptcy Court for the Western District of North Carolina, Docket No. 14).

Since the Petition Date, the Debtors have collected approximately an additional \$93 million against the Available Shared Insurance (including collection of approximately \$3.5 million in proceeds from Integrity Insurance Co., which is in an insolvency proceeding); therefore, the amount of Available Shared Insurance from solvent insurance carriers with investment grade ratings as of January 14, 2015, is approximately \$101 million.

A summary of the expected insurance receipts from various insurers is set forth below.

Insurance Carrier	S&P Debt Rating	AM Best Rating	Remaining Amount \$ in 000
Aetna Casualty and Surety (Travelers)	AA	A+	4,213
AIG	A+	A	62,000
Employers Mutual Assurance Co.	BBBpi	A	10,000
Fireman's Fund	A	A	8,762
London Carriers – Other	A+	A	708
Republic Insurance Co.	A+	A-	10,000
Safety Insurance Co.	Api	A	5,000
Total (Solvent Carriers)			100,683

2.3.4 Affiliate Notes

2.3.4.1 The Coltec and Stemco Notes and the 2005 Corporate Restructuring

GST holds two separate promissory notes in the aggregate face amount of approximately \$227 million: one issued by the Parent in the face amount of \$73,381,000 (the “Coltec Note”) and the other issued by a wholly-owned indirect subsidiary of the Parent, Stemco LP, a Texas limited partnership (“Stemco TX”) in the face amount of \$153,865,000 (the “Stemco Note”). The Coltec Note and the Stemco Note each mature on January 1, 2017 and bear interest at 11.0% per annum. Cash payments are due in an amount equal to 6.5% per year, and deferred payment of interest in the amount of 4.5% (the “PIK Amount”) are added to the principal amount outstanding under the Coltec Note and Stemco Note each year.

Each of the Coltec Note and the Stemco Note was delivered to GST on March 11, 2005 in connection with a corporate restructuring (the “2005 Corporate Restructuring”), and each was amended and restated on January 1, 2010.

First, pursuant to a Membership Interest Purchase Agreement dated March 11, 2005, GST sold to the Parent the following limited liability company membership interests: 100% of the membership interests in Coltec Industrial Products LLC and 96.3% of the membership interests in GGB LLC (representing all of GST’s ownership interest in GGB LLC) (collectively,

the “Membership Interests”). The purchase price for the Membership Interests was paid by the Parent through the issuance and delivery of the Coltec Note. Pursuant to the terms of an Amended and Restated Pledge Agreement dated January 1, 2010, the repayment of the Coltec Note is secured by a pledge of the Membership Interests.

Second, pursuant to an Asset Purchase Agreement dated March 11, 2005, Stemco Delaware LP, a Delaware limited partnership (“Stemco DE”) sold certain assets to Stemco TX and Stemco TX agreed to assume certain liabilities of Stemco DE, all in exchange for the issuance and delivery of the Stemco Note by Stemco TX. On December 31, 2006, Stemco DE merged with and into GST, with GST surviving the merger and becoming the successor-in-interest to the Stemco Note. The payment and performance of Stemco TX’s obligations under the Stemco Note are guaranteed by the Parent pursuant to the terms of an Amended and Restated Guaranty Agreement dated January 1, 2010 (the “Parent Guaranty”). Additionally, as collateral security for the full and timely payment, performance and observance of the Parent’s obligations under the Parent Guaranty, the Parent has granted GST a security interest in the general partner interest in Stemco TX held by the Parent and in the common stock of Stemco Holdings, Inc., a Delaware corporation (a wholly-owned subsidiary of the Parent and the direct owner of the limited partnership interests in Stemco TX) pursuant to the terms of an Amended and Restated Pledge Agreement dated January 1, 2010.

None of Coltec Industrial Products LLC, GGB LLC, or Stemco DE ever produced, sold or otherwise dealt with any asbestos-containing products.

GST has agreed to subordinate in right of payment the Coltec Note to final payment of all principal, interest or other obligations under the Parent’s senior credit facility, pursuant to the terms of an Amended and Restated Subordination Agreement by and among Bank of America, N.A., in its capacity as collateral and administrative agent (“BofA”), GST, and the Parent, dated as of April 26, 2006 (as amended, modified, restated and supplemented). GST has also agreed to subordinate in right of payment the Stemco Note and the Parent Guaranty to final payment of all principal, interest, or other obligations under the Parent’s senior credit facility, pursuant to the terms of an Amended and Restated Subordination Agreement by and between BofA, GST (as successor to Stemco DE), Stemco TX, and Parent, dated as of April 26, 2006 (as amended, modified, restated and supplemented). As of May 14, 2014, the amount of outstanding balance due under the Parent’s senior credit facility was approximately \$42 million.

The Stemco Note and Coltec Note each provide that the Parent may set off against any principal or interest due under the Stemco Note or Coltec Note losses, damages or settlements paid to any asbestos claimant based on Stemco TX’s (in the case of the Stemco Note) or the Parent’s (in the case of the Coltec Note) alleged liability for asbestos containing products manufactured or sold by GST.

Since the Petition Date, the Parent has provided certain services and advanced certain costs to both GST and Garrison pursuant to Intercompany Services Agreements dated as of June 1, 2010 between the Parent and each of GST and Garrison. Under the terms of the Intercompany Services Agreements, the charges payable to the Parent are paid first by offset against the cash portion of the interest payable under the Coltec Note and Stemco Note. Since the Petition Date, all charges payable to the Parent under the Intercompany Services Agreement have been paid in

this manner. As of ~~January 1,~~December 31, 2014, the total principal amount outstanding under the Stemco Note and Coltec Note, combined, was ~~\$270,995,000.00.~~270.9 million.

2.3.4.2 GST/Garrison Grid Notes

On September 13, 1996, GST and Garrison entered into a reciprocal credit arrangement (the “Letter Agreement”) under which GST agreed to provide Garrison with a line of credit up to \$200 million for working capital purposes and Garrison agreed to loan GST any available Cash held by Garrison in excess of its working capital requirements. Advances by GST to Garrison for working capital requirements are evidenced by a \$200 million Revolving Note (the “Garrison Note”). Garrison advances of available Cash to GST are evidenced by a separate \$200 million Demand Grid Note (the “Demand Grid Note”). Under the terms of the Letter Agreement, any transfers of available Cash by Garrison to GST are first applied to repay indebtedness under the Garrison Note, if any, before any transfer is considered a borrowing by GST under the Demand Grid Note. Conversely, any advances by GST to Garrison are first applied to the Demand Grid Note before constituting an advance to Garrison under the Garrison Note. In accordance with the Letter Agreement, whenever a disbursement is presented for payment in a Garrison account, GST funds the disbursement from a GST disbursement account on behalf of Garrison and charges Garrison for such disbursement through the Garrison Note. Whenever Garrison receives Cash in its lockbox account, the Cash is transferred to the GST funding/concentration account as a repayment of the Garrison Note. As of May 31, 2010, Garrison owed GST \$170,104,552 under the Garrison Note. There was no outstanding indebtedness under the Demand Grid Note.

2.3.4.3 Garrison/Anchor Notes

In addition, pursuant to the terms of a Promissory Note dated July 2, 1998 (the “Anchor Grid Note”), Garrison provided Anchor a line of credit up to \$10 million for Anchor’s working capital requirements. Anchor repaid interest and principal owed on such note as Anchor received proceeds from insurance covering asbestos-related claims against Anchor. Anchor has no remaining insurance coverage. Since December 2004, there have been no advances or repayments respecting the Anchor Grid Note. As of October 31, 2011, Anchor’s indebtedness to Garrison under the Grid Note was approximately \$1,312,000.

Anchor also owes Garlock approximately \$2 million in net open intercompany account balances. This intercompany account is not evidenced by a promissory note or other writing. There has been no activity on this account since 1998.

2.3.5 Claims and Causes of Action

2.3.5.1 Preservation of Causes of Action

Since the Petition Date, the Debtors have investigated potential causes of action against certain parties in interest who received payments prior to the Petition Date. As a partial result of those investigations, the Debtors filed their Motion for Order (A) Authorizing the Debtors to (I) Enter Into the Affiliate Tolling Agreement and (II) Enter Into the Proposed Managers Tolling Agreement Pursuant to 11 U.S.C §§ 105(a) and 363 and Bankruptcy Rule 6004 and (B) Authorizing the Debtors to Abandon Non-Affiliate Preference Claims Pursuant to 11 U.S.C. §§

105(a) and 554(a) and Bankruptcy Rule 6007 (Docket No. 2194) (the “Motion to Abandon”). In the Motion to Abandon, the Debtors sought court authorization to abandon all potential causes of action arising under Section 547 of the Bankruptcy Code against trade vendors who are not Affiliates of the Debtors, the Debtors’ asbestos litigation defense counsel, and personal injury claimants who received payments from the Debtors within ninety days prior to the Petition Date. The Court approved the Motion to Abandon, entering the Order (A) Authorizing the Debtors to (I) Enter into the Affiliate Tolling Agreement and (II) Enter into the Proposed Managers Tolling Agreement Pursuant to 11 U.S.C. §§ 105(a) and 363 and Bankruptcy Rule 6004 and (B) Authorizing Debtors to Abandon Non-Affiliate Preference Claims Pursuant to 11 U.S.C. §§ 105(a) and 554(a) and Bankruptcy Rule 6007 (Docket No. 2281) (the “Abandonment Order”). Additionally, as a result of the Debtors’ Post-Petition investigations, the Debtors have filed lawsuits against several law firms who represented personal injury claimants to whom the Debtors paid money prior to the Petition Date as a result of settlements that the Debtors contend were fraudulently obtained. Information regarding these lawsuits follows:

Case Caption	Case Number and Jurisdiction
<i>Garlock Sealing Technologies LLC, et al. v. Chandler, et al.</i>	12-03137, United States Bankruptcy Court for the Western District of North Carolina
<i>Garlock Sealing Technologies LLC, et al. v. Shein Law Center Ltd, et al.</i>	3:14-cv-00137, United States District Court for the Western District of North Carolina
<i>Garlock Sealing Technologies LLC, et al. v. Belluck & Fox, LLP, et al.</i>	3:14-cv-00118, United States District Court for the Western District of North Carolina
<i>Garlock Sealing Technologies LLC, et al. v. Simon Greenstone Panatier Bartlett, A Professional Corporation, et al.</i>	3:14-cv-00116, United States District Court for the Western District of North Carolina
<i>Garlock Sealing Technologies LLC, et al. v. Estate of Ronald C. Eddins, et al.</i>	3:14-cv-00130, United States District Court for the Western District of North Carolina

The Bankruptcy Court has permitted the Asbestos Committee to intervene in *Garlock Sealing Technologies LLC, et al. v. Chandler, et al.* (Case No. 12-03137). After the Effective Date, the Asbestos Committee will dissolve pursuant to the Plan, and therefore the Asbestos Committee will no longer be a party in that case after the Effective Date.

The Debtors continue to investigate other potential causes of action one or more of the Debtors may have against third parties. Such investigation has not been completed. Under the Plan, Reorganized GST retains the Debtors’ rights to continue, commence, and pursue any and all Retained Causes of Action. To the extent the Debtors have not commenced litigation with respect to any Retained Cause of Action prior to the Effective Date, one or more of the

Reorganized Debtors may pursue them after the Effective Date. The potential causes of action include the following:

- All causes of action based on fraud, conspiracy, misrepresentation, abuse of process, civil RICO, and other legal theories seeking damages against certain plaintiffs' law firms and plaintiffs resulting from intentional concealment of material evidence in the course of civil litigation against a Debtor for the purpose of inducing such Debtor to settle asbestos personal injury suits at inflated settlement amounts.
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, for, or in any way involving, the collection of accounts receivable or general ledger items that are due and owing to the Debtors, including trade receivables, rent and other lease and sublease charges, franchise and/or license fees, payments due under equipment leases and licenses, or other miscellaneous charges;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, against customers, for accounts receivable, improper setoff, overpayment, or any other claim arising out of the customer relationship;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, against vendors for overpayment, improper setoff, warranty, indemnity, or any other claim arising out of the vendor relationship;
- All actual actions or potential breach of contract actions against any customers, vendors, or Entities who violated the automatic stay after the Petition Date;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, against landlords, lessees, sublessees, or assignees arising from various leases, subleases and assignment agreements relating thereto, including actions for unpaid rent, overcharges relating to taxes, common area maintenance, and other similar charges;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, against the Debtors' current or former insurance carriers to recover unpaid reimbursements and claims, overpayment of premiums and fees, claims for breach of contract, indemnity obligations or coverage, or similar causes of action including, without limitation, any rights to Available Shared Insurance as described in Section 2.3.3 of the Disclosure Statement;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, against purchasers of assets from the Debtors relating to breach of the purchase agreement or unpaid compensation thereunder;
- All actions or potential actions, whether legal, equitable, or statutory in nature, against sellers of assets to the Debtors relating to breach of the purchase agreement or unperformed obligations thereunder;

- Any and all rights to payment against any taxing authority or other potentially liable party, including parties other than the government for reimbursement of taxes and tax payments, for any tax refunds, credits, overpayments, or offsets that may be due and owing to the Debtors for taxes that the Debtors may have paid to any such taxing authority;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, relating to deposits or other amounts owed by any creditor, lessor utility, supplier, vendor, landlord, sub-lessee, assignee, or other Entity;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, relating to environmental and product liability matters;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, arising out of, or relating to, the Debtors' intellectual property rights;
- Any litigation or lawsuit initiated by any of the Debtors that is currently pending, whether in the Bankruptcy Court, before the American Arbitration Association, or any other court or tribunal or initiated against the Debtors after the Petition Date for which the Debtors may have counterclaims or other rights;
- All actual actions or potential actions, whether legal, equitable, or statutory in nature, against any of the Debtors' former Professionals, except the Released Parties, for breach of fiduciary duty, breach of contract, negligence or professional misconduct or malpractice, or other tortious conduct;
- All actual or potential contract and tort actions that may exist or may subsequently arise;
- All actual actions or potential actions whether legal, equitable, or statutory in nature, arising out of, or in connection with the Debtors' business or operations, except actions against the Released Parties to the extent they are released by the Plan; and
- All actual or potential claims for contribution against other parties named as defendants in lawsuits against the Debtors.

The Debtors have listed material, known Retained Causes of Action on Exhibit D to the Plan. The above categories of Retained Causes of Action will not be limited in any way by failure to list any Retained Cause of Action on Exhibit D, nor are the categories intended to be mutually exclusive.

In addition, it is possible that there are numerous Unknown Causes of Action. The failure to list any such Unknown Causes of Action above is not intended to limit the rights of the Reorganized Debtors to pursue any of these actions to the extent the facts underlying such Unknown Causes of Action become known to the Debtors or the Reorganized Debtors.

2.3.5.2 Maintenance of Causes of Action

Except as otherwise provided in the Plan, Reorganized GST and Reorganized Garrison are retaining all of the Debtors' respective rights, to commence and pursue, as appropriate, in any court or other tribunal including, without limitation, in an adversary proceeding filed in one or more of the Chapter 11 Cases, any and all causes of action, whether such causes of action accrued before or after the Petition Date, including those Retained Causes of Action set forth in Section 2.3.5.1 of the Disclosure Statement.

Except as otherwise provided in the Plan, in accordance with Bankruptcy Code §1123(b)(3), any Claims, rights, and causes of action, including the Retained Causes of Action, that GST and Garrison may hold against any Entity will vest in Reorganized GST and Reorganized Garrison, respectively, and Reorganized GST and Reorganized Garrison, respectively, will retain and may exclusively enforce any and all such Claims, rights or causes of action, including Retained Causes of Action, and commence, pursue, and settle the causes of action in accordance with the Plan. Reorganized GST and Reorganized Garrison will have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such Claims, rights, and causes of action, including Retained Causes of Action, without the consent or approval of any third party and without any further order of the Court.

2.3.5.3 Avoidance Actions

During the pendency of these Bankruptcy Cases, the Asbestos Committee and FCR have undertaken substantial document discovery of pre-petition transactions between the Debtors, the Parent, and other Non-Debtor Affiliates. On April 30, 2012, the Asbestos Committee and the FCR filed a Joint Motion of the Official Committee of Asbestos Personal Injury Claimants and the Future Claims Representative for Leave to Control and Prosecute Certain Claims as Estate Representatives (the "Motion for Leave" and the proposed complaint attached as Exhibit A thereto, the "Proposed Complaint") (Docket No. 2150) and a Joint Motion to Modify Preliminary Injunction in Order to Permit Certain Claims to Proceed⁷ (the "Motion for Modification" and, together with the Motion for Leave, the "ACC/FCR Motions").

On May 11, 2012, the Debtors filed their Motion for Order (A) Authorizing the Debtors to (I) Enter Into the Affiliate Tolling Agreement and (II) Enter Into the Proposed Managers Tolling Agreement Pursuant to 11 U.S.C §§ 105(a) and 363 and Bankruptcy Rule 6004 and (B) Authorizing the Debtors to Abandon Non-Affiliate Preference Claims Pursuant to 11 U.S.C. §§ 105(a) and 554(a) and Bankruptcy Rule 6007 (the "Tolling Agreement Motion") (Docket No. 2194). On May 16, 2012, the Debtors filed an executed copy of that certain Tolling Agreement, dated of even date therewith, by and between each of Donald G. Pomeroy, John Mayo, and Paul Baldetti (collectively, the "Former Managers") and each of the Debtors (the "Initial Managers Tolling Agreement") (Docket No. 2206).

The Debtors, the Former Managers, Coltec, the Asbestos Committee, and the FCR undertook extensive briefing with respect to the issues raised in the ACC/FCR Motions and the

⁷ Adv. Proc. No. 10-03145 (Docket No. 33).

Tolling Agreement Motion.⁸ At a hearing held on June 1, 2012 (the “Tolling Hearing”), the Bankruptcy Court granted the Tolling Agreement Motion, and an order to that effect was formally entered on June 4, 2012 (Docket No. 2281) (the “Tolling Order”). Prior to its execution, certain modifications were made to that certain Tolling Agreement, dated June 4, 2012, by and between the Debtors and each of Coltec and certain of its Affiliates⁹ (the “Initial Affiliates Tolling Agreement” and, together with the Initial Managers Tolling Agreement, the “Initial Tolling Agreements”), as a result of discussions conducted at the Tolling Hearing among the Debtors, Coltec, the FCR and the Asbestos Committee, with additional guidance from the Court. Furthermore, at the Tolling Hearing, the Court denied without prejudice the ACC/FCR Motions, and an order to that effect was formally entered on June 7, 2012 (Docket No. 2292) (the “Order Denying Leave”).¹⁰

The Debtors have continued to toll the alleged causes of action in the Proposed Complaint (the “Tolled Claims”), by way of the Initial Tolling Agreements and several orders entered into with the consent of the Affiliates, Former Managers, Asbestos Committee and FCR. On May 15, 2014, the Debtors filed a motion seeking authorization to enter into Amended and Restated Tolling Agreements with the Parent and certain non-Debtor Affiliates and the Former Managers (Docket No. 3660), which would extend the tolling period for the Tolled Claims up to June 1, 2015 and requests continuation of certain limitations on discovery related to the Tolled

⁸ See, e.g., Memorandum of the ACC and the FCR in Support of Their (I) Motion for Leave to Control and Prosecute Certain Claims as Estate Representatives and (II) Motion to Lift Injunction to Permit Such Claims to Proceed (Docket No. 2151); Debtors’ Objection and Response to the ACC’s and the FCR’s (A) Joint Motion for Leave to Control and Prosecute Certain Claims as Estate Representatives and (B) Joint Motion to Modify Preliminary Injunction to Permit Certain Claims to Proceed (Docket No. 2219); Response of the Former Managers in Opposition to Motions of the ACC and the FCR for Leave to Prosecute Certain Claims as Estate Representatives and to Lift Injunction to Permit Such Claims to Proceed (Docket No. 2223); Response of FCR to Debtors’ Motion for Order Authorizing the Debtors to Enter Into Tolling Agreements and In Support of the Motions to Prosecute (Docket No. 2256); Reply Memorandum of the ACC in Support of Motion for Leave to Control and Prosecute Certain Claims as Estate Representatives and the Motion to Lift Injunction (Docket No. 2257); Response of the ACC to the Debtors’ Motion for Order (a) Authorizing the Debtors to (i) Enter into the Affiliate Tolling Agreement and (ii) Enter into the Proposed Managers Tolling Agreement and (b) Authorizing Debtors to Abandon Non-Affiliate Preference Claims (Docket No. 2258); Objection of FCR to Debtors’ Motion for Order Authorizing Debtors to Abandon Non-Affiliate Preference Claims (Docket No. 2265); Coltec’s Memorandum of Law in Support of Debtors’ Motion for Order (a) Authorizing the Debtors to (i) Enter into the Affiliate Tolling Agreement and (ii) Enter into the Proposed Managers Tolling Agreement and (b) Authorizing Debtors to Abandon Non-Affiliate Preference Claims (Docket No. 2268); and Debtors’ Surreply in Further Support of the Debtors’ Motion for Order (a) Authorizing the Debtors to (i) Enter into the Affiliate Tolling Agreement and (ii) Enter into the Proposed Managers Tolling Agreement and (b) Authorizing Debtors to Abandon Non-Affiliate Preference Claims, and in Further Response and Opposition to the ACC’s and the FCR’s (a) Joint Motion for Leave to Control and Prosecute Certain Claims as Estate Representatives and (b) Joint Motion to Modify Preliminary Injunction in Order to Permit Certain Claims to Proceed (Docket No. 2271).

⁹ The “Affiliates” refer to Coltec, EnPro Industries, Inc., Coltec Industrial Products, LLC, Stemco Delaware LP, Stemco LP, Stemco Holdings Delaware, Inc., Stemco Holdings, Inc., Stemco, LLC, GGB, LLC, Garlock of Canada, Ltd., Garlock de Mexico, S.A., Coltec do Brazil Produtos Industrialais Ltda, Garlock (Great Britain) Limited, Garlock France, SAS, Garlock GMBH, EnPro India Private Limited, Garlock Pty Limited, Coltec Industries Pacific Pte Ltd., Garlock Sealing Technologies (Shanghai) Company, Ltd., Corrosion Control Corporation (D/B/A Pikotek) and Compressor Products International Ltd.

¹⁰ Adv. Proc. No. 10-03145 (Docket No. 51).

Claims embodied in prior consent orders. On May 29, 2014, the Court entered a Stipulation and Agreed Order (I) Authorizing the Debtors to Enter into the Proposed Amended and Restated Tolling Agreements and (II) Preserving the *Status Quo Ante* in Respect of Discovery Related to Tolled Claims (Docket No. 3706), which authorized the relief the Debtors sought in that Motion.

The Debtors do not believe any viable Avoidance Action against any Affiliate or the Former Managers exists. The Debtors and the Parent have proposed a settlement, the “Parent Settlement,” through the Plan of any Avoidance Actions the Debtors may hold against the Parent or any other Affiliate, the former Managers, and certain other Entities (defined in the Plan as the Released Parties), as well as all claims for corporate veil piercing, alter ego and other similar theories that might result in imputation of liability for GST Asbestos Claims to ~~the Parent or any other Affiliate~~ any Released Party. The proposed Parent Settlement is described in Section 2.3.5.5. The Debtors believe that all Avoidance Actions not settled through the Plan have either been abandoned pursuant to the Abandonment Order or the limitations period for any such claims has expired. To the extent any such Avoidance Actions exist and have not been abandoned pursuant to the Abandonment Order or settled through the Plan, such Avoidance Actions shall be retained by Reorganized GST. The Debtors’ Statement of Financial Affairs sets forth all transfers within ninety (90) days of the Petition Date, as well as all transfers to Affiliates within one year prior to the Petition Date. Reorganized GST shall have the exclusive right to prosecute, waive or settle any unresolved Avoidance Actions after the Effective Date without need for Court authorization or approval.

2.3.5.4 Preservation of All Causes of Action not Expressly Settled or Released

Unless a Claim or Retained Cause of Action against a Claimant or other Entity is expressly waived, relinquished, released, compromised, or settled in the Plan or any Final Order, the Debtors expressly reserve such Claim or Retained Cause of Action (including any Unknown Causes of Action) for later adjudication by Reorganized GST. Therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or other), or laches will apply to such Claims or Retained Causes of Action upon or after the Confirmation Date or Effective Date of the Plan based on this Disclosure Statement, the Plan, or the Confirmation Order, except where such Claims or Retained Causes of Action have been expressly released in the Plan or other Final Order. In addition, the Debtors, Reorganized GST, and their successors expressly reserve the right to pursue or adopt any Claim alleged in any lawsuit in which the Debtors are defendants or an interested party, against any Entity, including the plaintiffs or co-defendants in such lawsuits.

Except with respect to any Avoidance Actions subject to the Abandonment Order, any Entity that has incurred an obligation to the Debtors (whether on account of services, purchases or sales of goods, or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors, should assume that such obligation, transfer, or transaction may be reviewed by the Debtors or Reorganized GST, and may, if appropriate, be the subject of an action after the Effective Date, whether or not (1) such Entity has filed a proof of Claim against the Debtors in the Chapter 11 Cases, (2) such Claimant’s proof of Claim has been objected to, (3) such Claimant’s Claim was included in the Debtors’ Schedules, or (4) such

Claimant's scheduled Claim has been objected to by the Debtors or has been identified by the Debtors as a Disputed Claim, a Contingent Claim, or an Unliquidated Claim.

2.3.5.5 The Parent Settlement

During the first quarter of 2005, the Parent and GST closed the 2005 Corporate Restructuring pursuant to which GST sold to the Parent three businesses in exchange for two secured promissory notes in the aggregate principal amount of \$227,246,000. *See* Section 2.3.2, *The Coltec and Stemco Notes and 2005 Corporate Restructuring*. First, GST, in exchange for the Coltec Note (\$73,381,000), transferred directly to the Parent, GST's Membership Interests in two businesses: Coltec Industrial Products LLC and GGB LLC. In addition, GST's wholly owned subsidiary, Stemco DE, sold business assets to Stemco TX, an entity wholly owned by the Parent in exchange for the Stemco Note (\$153,865,000). Both notes are secured by the assets transferred.

Pursuant to the Bankruptcy Court's December 9, 2010 Order authorizing discovery related to the 2005 Corporate Restructuring and other pre-petition, related party transactions (Docket No. 853), the Asbestos Committee and FCR thoroughly investigated the 2005 Corporate Restructuring along with other related party transactions. Through subpoenas and other discovery, they obtained from the Debtors, the Parent, other Non-Debtor Affiliates, and third parties thousands of documents. The Asbestos Committee and FCR filed the Motion for Leave and the Proposed Complaint which, if granted, would allow them to pursue numerous derivative causes of action against EnPro, Coltec, another affiliated company, and numerous directors allegedly arising from the 2005 Corporate Restructuring. *See* Section 2.3.5.3, *Avoidance Actions*.

The Asbestos Committee and FCR allege that the 2005 Corporate Restructuring injured GST's bankruptcy estate and its tort claimants because it resulted in the transfer of valuable businesses that were a source of meaningful recourse for Garlock's tort creditors. They also alleged that subsequent amendments to the two notes increased these injuries. The Proposed Complaint includes causes of actions for (1) alleged fraudulent transfers against the Parent, EnPro, and Stemco TX (the "Corporate Defendants") under both state law and the Bankruptcy Code; (2) breach of fiduciary duty against the Former Managers and the Corporate Defendants; (3) aiding and abetting breach of fiduciary duty against the Corporate Defendants; (4) unjust enrichment against the Corporate Defendants; (5) conspiracy to defraud against the Corporate Defendants; (6) successor liability against the Corporate Defendants; and (7) piercing the corporate veil separating Garlock from the Corporate Defendants. The Asbestos Committee and FCR acknowledge that all of the causes of action in the Proposed Complaint belong to GST's bankruptcy estate, but argue that the Bankruptcy Court should authorize them to prosecute such causes of action for the benefit of the estate.

In the Order Denying Leave, the Bankruptcy Court denied, without prejudice, the Asbestos Committee's and FCR's request to file the Proposed Complaint, and the causes of action alleged in the Proposed Complaint have since been tolled pursuant to the Initial Tolling Agreements and several orders entered into with the consent of the Affiliates, Former Managers, Asbestos Committee and FCR, and those causes of action remain tolled as of the date of the Disclosure Statement. *See* Section 2.3.5.3, *Avoidance Actions*.

The Plan proposes the Parent Settlement, a settlement agreement between the Debtors and the Parent and EnPro whereby (a) the Parent agrees to provide the Parent Contribution to the Settlement Facility in Cash on the Effective Date, (b) the Parent agrees to provide the funding by the Parent of Anchor's costs of dissolution, up to \$500,000, (c) EnPro agrees to guarantee all contributions to the Settlement Facility and Litigation Fund by the Reorganized Debtors scheduled to occur after the Effective Date, and (d) the Parent and Affiliates agree to subordinate their interests in the Available Shared Insurance to the Reorganized Debtors' obligations to make payments after the Effective Date to the Settlement Facility and Litigation Fund under this Plan. All of the foregoing is in full satisfaction and extinguishment of (a) any and all claims that are or would have been property of any Debtor's Estate against any Released Party, including, without limitation, pursuant to Chapter 5 of the Bankruptcy Code, any one or more of 11 U.S.C. §§ 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553; (b) any and all claims that are or would have been property of any Debtor's Estate against any Released Party arising under any non-bankruptcy law relating to allegedly preferential or fraudulent transfers or relating to any allegedly unlawful payments or transfers or distributions of property to such Released Party; (c) any and all claims that are or would have been property of any Debtor's Estate, regardless of the legal theory upon which such claim may be predicated, by which any Released Party is asserted to be or have been derivatively liable for any Claim, including, without limitation, any GST Asbestos Claim including, without limitation, any claim arising under a theory that (i) any Released Party is a successor to any Debtor, (ii) any Debtor's separate corporate existence should be disregarded, or (iii) any Released Party is an alter ego of any Debtor, and (d) any and all claims in (a)-(c) above where, in the absence of the Debtors' Chapter 11 Cases, such claims might, under substantive law of any jurisdiction, have been treated as claims maintainable not only by the Debtors or the Debtors' Estates themselves, but by creditors of or claimants against the Debtors. For the avoidance of doubt, the Debtors do not intend or purport to release or bar any claim against any Released Party that is (a) based upon such Released Party's independent liability to any person and (b) would not be a GST Asbestos Claim or an Anchor Claim in these Chapter 11 Cases if it were to be asserted directly against one or more Debtors.

The Debtors believe the Parent Settlement is reasonable and in the best interest of their Estates because they do not believe any Avoidance Action or other claim against the Parent or any Released Party has any reasonable likelihood of success. First, the Debtors believe GST received fair value for any property it transferred to any Affiliate, including the business assets transferred to the Parent and Stemco TX. Prior to closing of the 2005 Corporate Restructuring, Standard & Poor's Corporate Value Consulting determined that values of the Coltec Note and the Stemco Note were equivalent to the values of the Membership Interests and Stemco assets respectively. Second, the Debtors believe there can be no material dispute regarding the fact that GST was solvent for all purposes immediately before and after the 2005 Corporate Restructuring. In the Estimation Opinion, the Bankruptcy Court determined that \$125 million is sufficient to satisfy GST's obligations for present and future mesothelioma claims. As a result, recourse to the three businesses transferred pursuant to the 2005 Corporate Restructuring will be completely unnecessary to pay any of Garlock's projected asbestos tort claims in full. As demonstrated by the Liquidation Analysis, the Debtors have ample assets, and liquidity, even excluding the Coltec and Stemco Notes, to pay all asbestos claims in full as such claims arise in the future. Further, both before and after the Petition Date, the fair value of GST's property, excluding the three transferred businesses, has exceeded its liabilities, including any asbestos-related liabilities and GST has always paid its debts, when due, in the

ordinary course of business. As such, not only do Debtors believe that any claim requiring proof that GST transferred its three businesses for less than a reasonably equivalent exchange fails as a matter of law, but the Estimation Opinion establishes that neither the Debtors nor any creditor was damaged by the 2005 Corporate Restructuring (even assuming the Debtors did not receive reasonably equivalent value) because the Debtors have been, and will continue to be, able to pay all of their valid, enforceable liabilities as they come due in full. Finally, the Debtors believe any limitations period to bring any Avoidance Action on account of the 2005 Restructuring expired prior to the Petition Date. Because there is very little likelihood of success respecting any Avoidance Action against the Parent or any Non-Debtor Affiliate, the Debtors believe that the Parent Settlement resolves all such claims on economic and other terms that are fair and equitable and highly beneficial to Debtors and GST Asbestos Claimants.

The FCR, as part of his agreement to support the Plan, has agreed to support the Parent Settlement and believes the Second Amended Plan with the Parent Settlement is in the best interests of Future GST Asbestos Claimants and should be approved.

2.3.6 Post-Petition Debtor-in-Possession Credit Facility

On July 15, 2010, the Bankruptcy Court entered a final order (Docket No. 226) approving the Debtors' entry into a post-petition Debtor-in-Possession secured line of credit with BofA (the "Line of Credit"). The line of credit was secured by accounts, receivables, inventories, instruments including intercompany notes, general intangibles including intellectual property, insurance receivables, and other personal property (other than equipment and fixed assets), and under the Line of Credit the Debtors could access up to \$10 million dollars to assure that the Debtors could purchase the goods and services that they need to protect the value of their business operations, and pay the wages, salaries, rent, utilities and other expenses associated with protecting their businesses and the value of their assets. As described in more detail in Section 3.1.1.1, the Debtors have terminated the Line of Credit and entered into a cash collateral agreement with BofA. The Debtors do not believe they will require access to a credit facility in the foreseeable future after the Effective Date.

2.4 DEBTORS' LIABILITIES

2.4.1 Debtors' Non-Asbestos Related Liabilities

2.4.1.1 Administrative Claims

Coltec has asserted that it holds a Claim in the approximate amount of \$46 million for repayment of taxes paid on account of GST's income after the Petition Date. Coltec has not yet filed a request for payment of an administrative expense, however, the Debtors anticipate Coltec will file such a request in the future. Although Debtors have not fully investigated Coltec's Claim, Debtors believe GST's Operating Agreement provides that Coltec is a creditor to the extent of any taxes paid on account of GST's income. [If the Bankruptcy Court does not allow this Claim as an administrative expense, Coltec will assert it as a Class 7 General Unsecured Claim.](#)

In addition, Bank of America holds a post-petition Administrative Claim for contingent obligations arising from the Debtors' use of Bank of America banking products and certain

letters of credit issued on the Debtors' behalf, pursuant to the DIP Release/Cash Collateral Order (Docket No. 1557) (defined below). This Administrative Claim is secured by approximately \$4,176,808.00 in Cash held in a BofA account.

Other Entities also hold various Claims entitled to administrative priority pursuant to Section 503 of the Bankruptcy Code, which the Debtors will continue to pay in the ordinary course of business, including trade debt arising from GST and Garrison's continued operations after the Petition Date, as well as Fee Claims. The Debtors believe that the Debtors have paid, pursuant to orders of the Bankruptcy Court, all Claims entitled to administrative expense priority pursuant to Section 503(b)(9) of the Bankruptcy Code.

[Debtors do not currently believe there will be any Allowed Priority Tax Claims.](#)

2.4.1.2 Secured Claims

Several creditors have asserted relatively small Secured Claims against the Debtors. The most significant is an asserted Secured Claim by Niagara Bank related to financing for a chiller located in GST's Palmyra, New York facility. The Debtors have assumed the contract related to this chiller and therefore believe the Claim has been cured and has been or will be paid in full in the ordinary course of business.

2.4.1.3 Priority Claims

Several creditors have asserted relatively small Priority Claims against the Debtors. Filed Priority Claims total approximately \$70,000. The Debtors anticipate they will file objections to many of these Claims on various grounds, including that some are duplicates, some have been paid pursuant to prior orders of the Bankruptcy Court, some are not entitled to priority, and others for other reasons.

2.4.1.4 General Unsecured Claims

Creditors have filed in the aggregate approximately \$3.7 million in General Unsecured Claims (excluding claims the Debtors believe to be duplicates). Debtors anticipate they will object to a number of these Claims for various reasons.

2.4.2 Debtors' Liability For Asbestos-Related Claims

On January 10, 2014, the Bankruptcy Court entered the Estimation Opinion determining that a reasonable and reliable estimate of the amount sufficient to satisfy Garlock's obligation for all current and future mesothelioma claims is \$125 million.

The mesothelioma trial and Estimation Opinion is described in greater detail in Section 3.1.12, *infra*.

Based on the agreement of the parties that GST's liability for mesothelioma claims was relatively overwhelming in magnitude compared to GST's liability for asbestos claims other than mesothelioma claims (including lung cancer, other cancers, and asbestosis and other non-malignant conditions) (Estimation Opinion at 74), the Bankruptcy Court did not estimate non-

mesothelioma claims. Further, the parties agreed that estimation of claims against Anchor was also unnecessary.

2.4.3 GST's Asbestos Litigation History

For decades prior to the Petition Date, GST received thousands of claims each year from individuals who alleged they suffer from asbestos-related disease caused in part by GST's products. Since 1975, plaintiffs have named GST in approximately 700,000 asbestos cases. GST has disputed its liability for all of these asbestos claims and has never admitted liability for any claim.

Throughout its history, GST has resolved the vast majority of asbestos claims filed against it by dismissal or settlement rather than by verdict. Out of the 700,000 cases, only approximately 250 cases have resulted in verdicts, a large majority in GST's favor. Many of the few cases that resulted in verdicts against GST were themselves later dismissed or settled and thus never became final judgments.

2.4.3.1 GST's Asbestos-Containing Products

GST's asbestos litigation has principally involved two asbestos-containing sealing products: compressed asbestos sheet gaskets and asbestos packing.

A gasket is a thin piece of material (usually 1/32" to 1/8" thick) used to create a seal between metal surfaces that would otherwise leak, such as a flange where two metal pipes connect, or where a pipeline attaches to equipment like pumps and valves. Compressed asbestos gaskets were manufactured in sheets and reached the consumer in one of two forms: (1) sheet gasket material that often came in rolls out of which the purchaser cut gaskets to size and (2) pre-cut gaskets that the purchaser ordered to requested sizes and shapes either directly from GST or from a gasket supply company that engaged in custom gasket cutting. GST's asbestos gaskets were a mixture of asbestos fibers, curing agents, reinforcing fillers, and elastomers (natural rubber or synthetic polymers having the elastic qualities of rubber). The manufacturing process machine-blended asbestos fibers with the rest of the mixture until they were thoroughly coated. The entire compound was then heated and rolled into sheets and continually compressed to form a tough, impenetrable, homogenous material that looks like linoleum.

Packing is braided yarn that is wrapped around the shafts of valves and other equipment to prevent leaks. GST asbestos packing was made with asbestos yarn impregnated and coated with lubricants, such as Teflon or graphite. As with gaskets, asbestos in packing was encapsulated.

Although GST offered many styles of non-asbestos gaskets and packing, customers historically needed asbestos gaskets and packing for certain high-temperature or corrosive environments. Here the physical properties of asbestos were indispensable to both function and safety. In certain contexts, anything other than an asbestos gasket would have created an unreasonable risk of a blown seal. Rubber, vegetable fiber, metal, or other types of gaskets might perform safely in water or oil lines. But in steam lines and certain other applications, function and safety concerns often dictated the use of asbestos-containing gaskets during the time period from which most asbestos claims arise.

Importantly, the applications in which GST's asbestos-containing gaskets and packing were used also typically included the presence of other "friable" asbestos products that easily dispersed asbestos and were not manufactured by the Debtors. These products were used as thermal insulation for the pipes and equipment that needed asbestos gaskets and packing. Asbestos thermal insulation was common in these applications until the mid-1970s, and was used to prevent the release of heat from pipelines and equipment. As a result, workers in environments where GST gaskets were present almost always had substantial exposures to products that released large amounts of asbestos into the air, such as Unibestos manufactured by Pittsburgh Corning Company, Kaylo manufactured by Owens Corning Fiberglas, Thermobestos made by Johns-Manville, and the insulation products sold by Armstrong World Industries, W.R. Grace & Co., and Turner & Newell, PLC/Federal-Mogul Corp. As described below, all of these companies faced thousands of asbestos claims for many years, later filed for Chapter 11 bankruptcy protection, and have established wealthy Trusts that are now responsible for paying their liabilities.

Leading researchers warned of the dangers of asbestos insulation products that released large numbers of amphibole asbestos fibers. Insulation and other highly friable products were banned from production and sale in the United States in the mid-1970s. In contrast, because asbestos in gaskets and packing products was encapsulated, fibers could not become airborne in more than trace amounts during normal use; the same researchers explained that gaskets and packing posed "no health hazard."¹¹ Asbestos gaskets and packing are still sold lawfully today by other companies.

2.4.3.2 GST's Defenses to Asbestos Claims

GST's defenses to liability for asbestos claims are strong. The amount of any asbestos that GST gaskets and packing could have conceivably released into the air was dwarfed by the asbestos emitted by the insulation and other friable products that were regularly used in the vicinity of GST's products. The asbestos emitted by those other products was often thousands or tens of thousands of times greater than any amount that GST's products could ever have released. That is why those products were banned, and gaskets and packing are still lawful products. Furthermore, GST's products were typically made with chrysotile asbestos, which is much less toxic than other varieties of asbestos used in insulation and other products, and which is not a proven cause of mesothelioma.

For these reasons, as a matter of science and as a matter of law, the vast majority of asbestos claimants who have asserted or will assert claims against GST cannot prove a claim against GST. Indeed, over its entire history, in the cases that went to verdict, GST won outright or had an adverse verdict reversed in more than 80% of the approximately 250 cases in which a verdict was rendered.

The difficulty that a claimant has in proving a claim against GST is demonstrated by a decision from the United States Court of Appeals for the Sixth Circuit. *Moeller v. Garlock*

¹¹ I. Selikoff & D. Lee, *Asbestos and Disease* 467 (1978); P.G. Harries, *Asbestos Dust Concentrations in Ship Repairing: A Practical Approach to Improving Asbestos Hygiene in Naval Dockyards*, 14 Ann. Occup. Hyg. 241, 249 (1971).

Sealing Technologies LLC, 660 F.3d 950 (6th Cir. 2011). The plaintiff, a pipefitter suffering from mesothelioma, testified that he removed and scraped GST gaskets regularly for eight years, and obtained a verdict against GST. The Sixth Circuit nevertheless concluded that his claim failed as a matter of law, both because he failed to demonstrate sufficient exposure to asbestos from GST products, and because he experienced substantial exposure to insulation that made any exposure to asbestos from GST products immaterial. *Id.* at 955 (and noting that, “[o]n the basis of this record, saying that exposure to Garlock gaskets was a substantial cause of [plaintiff’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”). Debtors believe that, like the plaintiff in the *Moeller* case, the vast majority of asbestos claimants who have asserted or will assert claims against GST experienced substantial exposures to highly friable asbestos products manufactured by other defendants.

2.4.3.3 GST Settled Asbestos Claims To Avoid Defense Costs

However, because it was expensive for GST to prove that the large numbers of asbestos claims asserted against it lacked merit, throughout its history GST resolved large numbers of asbestos claims through settlements in which it denied liability. In the aggregate, GST has paid approximately \$1.38 billion in indemnity payments to asbestos claimants (the vast majority of which have been settlement payments made in an effort to reduce defense costs), of which a large portion were covered by insurance. Overall, GST has resolved many hundreds of thousands of claims for, on average, less than \$2,500 per claim resolved.

GST has also paid hundreds of millions of dollars in defense costs. That figure would have been much higher had GST defended each of the thousands of cases on its merits.

2.4.3.4 The Impact of Co-Defendant Bankruptcies on Asbestos Litigation Against GST

A material change in asbestos litigation against GST occurred beginning in 2000 that caused it to pay more to resolve certain kinds of asbestos claims. During a two-year period, the nine most prominent defendants in asbestos litigation—the largest sources of plaintiffs’ compensation and the defendants with the most trial risk in the tort system—filed for Chapter 11 protection.¹² The bankruptcies of these top tier defendants precipitated dozens of additional co-defendant bankruptcies (together with the bankruptcies of the top tier defendants, the “Bankruptcy Wave”).¹³

¹² These “top tier defendants” were Babcock & Wilcox Co.; Pittsburgh Corning Corporation; Owens Corning Fiberglass/Fibreboard; Armstrong World Industries; W.R. Grace & Co.; USG Corp.; Turner & Newell, PLC/Federal-Mogul Corp.; and GAF.

¹³ These additional debtors included Skinner Engine Co. (2001); E.J. Bartells (2001); United States Minerals Products (2001); Murphy Marine Services (2001); Insul Co. (2001); Swan Transportation (2001); North American Refractories Corp. (2002); Kaiser Aluminum (2002); Harbison-Walker (2002); A.P. Green (2002); Plibrico Co. (2002); Shook & Fletcher (2002); Porter-Hayden Co. (2002); Artra Group, Inc. (2002); Special Metals Corp. (2002); Asbestos Claims Management Corp. (2002); ACandS (2002); JT Thorpe Co. (2002); A-Best Products (2002); Western MacArthur/Western Asbestos (2002); C.E. Thurston (2003); Combustion Engineering (2003); Congoleum Corp. (2003); Mid-Valley (Halliburton subsidiaries) (2003); Muralo Co. (2003); Flintkote Co. (2004); Oglebay

With the major sources of compensation temporarily not paying claims while they reorganized, asbestos plaintiffs targeted surviving companies such as GST that historically had only been peripheral defendants in asbestos litigation due to the strength of their defenses. After the Bankruptcy Wave, plaintiffs named GST in many more cases.

GST's defense of claims also became more difficult and costly as a result of the Bankruptcy Wave. Among other things, plaintiffs who temporarily could not obtain payments from the top tier defendants became reluctant to identify their injury-causing exposures to those defendants' dangerous products in response to proper discovery from GST. This phenomenon increased GST's costs and litigation risk. As a result, GST was forced to meet plaintiffs' increased settlement demands, most notably in mesothelioma cases. GST's aggregate annual indemnity payments in mesothelioma cases increased from approximately \$6 million in 1999 to approximately \$70 million in 2009.

2.4.3.5 The Emergence of Trusts from the Bankruptcy Wave

The top tier defendants and other bankrupts from the Bankruptcy Wave eventually began to emerge from bankruptcy beginning in approximately 2006, under plans of reorganization where they funded Trusts to pay asbestos claims asserted against them. These Trusts were funded with, in the aggregate, over \$35 billion for payment of asbestos claims against those defendants, with a large portion of that asset pool devoted to mesothelioma claims. These assets were committed upon the assumption that most mesothelioma claimants in the United States had experienced injury-causing exposure to many or most of the top tier defendants' products, entitling them to payment on their claims against Trusts.

Because GST was named in a large portion of all the mesothelioma cases brought in the United States, with the emergence of Trusts, GST expected to find plaintiffs again admitting their injury-causing exposures to the products of top tier defendants now represented by Trusts. Only by admitting those exposures would plaintiffs be able to obtain the large Trust payments. The emergence of Trusts would thus restore the evidence of plaintiffs' exposure to dangerous friable products in GST cases, which would dramatically reduce GST's trial risk and cost of gathering the evidence to sustain its defense.

Unfortunately, provisions inserted by plaintiffs' lawyers who drafted the trust distribution procedures ("TDP") for the new Trusts gave plaintiffs free reign to continue denying knowledge of injury-causing exposures to Trust products in litigation against Garlock, while still collecting payments from Trusts. The TDP, for example, contained provisions allowing claimants to delay asserting claims against Trusts until after resolving their claims against GST. The TDP also contained confidentiality provisions masking any inconsistency between Trust claims and claims against GST, or any incompleteness in plaintiffs' discovery responses submitted to GST. As a result, in many cases even after Trusts emerged, GST continued to face cases where asbestos plaintiffs implausibly denied knowledge of injury-causing exposures to Trust products.

Norton Co. (ONCO) (2004); Special Electric (2004); Quigley Co. (2004); Utex Industries (2004); API, Inc. (2005); Asarco (2005); Brauer Supply Co. (2005); Dana Corporation (2006); ABB Lummus Global (2006); and Lloyd E. Mitchell Co. (2006).

Plaintiffs' identification of thermal insulation and other dangerous products was not restored by the emergence of Trusts and GST's average settlement payments in mesothelioma cases remained at Bankruptcy Wave-inflated levels.

As a result of these practices, as the Bankruptcy Court found in its Estimation Opinion, GST's pre-petition settlements were "infected with the impropriety of some law firms and inflated by the cost of defense." Estimation Opinion at 82. "[T]he last ten years of its participation in the tort system was infected by the manipulation of exposure evidence by plaintiffs and their lawyers." *Id.* at 82. The Bankruptcy Court reviewed a number of specific examples of these practices, finding that each "contains . . . demonstrable misrepresentation" and that "the pattern exposed in those cases appears to have been sufficiently widespread to have a significant impact on Garlock's settlement practices and results." *Id.* at 85.

The potential for abuse shielded by TDP containing these provisions has become a matter of major concern among federal and state policy makers, with a number of states enacting reform legislation (including Ohio and Oklahoma) and Trust transparency legislation passing in the United States House of Representatives.

2.4.3.6 The Decline in Claims Based on Non-Malignant Conditions

Another material development in asbestos litigation against GST during the past decade was the dramatic reduction in the number of non-malignant claims filed against GST due to declining mass recruitment of such claims. In 2003, the number of filed non-malignant claims began to decline because the sites where large numbers of claims could be recruited had been exhausted, making the business of mass recruitment unprofitable for plaintiffs' law firms. Further, beginning in 2003, the states where many non-malignant cases had been filed (including Mississippi and Texas) began to relegate unimpaired plaintiffs to inactive dockets until they manifested symptoms of disease. Because most plaintiffs never do develop symptoms, this removed the pressure for defendants to settle these cases.

The business of mass non-malignant filings was further impacted by the discovery of widespread misconduct in the medical screening process in 2005. Beginning in 2001, some plaintiffs' firms began filing massive numbers of claims against silica companies, alleging that their clients had silicosis. Many of the clients were recruited through the same mass screening process that identified tens of thousands of asbestos claimants. In fact, many of the clients had previously filed and settled claims asserting they had asbestos-related non-malignant diseases, even though it is extremely unlikely that a worker would develop both diseases.

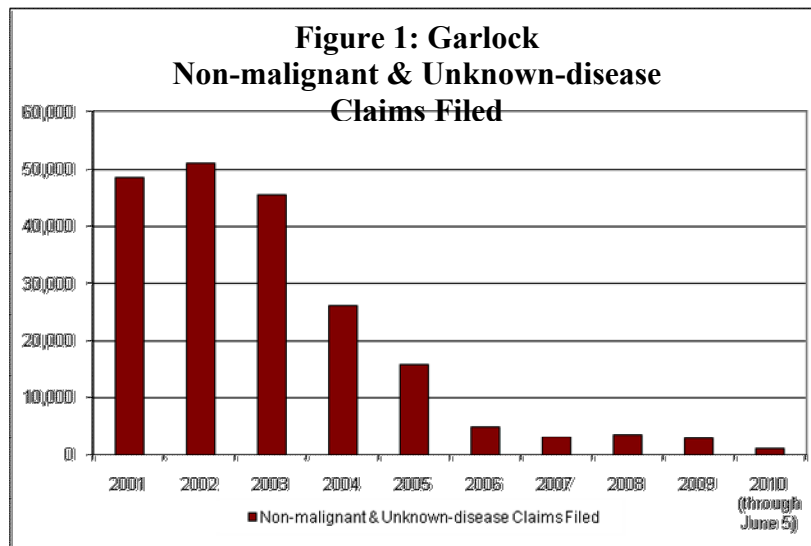
In 2003, many of the silica claims were consolidated in a Silica Products Liability Litigation MDL in Corpus Christi, Texas before Judge Janis Jack. Judge Jack required each plaintiff to submit detailed sworn fact sheets setting forth the diagnosis, its basis, and the identity of the diagnosing and treating physicians. The evidence ultimately revealed widespread deficiencies. For example, one doctor who performed 78 percent of the alleged examinations was only paid for positive diagnoses, did not perform physical exams of patients, relied on exposure histories taken by law firms and screening companies, and did not consider other possible causes of lung dysfunction.

On the basis of this and other evidence, Judge Jack concluded that “[i]n a majority of cases these diagnoses were more the creation of lawyers than of doctors.”¹⁴ She sharply rebuked the plaintiffs’ firms, screening companies and doctors:

[T]hese diagnoses were about litigation rather than health care. And yet this statement, while true, overestimates the motives of the people who engineered them. The word “litigation” implies (or should imply) the search for truth and the quest for justice. But it is apparent that truth and justice had very little to do with these diagnoses—otherwise more effort would have been devoted to ensuring they were accurate. Instead, these diagnoses were driven by neither health nor justice: they were manufactured for money.¹⁵

The same tainted process by the same screening companies and most of the same physicians had been used for over a decade to provide the continuous flow of non-symptomatic, non-malignant asbestos claims for plaintiffs’ firms. Judge Jack’s ruling and the other factors described above resulted in the end of mass recruitment as a practical matter, drastically reducing the aggregate number of asbestos claims filed each year.

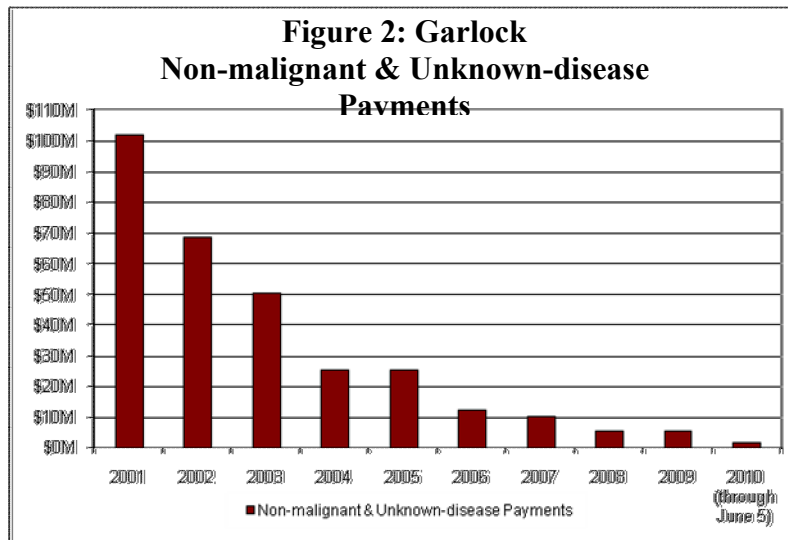
As a result of these changes, non-malignant claim filings against GST ebbed. In 2002, more than 50,000 non-malignant and unknown disease claims were filed against Garlock; by 2006, only a few thousand were filed. (Figure 1).



¹⁴ Order No. 29: Addressing Subject-Matter Jurisdiction, Expert Testimony and Sanctions, at 149, *In re Silica Prods. Liab. Litig.*, MDL Docket No. 1553 (S.D. Tex.).

¹⁵ *Id.* at 150.

In the years preceding the Petition Date, GST received an ever dwindling number of non-malignant and unknown disease claims each year. When settled, these cases received very low payments, largely for the purpose of avoiding defense costs. GST's aggregate annual expenditure on non-malignant claims declined precipitously as well. Garlock's aggregate annual expenditure on non-malignant claims was nearly \$100 million in 2001; by 2008, it paid less than \$6 million.



2.4.4 Pending and Abandoned GST Asbestos Claims

As of the Petition Date, there were approximately 95,000 asbestos claims pending or abandoned against GST in state and federal courts across the country. Approximately 82,000 of these claims alleged non-malignant conditions or did not indicate an alleged condition, with the remaining fewer than 13,000 claims alleging mesothelioma, lung cancer, or other cancer.

The vast majority of the pending and potentially abandoned non-malignant claims were filed prior to the reforms that took place in the mid-2000s. More than 78,000 of the 82,000 non-malignant and unknown disease claims were filed before January 1, 2006. The vast majority have not been actively litigated since then, and many likely reside on inactive dockets, where they will not be eligible for consideration under state law unless and until they develop a disease. A large portion of these claims have likely been abandoned and will not be pursued further.

In addition, thousands of pending lung cancer, other cancer, and mesothelioma claims were filed before 2006. It is likely that claims filed more than four years prior to the Petition Date (or more than six years ago) have not been pursued because the claimants no longer intend to assert a claim against GST or lack evidence necessary to do so.

2.4.5 Filing of the Bankruptcy Petitions; Formulation of the Plan

The continuing costs of resolving the thousands of asbestos claims filed annually against GST, without the cost savings expected from the emergence of Trusts, put at risk GST's business, its shareholders, and its ability to compensate fairly all asbestos claimants asserting colorable claims against GST. GST (as well as Garrison and Anchor) filed bankruptcy petitions

on June 5, 2010 in order to pursue a Plan of Reorganization that would permit the payment in full of all current and future GST Asbestos Claims, while preserving GST's business and the interests of its shareholder.

The Plan will achieve this goal by replacing the costly, individualized, wasteful, abusive, and bankruptcy-fractured litigation of thousands of asbestos claims with the CRP and CMO. As described in greater detail elsewhere in this Disclosure Statement, GST Asbestos Claimants with contingent and unliquidated Claims will have the option to select the Settlement Option governed by the CRP, or pursue litigation of their claims pursuant to the CMO. The Settlement Option will base payment offers to GST Asbestos Claimants on objective characteristics of the claims, such as the injured party's contact with GST products, medical diagnosis, demographic characteristics, and (in the case of Individual Review) the claimant's exposure to other asbestos products and the jurisdiction of his claim.

The CMO governing the Litigation Option will centralize all pretrial litigation in the Bankruptcy Court, reducing litigation costs and preventing the abuses that took place in asbestos litigation against GST before the Petition Date. The CMO will also require claimants to provide basic information concerning their contact with GST products, their exposures to asbestos from other products, and their claims against Trusts before being permitted to proceed with litigation of their claims. The CMO will therefore ensure that litigated GST Asbestos Claims will be considered on their merits, with minimal litigation costs, depriving claimants of the ability to extract payments motivated principally by litigation costs or inflated by the concealment of claimants' exposures to the asbestos-containing products of other companies. This procedure, combined with the Settlement Option, will permit payment in full of all GST Asbestos Claims, while minimizing payments to putative claimants who do not have meritorious claims under applicable law. The legitimate interests of GST's Parent will also be protected.

3. THE CHAPTER 11 FILINGS

3.1 SIGNIFICANT EVENTS DURING THE COURSE OF THE CHAPTER 11 CASES

There have been many pleadings filed with the Bankruptcy Court, and many hearings have been conducted in connection with such pleadings.¹⁶ The docket for each case should be consulted to obtain a complete list of pleadings filed and events scheduled. Pleadings referenced below may be obtained from the Bankruptcy Court for review. A general description of significant events during the Chapter 11 Cases follows:

3.1.1 First Day Motions

3.1.1.1 Financing Motion

On the Petition Date, the Debtors filed the Motion Of Debtors-In-Possession For Interim And Final Orders (I) Authorizing the Debtors-In-Possession (A) To Enter Into Post-Petition Loans With Bank Of America, N.A. and (B) To Use Cash Collateral and (II) Granting Related Relief

¹⁶ All docket numbers refer to Case No. 10-31607 unless otherwise stated.

(the “Financing Motion”) (Docket No. 20) pursuant to which the Debtors sought authority to enter into a post-petition credit agreement. The Court granted emergency interim relief and subsequently, on July 15, 2010, granted the Financing Motion (Docket No. 226). The approved loan agreements provided the Debtors with up to \$10,000,000 in post-petition financing (the “DIP Financing”).

The Debtors subsequently moved to release the DIP Financing and associated liens and replace it with a cash collateral agreement with BofA, which the Court approved on October 11, 2011 (“DIP Release/Cash Collateral Order”) (Docket No. 1557). Pursuant to the DIP Release/Cash Collateral Order, the Debtors deposited \$6.5 million in a cash collateral account to secure BofA’s potential exposure on banking products extended to the Debtors and letters of credit posted by BofA on GST’s behalf. Since that time the funds held in the BofA cash collateral account have decreased to \$4,176,808.00 as of March 29, 2014, as a result of the cancellation of certain letters of credit BofA had previously issued on the Debtors’ behalf.

3.1.1.2 Operational Motions

The Debtors were granted authority to (1) pay certain pre-petition obligations, including certain sales, use and franchise taxes (Docket No. 52), charges relating to shipping (Docket No. 51), and employee benefits (Docket No. 42) and (2) maintain their existing bank accounts, business forms and cash management systems (Docket No. 46). The Debtors also sought, and the Court granted, authority to honor certain pre-petition obligations to customers and otherwise continue in the ordinary course of business certain customer programs and practices (Docket No. 50). Additionally, the Debtors sought and obtained interim and final orders authorizing them to continue ordinary course transactions with affiliated entities (Docket Nos. 43 and 231) and to assume an Intercompany Services Agreement with EnPro (Docket Nos. 44 and 232). Finally, the Court granted the Debtors authority to establish procedures for the Debtors to deal with reclamation claims and Code Section 502(b)(9) priority claims (Docket No. 179), and authorized the Debtors to pay reclamation claims notwithstanding that GST disputed it was insolvent when goods subject to reclamation demands were shipped (Docket No. 917).

3.1.2 Motions to Assume Pre-Petition Executory Contracts and Leases

The Debtors have periodically sought, and received, authority from the Court to assume certain leases and executory contracts. These assumed leases and contract primarily relate to Debtors’ ongoing business operations.

3.1.3 Appointment of Official Committees of Creditors, the Official Equity Committee and the Future Claims Representative

3.1.3.1 Official Committees of Creditors

3.1.3.1.1 Unsecured Creditors’ Committee

The Unsecured Creditors’ Committee was formed by order of the Bankruptcy Court on June 17, 2010 (Docket No. 104), and the makeup of the Unsecured Creditors’ Committee was modified by order entered on February 11, 2011 (Docket No. 1145).

3.1.3.1.2 Asbestos Committee

The Asbestos Committee was formed by order of the court entered on June 16, 2010 (Docket No. 101), and the makeup of the Asbestos Committee was modified by order entered on July 20, 2010 (Docket No. 260).

3.1.3.2 Representative for Future Asbestos Claimants

The Court entered an order appointing Joseph W. Grier, III as the Future Claimants' Representative (Docket No. 512) on September 16, 2010.

3.1.4 Employment of Professionals

The Debtors, the Creditors' Committee, the Asbestos Committee and the Future Claimants' Representative have employed the following professionals in the Chapter 11 Cases with the Bankruptcy Court's approval (except for Ordinary Course Professionals that were employed by separate orders and disclosures):

EMPLOYED PROFESSIONALS		
Professional	Scope of Representation	Date Approved
Rayburn, Cooper & Durham, P.A.	Bankruptcy Counsel to the Debtors	07/12/10 (Docket No. 200)
Robinson Bradshaw & Hinson, P.A.	Special Corporate and Litigation Counsel to the Debtors	07/12/10 (Docket No. 201)
Covington & Burling, LLP	Special Insurance Counsel to the Debtors	07/12/10 (Docket No. 202)
Del Sol Cavanaugh	Special Asbestos Defense Counsel to the Debtors	07/12/10 (Docket No. 203)
Schachter Harris, LLP	Special Asbestos Defense Counsel to the Debtors	07/21/10 (Docket No 264)
Bates White, LLC	Asbestos Claim Valuation Consultant to the Debtors	07/21/10 (Docket No. 265)
Grant Thornton, LLP	Audit Accountants for the Debtors	10/01/10 (Docket No. 577) and 9/30/11 (Docket No. 1537)
Forman, Perry, Watkins, Krutz & Tardy, LLP	Special Asbestos Defense Counsel to the Debtors	12/23/11 (Docket No. 971)
Katten Muchin Rosenman, LLP	Counsel to the Unsecured Creditors' Committee	09/16/10 (Docket No. 514)
FSB FisherBroyles	Substituted Counsel to the Unsecured Creditors' Committee	05/12/11 (Docket No. 1332)
Caplin & Drysdale, Chartered	Counsel to the Asbestos Committee	08/16/10 (Docket No. 392)
Hamilton Moon Stevens Steele &	Co-counsel to the Asbestos	08/06/10 (Docket

EMPLOYED PROFESSIONALS		
Professional	Scope of Representation	Date Approved
Martin, PLLC	Committee	No. 314)
Moon Wright & Houston, PLLC	Substituted Co-Counsel to the Asbestos Committee	04/21/11 (Docket No. 1287)
Charter Oak Financial Consultants, LLC	Financial Advisors to the Asbestos Committee	08/25/10 (Docket No. 423)
Legal Analysis Systems, Inc.	Asbestos Claim Valuation Consultant to the Asbestos Committee	08/25/10 (Docket No. 424)
Orrick, Herrington & Sutcliffe, LLP	Counsel to the Future Claimants' Representative	10/06/10 (Docket No. 580)
Grier, Furr & Crisp, P.A.	Co-Counsel to the Future Claimants' Representative	09/30/10 (Docket No. 569)
Hamilton Rabinovitz & Associates, Inc.	Asbestos Claim Valuation Consultant to the Future Claimants' Representative	12/09/10 (Docket No. 850)
Lincoln Partners Advisors, LLC	Financial Advisor to the Future Claimants' Representative	12/17/10 (Docket No. 896)
FTI Consulting, Inc.	Financial Advisors to the Debtors	12/02/11 (Docket No. 1679)
Motley Rice LLC	Special Litigation Counsel to the Asbestos Committee	07/03/12 (Docket No. 2343)
Waters & Kraus LLP	Special Litigation Counsel to the Asbestos Committee	07/03/12 (Docket No. 2343)
A. M. Saccullo Legal, LLC	Delaware Counsel to the Asbestos Committee	08/22/12 (Docket No. 2467)
Grossman & Moore PLLC	Kentucky Counsel to the Asbestos Committee	12/04/12 (Docket No. 2660)

~~As of March 31,~~ Through November 2014, approved professional fees and expenses incurred in these Chapter 11 Cases were approximately ~~\$100.1 million~~ 112.4 million. On December 24, 2014, the Bankruptcy Court entered its Order Granting Motion by Coltec Industries, Inc. for the Appointment of an Independent Fee Examiner and Officer of the Court and for Modification of Interim Compensation Procedures for Certain Professionals Employed (Docket No. 4291).

3.1.5 Section 341(a) Meeting of Creditors

On August 4, 2010, the Office of the United States Bankruptcy Administrator conducted the meeting of creditors required by Bankruptcy Code § 341(a). Representatives of the Debtors, as well as the Debtors' counsel, appeared at the Section 341(a) meeting and responded to inquiries from the Bankruptcy Administrator and creditors.

3.1.6 Adversary Proceeding Obtaining Stay of Asbestos-Related Litigation Against Non-Debtor Affiliates

On June 7, 2010, the Debtors filed an adversary proceeding complaint, *Garlock Sealing Technologies LLC, et al. v. Those Parties Listed on Exhibit B to Complaint and Unknown Asbestos Claimants* (Case No. 10-03145, United States Bankruptcy Court for the Western District of North Carolina), and motion for preliminary injunction seeking an order barring asbestos claimants from pursuing claims against the Parent or any Affiliate that is not a Debtor. On June 7, 2010, the Bankruptcy Court issued a temporary restraining order (Docket No. 9) and on June 21, 2010, a preliminary injunction (Docket No. 14) granting the requested relief.

On April 30, 2012, the Asbestos Committee and the FCR filed Joint Motion to Modify Preliminary Injunction in Order to Permit Certain Claims to Proceed in conjunction with their Joint Motion of the Official Committee of Asbestos Personal Injury Claimants and the Future Claims Representative for Leave to Control and Prosecute Certain Claims as Estate Representatives, seeking to modify the injunction against pursuit of claims against the Parent and certain Affiliates that are not Debtors. The Court denied the Asbestos Committee's and the FCR's request to modify that injunction, without prejudice, in the Order Denying Leave (Adv. Proc. No. 10-03145, Docket No. 51).

3.1.7 Extensions of Exclusivity Period

The Court has entered three orders extending the Debtors' exclusive periods to file and solicit acceptances of a Chapter 11 plan. By order of the Court entered on May 20, 2011 (Docket No. 1349), the Court granted the Debtors' final extension of (i) the exclusive period to file a reorganization plan (or plans) through November 28, 2011 and (ii) the exclusive period to solicit acceptances of a plan through and including January 26, 2012. The Debtors filed a Plan of Reorganization (Docket No. 1664) on November 28, 2011 (the "First Plan"), prior to the termination of their exclusive period to file a reorganization plan, however, the Debtors did not solicit acceptances on the First Plan. Therefore, as of January 26, 2012, the Debtors' exclusive periods to file and solicit acceptances to a Chapter 11 plan have expired, and any party in interest may file and seek permission of the Bankruptcy Court to solicit acceptances for a plan. As of the filing of this Disclosure Statement, no other party in interest has filed a plan. Debtors filed their First Amended Plan of Reorganization on May 29, 2014 and their Second Amended Plan of Reorganization on January 14, 2015.

3.1.8 Motions to Lift the Automatic Stay

Throughout the Chapter 11 Cases, various parties have filed motions to lift the Debtors' automatic stay. The Debtors have successfully opposed efforts to modify the stay where the respective Claims would be payable out of assets that would otherwise be available for the payment of Claims. In certain situations, the Debtors have consented to modifications of the stay to (1) complete appeals and/or establish the amount of certain Claims, or (2) where the Claimants sought to proceed only against the Debtors' insurance, and, in the Debtors' estimation, any potential recovery from such insurance would not affect the amount of insurance available to pay other Claimants.

3.1.9 Debtors' Motions to Establish Asbestos Claims Bar Date; Asbestos Committee's Motion to Establish Case Management Order and the December 9, 2010 Discovery Order

On August 30, 2010, the Asbestos Committee filed a Motion for Entry of a Scheduling Order for Plan Formulation Purposes (Docket No. 451) (the "ACC Scheduling Motion"), seeking the entry of a scheduling order establishing a period for discovery related to GST Asbestos Claims, aggregate estimation, corporate restructurings and pre-petition transactions between the Debtors and Non-Debtor Affiliates. On August 31, 2010, the Debtors filed a Motion for (A) Establishment of Asbestos Claims Bar Date, (B) Approval of Asbestos Proof of Claim Form, (C) Approval of Form and Manner of Notice, (D) Estimation of Asbestos Claims, and (E) Approval of Initial Case Management Schedule (Docket No. 461) (the "First Bar Date Motion"). The Debtors' motion sought to establish a bar date for GST Asbestos Claimants to file proofs of claim and a case management order providing for limited allowance proceedings for GST Asbestos Claims filed by the bar date and aggregate estimation of the aggregate Allowed Amount of GST Asbestos Claims that survived allowance proceedings. On December 9, 2010, the Bankruptcy Court entered an order (Docket No. 853) (the "December 9 Order") denying the First Bar Date Motion without prejudice to the Debtors' right to renew their bar date request in the future. The Bankruptcy Court also granted in part, and denied in part, the ACC Scheduling Motion, and established a six month period for "conducting preliminary discovery related to estimation, for purposes of formulating a plan of reorganization, of the Debtors' liability for pending and future asbestos-related claims for personal injury and wrongful death." The December 9 Order also provided that, during the six-month period, the Asbestos Committee and FCR may seek "discovery regarding pre-petition related party transfers and restructuring effected by the Debtors prior to their bankruptcy filings." On May 3, 2011, as the initial discovery period prescribed by the December 9 Order was drawing to a close, the Debtors renewed and amended the First Bar Date Motion (Docket No. 1310) (the "Second Bar Date Motion"), asking the Bankruptcy Court to require asbestos claimants alleging mesothelioma to file a proof of claim in conjunction with their responses to the PIQ (as defined below). The Bankruptcy Court again denied the Debtors' Second Bar Date Motion without prejudice to renew the motion later in the case (Docket No. 1348). On December 2, 2011, the Debtors moved the Bankruptcy Court for a Questionnaire Claimant Bar Date (Docket No. 1684) (the "Third Bar Date Motion") seeking a bar date that would apply only to mesothelioma claimants subject to the Bankruptcy Court's Order Authorizing the Debtors to Issue Questionnaire to Holders of Pending Mesothelioma Claims and Governing the Confidentiality of Information Provided in Responses (Docket No. 1390) (the "Questionnaire Order"). Debtors explained that the purpose of the Third Bar Date Motion was to facilitate enforcement of the Questionnaire Order. By order entered on April 13, 2012, the Bankruptcy Court denied the Third Bar Date Motion (Docket No. 2102).

3.1.10 Order Granting Debtors' Motion For Estimation Of Mesothelioma Claims

On December 2, 2011, Debtors moved the Bankruptcy Court to estimate the aggregate number and amount of allowed current and future mesothelioma claims against Debtors GST and Garrison pursuant to Bankruptcy Code Section 502(c) (Docket No. 1683) (the "Estimation Motion"). The Asbestos Committee and FCR each filed objections to the Estimation Motion. On April 13, 2012, the Bankruptcy Court entered the Order for Estimation of Mesothelioma Claims

(Docket No. 2102) (the “Estimation Order”) granting the Estimation Motion and setting the scope and purpose of the estimation proceeding. The Bankruptcy Court concluded that it would hold a trial to estimate allowed mesothelioma claims pursuant to Bankruptcy Code Section 502(c) for the purpose of determining the feasibility of any Chapter 11 plan of reorganization that might be proposed in the Cases. The Bankruptcy Court initially scheduled the estimation trial to commence on December 3, 2012 but eventually continued the trial to July 22, 2013.

3.1.11 Debtors’ Discovery Related To Mesothelioma Estimation Trial

In the Estimation Order, the Bankruptcy Court ruled that it would consider properly supported evidence based upon both the “settlement approach,” which the Asbestos Committee and FCR proposed to employ for the estimation of mesothelioma claims, and the “legal liability approach,” which Debtors proposed to employ. During the course of the Chapter 11 Cases, Debtors, the Parent, the Asbestos Committee, and the FCR engaged in substantial discovery of evidence to support and rebut these theories.

3.1.11.1 Personal Injury Questionnaires

On June 21, 2011, the Court entered the Order Authorizing the Debtors to Issue Questionnaires to Holders of Pending Mesothelioma Claims and Governing the Confidentiality of Information Provided in Responses (Docket No. 1390), approving the form and content of the Questionnaire, and authorizing its service on GST Asbestos Claimants for mesothelioma in GST’s asbestos claims database (the “Questionnaire Order”). The Questionnaire Order required mesothelioma claimants who asserted pending claims against the Debtors to provide basic information about their claims for purposes of the estimation, including: asbestos exposure information relating to Garlock’s and third parties’ products; facts about their lawsuits in the tort system; tort defendants against which they had asserted claims and the status of such claims; and bankruptcy trusts against which they had asserted claims and the status of such claims. The Questionnaire Order also required mesothelioma claimants to produce copies of any bankruptcy trust claim forms they had filed. On June 29, 2012, the Bankruptcy Court entered orders authorizing the Debtors to issue two supplemental questionnaires from two different samples of pending mesothelioma claimants: the Order Authorizing Debtors To Issue Supplemental Exposure Questionnaire (Docket No. 2337) and the Order Authorizing Debtors To Issue Supplemental Settlement Payment Questionnaire (Docket No. 2338). The first order required a random sample of 471 claimants to submit more detailed information about their exposures to asbestos and the second required a different random sample of 1,000 mesothelioma claimants to submit aggregate data regarding their recoveries from tort defendants and from Trusts.

3.1.11.2 Debtors’ Subpoenas For Ballots From Other Asbestos Chapter 11 Cases

Debtors also issued subpoenas which they served on nine ballot agents in twenty-seven bankruptcy cases, seeking copies of any ballots cast by or on behalf of any asbestos personal injury claimant on any plan of reorganization in any of the twenty seven cases. Debtors’ Notice of Service of Subpoenas Duces Tecum, Jan. 3, 2012 (Docket No. 1754); Debtors’ Notice of Service of Subpoena Duces Tecum, Jan. 4, 2012 (Docket No. 1760). The ballots contained, among other things, certifications under penalty of perjury that the personal injury claimants who

voted had injury-causing exposures for which debtors in cases in which they cast ballots were responsible. The Bankruptcy Court denied the Asbestos Committee's motion to quash the subpoenas. Order Denying Motion By Official Committee Of Asbestos Personal Injury Claimants For Protective Order With Respect To Garlock's Subpoenas To Ballot Agents, dated March 13, 2012 (Docket No. 2024). Debtors eventually received ballots from twenty-two bankruptcy cases and their experts used the ballots in their estimate of current and future mesothelioma claims against GST.

3.1.11.3 Debtors' Subpoenas For DCPF Trust Data

The Bankruptcy Court also authorized Debtors to serve a subpoena on the Delaware Claims Processing Facility, a facility that manages ten bankruptcy trusts, for data regarding persons whose mesothelioma claims GST and Garrison settled between 1999 and 2010. Order Granting Debtors Leave to Serve Subpoena On Delaware Claims Processing Facility, LLC, dated May 23, 2012 (Docket No. 2234). The subpoenas permitted the Debtors to obtain data related to all trust claims filed by approximately 11,000 mesothelioma claimants with whom Garlock had reached settlements in the eleven-year period preceding the bankruptcy case, including the dates any trust claims were filed, settled, and paid and, if not settled, the statuses of such claims.

3.1.11.4 Debtors' Discovery From Law Firms Regarding 15 Designated Plaintiffs

Debtors collected files for selected cases where GST paid significant settlements. Debtors' lawyers compared the exposure evidence provided by plaintiffs and their lawyers in these case files (from documents such as interrogatory responses, depositions and trial transcripts) to the evidence of exposure that Debtors obtained through ballots (in which law firms certified under penalty of perjury that voting claimants had exposure to products of bankrupts) and DCPF Trust data (which revealed trust claims in which claimants asserted exposure to products for which trusts are responsible). The comparison revealed a recurring pattern in high value mesothelioma cases pursuant to which Debtors asked plaintiffs and their attorneys during tort cases to identify all exposures to asbestos-containing products, but the plaintiffs and their attorneys failed to disclose numerous exposures to bankrupt products for which plaintiffs cast ballots or filed trust claims.

To explore the practices followed by plaintiffs' firms that resulted in this pattern of inconsistency, Debtors served subpoenas for Rule 30(b)(6) depositions on six law firms who represented plaintiffs in fifteen of the many cases in which Debtors identified exposure evidence omissions (the "Designated Plaintiffs"). The Rule 30(b)(6) topics included (1) the circumstances surrounding the litigation and disclosure of evidence in the fifteen cases, including what exposures were disclosed in the cases of Designated Plaintiffs, and what exposures underlay the Trust claims and ballots; (2) when the law firms discovered the exposure evidence (if any) underlying the Trust claims and ballots; and (3) whether the firms have a practice of delaying known Trust claims until after resolving cases with tort defendants.

The subpoenas also required the law firms to produce documents related to the Designated Plaintiffs, including (1) Trust claim forms submitted by Designated Plaintiffs and accompanying documents containing evidence of Designated Plaintiffs' exposures to bankrupt

companies' products; (2) ballots cast by, for, or on behalf of each of the Designated Plaintiffs; (3) Rule 2019 Statements containing the name of each of the Designated Plaintiffs; (4) any other document evidencing any Designated Plaintiff's exposures to any asbestos-containing product; (5) any document through which the law firm disclosed to Debtors evidence of any Designated Plaintiff's exposures to any asbestos-containing product; and (6) documents obtained from meetings open only to members of the plaintiffs' bar discussing the timing of filing trust claims in cases litigated in the tort system.

The Asbestos Committee and plaintiff firms moved for protective orders precluding production of documents and limiting the scope of topics for which testimony would be required. The Bankruptcy Court granted the motion with respect to the request for documents obtained from plaintiffs' bar meetings but denied the motion respecting other documents. Order Denying In Part And Granting In Part Motion By Official Committee Of Asbestos Personal Injury Claimants For Protective Order With Respect To Document Demands Included In Garlock's Subpoenas Duces ~~Tecum~~Tecum To Five Law Firms, Certain Firms' Joinders In Committee's Motion And Motion To Quash and For Protective Order Of Troy D. Chandler And Williams Kherkher Hart Boundas L.L.P., dated December 12, 2012 (Docket No. 2686).

The Designated Plaintiffs' law firms produced thousands of pages of documents responsive to the subpoenas and sat in the aggregate for numerous days of deposition testimony regarding the Rule 30(b)(6) subjects.

3.1.12 Estimation Trial and Order Estimating Aggregate Mesothelioma Liability

From July 22 to August 22, 2013, over seventeen trial days, the bankruptcy court conducted a trial pursuant to the Estimation Order to determine a reliable estimate of GST's present and future mesothelioma claims. That trial culminated in entry on January 10, 2014 of the 65-page Estimation Opinion concluding that the amount sufficient to satisfy Garlock's obligation for mesothelioma claims is \$125 million. *In re Garlock Sealing Technologies LLC, et al.*, 504 B.R. 71, 82 (Bankr. W.D.N.C. 2014)

The bankruptcy court previously concluded, based on agreement of the parties, that GST's liability for asbestos diseases other than mesothelioma (including lung cancer, other cancers, and asbestosis and other non-malignant diseases) was immaterial compared to its liability for mesothelioma claims.

During the estimation trial, Debtors, their parent corporation (Coltec Industries Inc.), the Asbestos Committee, and the Future Claimants Representative offered into evidence testimony of twenty-nine expert and fact witnesses, thousands of exhibits, and thousands of pages of designated deposition testimony. Estimation Opinion at 74. The witnesses included industrial hygienists, doctors, epidemiologists, economists, lawyers, a physicist, and asbestos litigation and claims experts.

Based on this extensive evidence, the Bankruptcy Court found that GST's asbestos-containing products resulted in relatively low exposure to asbestos to a limited population and that its aggregate legal responsibility for causing mesothelioma is relatively *de minimus*. *Id.* at

73. The Bankruptcy Court concluded that the best approach for estimating GST's aggregate liability was through the legal liability model offered by Debtors and their experts which takes into consideration the compensatory damages award an average claimant against GST might receive against all defendants, GST's potential share of such an award after taking into account the numerous other companies that were responsible for mesothelioma claimants' injuries, the likelihood of such claimant's prevailing in trial against GST, and a projection of the numbers of present and future claimants who would claim exposure to GST's products and seek a recovery from GST. *Id.* at 94-97.

The Bankruptcy Court also found that GST, with the assistance of its experts and through Debtors' comprehensive pre-trial discovery, had constructed the most extensive asbestos claims database in history, that provided reliable evidence for the Debtors' experts to project Garlock's aggregate mesothelioma liability under the legal liability model at \$125 million. *Id.*

The Asbestos Committee and Future Claimants' Representative offered opinions from each of their experts estimating that GST's aggregate liability for mesothelioma claims exceeded \$1 billion. Each applied a settlement methodology. Under this approach, their experts extrapolated GST's history of settling mesothelioma claims immediately prior to the chapter 11 petitions 40 years into the future. The Bankruptcy Court, however, concluded that their estimation opinions were "fatally flawed and of no value to [the estimation proceeding]," *id.* at 95, because GST settled most claims to avoid defense costs, not liability, and because many plaintiffs' firms and their claimants routinely inflated GST's settlements by withholding evidence of their exposures to other asbestos products.

On the first point, the Bankruptcy Court concluded that "[t]he claims resolution may be an appropriate measure only if it reliably reflects the debtors' liability, and here it does not." *Id.* at 73. Instead, "Garlock's settlement data represents in significant part cost avoidance rather than its liability." *Id.*

Explaining the impact of concealment of evidence on Garlock's mesothelioma claims resolution history, the Bankruptcy Court found, among other things, that:

- "As the focus of plaintiffs' attention turned more to Garlock as a remaining solvent defendant, evidence of plaintiffs' exposure to other asbestos products often disappeared. Certain plaintiffs' law firms used this control over the evidence to drive up the settlements demanded of Garlock." *Id.* at 73.
- "Garlock's evidence at the present hearing demonstrated that the last ten years of its participation in the tort system was infected by the manipulation of exposure evidence by plaintiffs and their lawyers." *Id.* at 82.
- "Most significant to Garlock, though, was the fact that often the evidence of exposure to those insulation companies' products also 'disappeared.' This occurrence was a result of the effort by some plaintiffs and their lawyers to withhold evidence of exposure to other asbestos products and to delay filing claims against bankrupt defendants' asbestos trusts until after obtaining recoveries from

Garlock (and other viable defendants). Garlock presented substantial evidence of this practice and a few examples will demonstrate the pattern” *Id.* at 84.

- Each of the examples offered by Debtors “contains . . . demonstrable misrepresentation” and “the pattern exposed in those cases appears to have been sufficiently widespread to have a significant impact on Garlock’s settlement practices and results.” *Id.* at 85.
- Finally, “[t]he withholding of exposure evidence by plaintiffs and their lawyers was significant and had the effect of unfairly inflating the recoveries against Garlock from 2000 through 2010. The court makes no determination of the propriety of that practice. The only thing that is important for this proceeding is that the practice was sufficiently widespread to render Garlock’s settlements unreliable as a predictor of its true liability.” *Id.* at 86-87.

3.1.13 Asbestos Committee’s Motion to Reopen Estimation Record

On June 4, 2014, the Asbestos Committee moved the Bankruptcy Court to reopen the record of the estimation proceeding to permit the Committee to present supplemental evidence after taking additional discovery from the Debtors and then to seek modification of the Estimation Opinion based on additional evidence. (Docket Nos. 3725 and 3726) As grounds, the Committee alleged that it had found “new evidence” proving that Garlock had committed a “fraud upon the court” by violating the Bankruptcy Court’s orders to produce documents to the Committee and presenting “false testimony” during the estimation trial. The “newly discovered evidence” came from the files of plaintiffs’ law firms who were on the Committee. The Committee later abandoned its charge that Garlock presented “false testimony.” The Debtors and Coltec objected. (Docket Nos. 3725 and 3726) On December 4, 2014, the Bankruptcy Court denied the Committee’s motion, finding that the Debtors engaged in no misconduct, that no failure of justice had occurred, and that to the extent that the Committee had discovered any new evidence, it was not only immaterial but available to the Committee prior to the estimation trial. (Dkt. Nos. 4260 and 4274; 12/4/2014 transcript)

3.1.14 Post-Petition Business Operations Motions

The Debtors have filed, and the Bankruptcy Court has granted, a number of motions seeking approval of the Bankruptcy Court for certain business-related transactions including, without limitation: (a) establishment of a cost-saving exit incentive plan for certain GST employees (Docket Nos. 1391, 1439); (b) approval of an acquisition of a new product line by GST (Docket No. 1416, 1427); (c) approval of a settlement agreements with several of the Debtors’ insolvent insurers (Docket Nos. 641, 773 (Integrity Insurance Company in Liquidation); 2692, 2727 (Brittany Insurance Co.); and 3375, 3947 (Folksam International Insurance Company (UK) Limited)); (d) sale of the Debtors’ inactive plant in Sodus, New York (Docket Nos. 3144, 3177); and (e) a one-time increase in funding for one of the Debtors’ pension plans (Docket Nos. 1762, 1835).

3.1.15 Asbestos Committee Discovery Regarding Pre-Petition Transactions

The December 9 Order authorized the Asbestos Committee and FCR to obtain discovery from the Debtors and their affiliates regarding certain pre-petition transactions with affiliates. The Debtors and the non-debtor affiliates have responded to multiple discovery requests and produced voluminous documents to the Asbestos Committee and FCR for review. The Asbestos Committee and FCR filed the Motion for Leave, seeking authorization of the Bankruptcy Court to bring claims against the Parent and certain Affiliates who are not Debtors related to the 2005 Corporate Restructurings and amendments to the Coltec Note and Stemco Note prior to the Petition Date. As described in greater detail in Section 2.3.5.3, above, the Court denied the Motion for Leave, without prejudice, and authorized the Debtors, the Parent and certain non-Debtor Affiliates, and the Former Managers to enter into the Initial Tolling Agreements. Subsequently, the Debtors, the Parent and certain non-Debtor Affiliates, the Former Managers, the Asbestos Committee and the FCR have entered into several consent orders further extending the period of the effectiveness of the Initial Tolling Agreements, and imposing limitations on further discovery related to the Tolled Claims. On May 15, 2014, the Debtors filed a motion seeking authority to enter into Amended and Restated Tolling Agreements with the Parent and certain non-Debtor Affiliates and the Former Managers (Docket No. 3660), which would extend the tolling period for the Tolled Claims up to June 1, 2015 and requesting continuation of the limitations on discovery embodied in prior consent orders.

3.1.16 The Debtors' First Plan of Reorganization

On November 28, 2011, the Debtors filed the Joint Plan of Reorganization (Docket No. 1664), as well as the Disclosure Statement for Debtors' Joint Plan of Reorganization (Docket No. 1666) (the "First Disclosure Statement") and the Exhibit Book related to the Debtors' Joint Plan of Reorganization (Docket No. 1665). The Debtors filed a Supplemental Exhibit Book on December 16, 2011 (Docket No. 1722). The Asbestos Committee and FCR each filed objections to approval of the First Disclosure Statement (Docket Nos. 1806 and 1808), to which the Debtors responded (Docket No. 1823). The Court did not hold a hearing on approval of the First Disclosure Statement.

3.1.17 The Debtors' First Amended Plan of Reorganization

On May 29, 2014, the Debtors filed the Debtors' First Amended Plan of Reorganization (Docket No. 3708), as well as the Disclosure Statement for Debtors' First Amended Plan of Reorganization (Docket No. 3710) (the "Second Disclosure Statement") and the Exhibit Book related to the Debtors' Joint Plan of Reorganization (Docket No. 3709). The Asbestos Committee filed objections to approval of the Second Disclosure Statement (Docket Nos. 3961 and 4107), to which the Debtors responded (Docket No. 4094).

The First Amended Plan was substantially identical in structure to the Plan, providing asbestos claimants settlement and litigation options for resolution of their claims. A Settlement Facility with aggregate funding of \$245 million would be governed by claims resolution procedures that prescribed settlement offers to qualifying claimants based on defined, objective factors. The First Amended Plan also provided a litigation fund of \$30 million to fund expenses and judgments for asbestos claimants who chose to submit their claims to allowance litigation.

Under the First Amended Plan a claimant's election of the settlement option was irrevocable and any disputes would have been resolved by arbitration procedures to be developed by the Settlement Facility trustee. The Settlement Option offered expedited review for all claimants, but only claimants with pleural mesothelioma had access to individual review. In addition, while the value of settlement offers for pleural mesothelioma claims varied and could be as much as \$200,000, claimants alleging asbestos-caused peritoneal mesothelioma, lung cancer, laryngeal cancer, or asbestosis received a uniform offer of \$500. All claimants, regardless of type of alleged disease, could choose the Litigation Option and, if successful at trial, be paid in full.

The Court ~~has~~did not ~~held~~hold a hearing on approval of the ~~First~~Second Disclosure Statement.

3.1.18 Plan Negotiations and The Agreement with the Future Claimants' Representative

Following entry of the Estimation Opinion on January 10, 2014, Debtors met on numerous occasions with the FCR and the Committee to try to negotiate terms of a plan of reorganization that would be agreeable to both the FCR and the Committee. The negotiations failed to result in a consensual plan.

Although Debtors have long preferred a fully consensual plan, they also simultaneously and separately discussed with the FCR and Committee the terms of plans that would be agreeable to each. On January 9, 2015, Debtors and the FCR reached an agreement in principle on a plan that the FCR would support and vote for, resolving all asbestos claims. On January 13, 2015, Debtors and the FCR reached substantial agreement on the Plan and Plan Documents, which incorporate the agreement with the FCR.

Although the Plan retains the fundamental structure of the First Amended Plan, to support the Plan, the FCR required numerous changes. The Settlement Facility was increased from \$245 million to \$327.5 million. The FCR also demanded a "litigation guaranty" to backstop the First Amended Plan's proposed \$30 million litigation fund in the event that the costs of addressing litigation option claims materially exceeded projections. This resulted in the Contingent Litigation Fund Contributions which, although not expected to be necessary, would provide up to \$132 million in additional funding for resolution and payment of Litigation Option Claims.

The FCR also obtained numerous changes to the CRP including (1) giving claimants the flexibility to change their elections between the Settlement and Litigation Options, (2) permitting Settlement Option Claimants not qualifying for a settlement or who reject a settlement the right to exercise the Litigation Option; (3) increasing fixed settlement offers for claimants alleging lung cancer and laryngeal cancer, and allowing certain such claimants to obtain even higher payments under the evaluation criteria of Expedited Review and Individual Review, (4) simplifying the medical criteria, (5) refunding the filing fee to claimants who obtain an offer, (6) providing a category of Hardship Claims that could obtain earlier payment, (7) simplifying the GST Product Contact requirement, (8) decreasing the duration of GST Product Contact needed

for full credit in Expedited Review and Individual Review, and (9) giving the Trustee authority to take steps to ensure current and future claimants are treated as similarly as possible.

3.1.19 Solicitation Procedures and Asbestos Claims Bar Date

In connection with the First Amended Plan, Debtors on June 24, 2014 filed their Motion for Entry of Order Approving Solicitation and Confirmation Procedures and Schedule (Docket No. 3802) (the "Solicitation Procedures Motion"). On November 26, 2014, the FCR filed his Motion for an Asbestos Claims Bar Date and Related Relief (Docket No. 4247) (the "Asbestos Claims Bar Date Motion"). Both motions were heard on January 21, 2015, and on January 26, 2015, the Bankruptcy Court granted the Asbestos Claims Bar Date Motion and granted in part and denied in part the Solicitation Procedures Motion. These rulings are embodied in the Order Establishing Asbestos Claims Bar Date and Procedures for Solicitation (Docket No. _____) ("Asbestos Claims Bar Date and Solicitation Order"), which establishes a bar date for certain asbestos claims against GST and Garrison, and sets forth the procedures for solicitation and voting with respect to the Second Amended Plan. The Asbestos Claims Bar Date is described more particularly in the Notice of Asbestos Claims Bar Date enclosed with the Solicitation Package that includes this Disclosure Statement, and the solicitation and voting procedures are described in the enclosed Voting Procedures.

4. IMPORTANT BAR DATES AND DEADLINES

4.1 NON-ASBESTOS CLAIMS BAR DATE

On September 7, 2011, the Bankruptcy Court entered the Bar Date Order (Docket No. 1478) (the "Non-Asbestos Claims Bar Date Order"), which established the bar date for Non-Asbestos Claims as December 12, 2011. Pursuant to the Non-Asbestos Bar Date Order, **any Holder of a Non-Asbestos Claim that failed to file such a timely proof of Claim to the extent required by the Bar Date Order, applicable Bankruptcy Code sections or Bankruptcy Rules, or other orders of the Bankruptcy Court with the Bankruptcy Court on or before such time shall have their Claim be deemed a Disputed Claim against any of the Debtors or alternatively, shall be deemed to have such Claim as was listed in the Schedules of Assets and Liabilities, as may be amended, filed by a Debtor in the amount scheduled so long as the Claim was not scheduled as disputed, contingent or unliquidated. Pursuant to the terms of the Non-Asbestos Bar Date Order, the Plan and the Confirmation Order, any such Claim and the Holder thereof will be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim other than to seek to have such Claim determined to be an Allowed Claim in the Bankruptcy Court.**

4.2 ADMINISTRATIVE CLAIMS BAR DATE

All parties seeking payment of an Administrative Expense Claim that is not a Fee Claim must File with the Bankruptcy Court and serve upon the Debtors a request for payment of such Administrative Expense Claim prior to the applicable deadline set forth below; provided, however, that parties seeking payment of postpetition ordinary course trade obligations, postpetition payroll obligations incurred in the ordinary course of a Debtor's postpetition business, and amounts arising under agreements approved by the Bankruptcy Court or the Plan need not File such a request.

All Holders of Administrative Expense Claims that are not Fee Claims must File with the Bankruptcy Court and serve on the Debtors a request for payment of such Claim so as to be received on or before 4:00 p.m. (Eastern Time) on the date that is the first Business Day after the date that is **thirty (30) days after the Effective Date**, unless otherwise agreed to by the appropriate Debtor or Reorganized Debtor, without further approval by the Bankruptcy Court. **Failure to comply with these deadlines shall forever bar the holder of an Administrative Expense Claim from seeking payment thereof.**

Any Holder of an Administrative Expense Claim that is not a Fee Claim that does not assert such Claim in accordance with Section 5.3.1 of the Plan shall have its Claim deemed Disallowed under this Plan and be forever barred from asserting such Claim against any of the Reorganized Debtors, the Debtors, their Estates or their assets. Any such Claim and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process, or act to collect, offset, recoup or recover such Claim.

4.3 FEE CLAIM BAR DATE

All proofs or applications for payment of Fee Claims must be filed with the Bankruptcy Court and served in accordance with the Fee Order by the date that is the first Business Day after the date that is ninety (90) days after the Effective Date unless otherwise agreed to by the Debtors, without further approval by the Bankruptcy Court. Failure to comply with these deadlines shall forever bar the holder of a Fee Claim from seeking payment thereof.

Any Holder of a Fee Claim that does not assert such Claim in accordance with the Fee Order and Section 5.3.2 of the Plan shall have its Claim deemed Disallowed under the Plan and be forever barred from asserting such Claim against any of the Reorganized Debtors, the Debtors, their Estates, or their assets. Any such Claim and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process, or act to collect, offset, recoup or recover such Claim.

4.4 SETTLED GST ASBESTOS CLAIMS BAR DATE

On April 28, 2014, Debtors filed a Motion for an Order (A) Establishing a Bar Date for Filing Settled GST Asbestos Claims, (B) Approving the Proof of Claim Form and (C) Approving the Form of and Procedures for Notice to Settled GST Asbestos Claims (Docket No. 3590) (the "Settled Claims Bar Date Motion"). On July 9, 2014, the Court entered its Order on Debtors' Motion to Establish Bar Date for Settled Asbestos Claims and Related Relief, setting September 30, 2014 as the Settled Claims Bar Date.

On October 20, 2014, Debtors moved to disallow certain scheduled (Docket Nos. 4168-4171), disputed Settled GST Asbestos Claims because the Holders of such Settled GST Asbestos Claims failed to file proofs of claim by the Settled Claims Bar Date. On December 9, 2014, the Court entered orders disallowing such claims (Docket Nos. 4261-4264).

4.5 BAR DATE FOR ~~CURENT~~CURRENT GST ASBESTOS CLAIMS

On November 26, 2014, the FCR filed a Motion for an Asbestos Claims Bar Date and Related Relief (Docket No. 4247), seeking a bar date for manifested but unliquidated

asbestos personal injury claims. ~~[To be updated after January 21, 2015 hearing.]~~The Asbestos Claims Bar Date and Solicitation Order establishes a bar date for certain unresolved asbestos claims against Garlock and Garrison. Claimants should consult the enclosed Notice of Asbestos Claims Bar Date for further information about this bar date.

GST Asbestos Claimants are subject to the Asbestos Claims Bar Date if their Claim is based on an asbestos-related disease that was diagnosed on or before August 1, 2014, for which a lawsuit against any defendant or a claim against any asbestos trust was filed on or before August 1, 2014, excluding any Settled GST Asbestos Claim for which a proof of claim was filed on or before September 30, 2014. For avoidance of doubt, GST Asbestos Claims subject to the Asbestos Claims Bar Date include any Pre-Petition Judgment GST Asbestos Claim and any Settled GST Asbestos Claim seeking treatment as an unliquidated GST Asbestos Claim because a proof of claim was not filed for such Settled GST Asbestos Claim on or before the Settled Claims Bar Date, September 30, 2014. Please consult the Notice of Asbestos Claims Bar Date for information about how and where to submit a proof of claim.

5. SUMMARY OF THE PLAN

5.1 OVERVIEW OF THE PLAN

THE SUMMARY OF THE PLAN SET FORTH BELOW IS NOT A COMPLETE RECITATION OF THE TERMS OF THE PLAN. THE DESCRIPTIONS OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED FOR YOUR CONVENIENCE AND MAY DIFFER FROM THE TERMS OF THE PLAN. THE TERMS OF THE PLAN CONTROL.

A TRUE AND CORRECT COPY OF THE PLAN IS ATTACHED AS EXHIBIT A IN THE EXHIBIT BOOK. YOU ARE URGED TO READ THE PLAN AND THE EXHIBIT BOOK IN THEIR ENTIRETY SO THAT YOU MAY MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN.

5.2 CLASSIFICATION AND TREATMENT OF CLAIMS

5.2.1 Classified Claims

There are twelve (12) Classes of Claims and Interests under the Plan.

The non-asbestos related Classes of Claims and Interests include Priority Claims (Class 1), Secured Claims (Class 2), General Unsecured Claims (Class 7), Anchor Claims (Class 8), Intercompany Claims (Class 9), GST Equity Interests (Class 10), Garrison Equity Interests (Class 11) and Anchor Equity Interests (Class 12). Anchor Claims may include both asbestos-related and non-asbestos-related Claims against Anchor.

All Classes of Claims are unimpaired and therefore shall be deemed to have voted to accept the Plan.

Claims in Classes 1, 2, 7, and 9 are unimpaired because Holders of such Claims, if Allowed, shall be paid in full, in Cash, plus post-petition interest at the federal judgment rate or upon such other less favorable terms as may be mutually agreed upon between the Holders of such Claims and the Reorganized Debtors. Anchor Claims in Class 8 are also unimpaired, but Holders of such claims will receive nothing because Anchor, which has no material property, shall be liquidated and dissolved in accordance with the provisions of Article 14 of Chapter 55 of the North Carolina Business Corporation Act.

The asbestos-related Classes of Claims include Settled GST Asbestos Claims (Class 3), Current GST Asbestos Claims (Class 4), Future GST Asbestos Claims (Class 5), and Pre-Petition Judgment GST Asbestos Claims (Class 6). Claims in each of these Classes are unimpaired because Holders of such Claims, if Allowed, shall be paid in full, in Cash, pursuant to the Plan, CRP, and CMO, as applicable, and the Plan does not alter the legal, equitable, or contractual rights of Holders of Claims in any such Class. Nevertheless, the votes of Holders of Claims in each of these Classes (as well as the votes of Holders of Claims in Classes 7) will be solicited in the event the Court determines that Claims in any such Class are impaired or the Court determines votes are otherwise relevant to confirmation of the Plan.

Equity Interests in Classes 10 and 11 will be extinguished and those are impaired. The Equity Interest in Class 12 will be retained and is unimpaired.

5.2.1.1 Class 1. Priority Claims

Class 1 consists of all Priority Claims. Each Holder of an Allowed Priority Claim shall be paid the Allowed Amount of its Allowed Priority Claim either (i) in full, in Cash, on the Distribution Date, or (ii) upon such other less favorable terms as may be mutually agreed upon between the Holder of an Allowed Priority Claim and the Reorganized Debtors. Class 1 is unimpaired. The Holders of the Allowed Priority Claims in Class 1 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.1.2 Class 2. Secured Claims

Class 2 consists of all Secured Claims. Each Holder of an Allowed Secured Claim shall be paid the Allowed Amount of its Allowed Secured Claim as follows:

(a) Non-Tax Secured Claim. Subject to the provisions of Bankruptcy Code §§ 502(b) and 506(d) and the terms herein, each Holder of an Allowed Class 2 Claim shall, at the option of the Reorganized Debtors, receive treatment according to the following alternatives: (i) the Plan will leave unaltered the legal, equitable and contractual rights to which the Holder of such Claim is entitled, (ii) the Reorganized Debtors shall pay the Allowed Claim in full on the Effective Date or as soon thereafter as reasonably practicable; or (iii) the Reorganized Debtors shall provide such other treatment as is agreed to in writing between the Debtors or the Reorganized Debtors and the Holders of such Allowed Secured Claim.

(b) Secured Tax Claim. Except to the extent that a Holder of an Allowed Secured Tax Claim agrees to a different treatment, each Holder of an Allowed Secured Tax Claim shall receive paid 100% of the unpaid amount of such Allowed Secured Tax Claim in Cash by the Debtors or Reorganized Debtors on the Distribution Date.

Class 2 is unimpaired. The Holders of the Allowed Secured Claims in Class 2 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.1.3 Class 3. Settled GST Asbestos Claims

Class 3 consists of all Settled GST Asbestos Claims. Each Allowed Settled GST Asbestos Claim shall be paid the Allowed Amount of such Claimant's Settled GST Asbestos Claim on the Distribution Date. Such payment shall be (i) in full, in Cash, plus post-petition interest at the federal judgment rate in effect on the Petition Date, or (ii) upon such other less favorable terms as may be mutually agreed upon between the Holder of an Allowed Settled GST Asbestos Claim and the Reorganized Debtors.

Settled GST Asbestos Claimants whose Claims are Disallowed as not settled shall nonetheless continue to hold Current GST Asbestos Claims and may elect the Settlement Option or Litigation Option.

Settled GST Asbestos Claimants whose Claims are Disallowed as not settled shall be discharged and subject to the Discharge Injunction described in section 8.1 of the Plan and may not under any circumstance assert their Claims against the Reorganized Debtors.

Pursuant to the Parent Settlement, Settled GST Asbestos Claims that are Disallowed as not settled shall be subject to the Parent Settlement Enforcement Injunction described in section 8.2 of the Plan and may not under any circumstances assert Released Claims against any Released Parties.

Debtors contend that Class 3 is unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 3 Claimants are nevertheless being solicited in the event the Court determines that Class 3 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.

5.2.1.4 Class 4. Current GST Asbestos Claims

Class 4 consists of all Current GST Asbestos Claims.

All Current GST Asbestos Claimants shall have the option to elect the Settlement Option or the Litigation Option.

To be eligible for the Settlement Option, all Related Current GST Asbestos Claims must elect the Settlement Option. If any Current GST Asbestos Claimant elects the Litigation Option, all Related Claimants will be deemed to have elected the Litigation Option.

Current GST Asbestos Claimants who elect the Settlement Option shall have their Claims processed by the Settlement Facility in accordance with the terms, provisions, and procedures of the CRP, which describe in full detail the criteria for qualifying for payment. If Allowed through the Settlement Option, the Claim shall be paid in full, in Cash pursuant to the terms of the CRP. The Current GST Asbestos Claimant must also execute a Settlement Option Release in form and substance acceptable to the Settlement Facility prior to payment by the Settlement Facility.

Current GST Asbestos Claimants whose Claims are based on non-malignant conditions will not be required or deemed to release any GST Asbestos Claim based on allegedly asbestos-related cancer, and will retain the ability to assert such Claims under the Settlement Option or Litigation Option.

Any Current GST Asbestos Claimant who elects the Settlement Option (including any Claimant who does not receive a settlement offer under the CRP or is dissatisfied with such offer) may rescind such election and elect the Litigation Option by Filing a Proof of Claim in the form of Official Form No. 10 on the docket of *In re Garlock Sealing Technologies LLC*, No. 10-31607 (Bankr. W.D.N.C.).

Current GST Asbestos Claimants who elect the Litigation Option shall retain their rights to seek allowance of their Claims through litigation, and will proceed to allowance litigation under the terms of the CMO. The CMO preserves all such Claimants' rights in allowance litigation under the Bankruptcy Code. Their Claims, if Allowed, shall be paid in full, in Cash. If their Claims are Disallowed, they shall not receive any payment.

The Settlement Facility will pay any Litigation Option Expenditures first, up to the CRP Value, and Reorganized Garrison will then pay from the Litigation Fund any Litigation Option Expenditures in excess of the CRP Value.

Any Current GST Asbestos Claimant who elects the Litigation Option may rescind such election at any time by filing a Claim Form (as defined in the CRP) with the Settlement Facility pursuant to the CRP and providing written notice and a copy of the completed Claim Form to Reorganized Garrison. Any settlement offer will be made by the Settlement Facility pursuant to the CRP and will be reduced by the amount of Litigation Expenses incurred by Reorganized Garrison prior to the date the Claimant provides written notice of filing of a Claim Form to Reorganized Garrison. Reorganized Garrison's authority to settle any Litigation Option Claim shall be limited to the CRP Value less Litigation Expenses prior to the date of any settlement, and Reorganized Garrison shall not be obligated to offer the Litigation Option Claimant any settlement. If Reorganized Garrison makes, and the Litigation Option Claimant accepts, any settlement, the Settlement Facility will pay the settlement to the Claimant after paying Litigation Expenses incurred before the date of settlement, with the Settlement Facility's aggregate responsibility not to exceed the CRP Value.

Any settlement offer by Reorganized Garrison shall be in the form of an offer of judgment under Federal Rule of Civil Procedure 68 and Federal Rule of Bankruptcy Procedure 7068. If any judgment the Current GST Asbestos Claimant obtains under the Litigation Option is not more favorable than the unaccepted offer, the Current GST Asbestos Claimant must, consistent with Rule 68(d), pay the costs incurred by Reorganized Garrison after the offer was made. If the Current GST Asbestos Claimant elects the Litigation Option after rejecting a settlement offer made by the Settlement Facility under these CRP, Reorganized Garrison shall make an offer of judgment in the amount of the Settlement Facility's settlement offer.

Current GST Asbestos Claims shall be discharged and subject to the Discharge Injunction described in section 8.1 of the Plan and may not under any circumstance assert their Claims against the Reorganized Debtors.

Pursuant to the Parent Settlement, Current GST Asbestos Claimants shall be subject to the Parent Settlement Enforcement Injunction described in section 8.2 of the Plan and may not under any circumstances assert Released Claims against any Released Parties.

Debtors contend that Class 4 is unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 4 Claimants are nevertheless being solicited, in the event the Court determines that Class 4 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.

5.2.1.5 Class 5. Future GST Asbestos Claims

Class 5 consists of all Future GST Asbestos Claims.

All Future GST Asbestos Claimants shall have the option to elect the Settlement Option or the Litigation Option.

To be eligible for the Settlement Option, all Related Future GST Asbestos Claims must elect the Settlement Option. If any Future GST Asbestos Claimant elects the Litigation Option, all Related Claimants will be deemed to have elected the Litigation Option.

Future GST Asbestos Claimants who elect the Settlement Option shall have their Claims processed by the Settlement Facility in accordance with the terms, provisions, and procedures of the CRP, which describe in full detail the criteria for qualifying for payment. If Allowed through the Settlement Option, the Claim shall be paid in full, in Cash pursuant to the terms of the CRP. The Future GST Asbestos Claimant must also execute a Settlement Option Release in form and substance acceptable to the Settlement Facility prior to payment by the Settlement Facility. Future GST Asbestos Claimants whose Claims are based on non-malignant conditions will not be required or deemed to release any GST Asbestos Claim based on allegedly asbestos-related cancer, and will retain the ability to assert such Claims under the Settlement Option or Litigation Option.

Any Future GST Asbestos Claimant who elects the Settlement Option (including any Claimant who does not receive a settlement offer under the CRP or is dissatisfied with such offer) may rescind such election and elect the Litigation Option by Filing a Proof of Claim in the form of Official Form No. 10 on the docket of *In re Garlock Sealing Technologies LLC*, No. 10-31607 (Bankr. W.D.N.C.).

Future GST Asbestos Claimants who elect the Litigation Option shall retain their rights to seek allowance of their Claims through litigation, and will proceed to allowance litigation under the terms of the CMO. The CMO preserves all such Claimants' rights in allowance litigation under the Bankruptcy Code. Their Claims, if Allowed, shall be paid in full, in Cash. If their Claims are Disallowed, they shall not receive any payment.

The Settlement Facility will pay any Litigation Option Expenditures first up to the CRP Value, and Reorganized Garrison will then pay from the Litigation Fund any Litigation Option Expenditures in excess of the CRP Value.

Any Future GST Asbestos Claimant who elects the Litigation Option may rescind such election at any time by filing a Claim Form (as defined in the CRP) with the Settlement Facility and providing written notice and a copy of the completed Claim Form to Reorganized Garrison. Any settlement offer made by the Settlement Facility pursuant to the CRP will be reduced by the amount of Litigation Expenses incurred by Reorganized Garrison prior to the date the Claimant provides written notice of filing of a Claim Form to Reorganized Garrison. Reorganized Garrison's authority to settle any Litigation Option Claim shall be limited to the CRP Value less Litigation Expenses prior to the date of any settlement, and Reorganized Garrison shall not be obligated to offer the Litigation Option Claimant any settlement. If Reorganized Garrison makes, and the Litigation Option Claimant accepts, any settlement, the Settlement Facility will pay the settlement to the Claimant after paying Litigation Expenses incurred before the date of settlement, with the Settlement Facility's aggregate responsibility not to exceed the CRP Value.

Any settlement offer by Reorganized Garrison shall be in the form of an offer of judgment under Federal Rule of Civil Procedure 68 and Federal Rule of Bankruptcy Procedure 7068. If any judgment the Current GST Asbestos Claimant obtains under the Litigation Option is not more favorable than the unaccepted offer, the Current GST Asbestos Claimant must, consistent with Rule 68(d), pay the costs incurred by Reorganized Garrison after the offer was made. If the Current GST Asbestos Claimant elects the Litigation Option after rejecting a settlement offer made by the Settlement Facility under these CRP, Reorganized Garrison shall make an offer of judgment in the amount of the Settlement Facility's settlement offer.

Future GST Asbestos Claims shall be discharged and subject to the Discharge Injunction described in section 8.1 of the Plan and may not under any circumstance assert their Claims against the Reorganized Debtors.

Pursuant to the Parent Settlement, Future GST Asbestos Claimants shall be subject to the Parent Settlement Enforcement Injunction described in section 8.2 of the Plan and may not under any circumstances assert Released Claims against any Released Parties.

Debtors contend that Class 5 is unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 5 Claimants are nevertheless being solicited, through the FCR, in the event the Court determines that Class 5 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.

5.2.1.6 Class 6. Pre-Petition Judgment GST Asbestos Claims

Class 6 consists of all Pre-Petition Judgment GST Asbestos Claims.

All Pre-Petition Judgment GST Asbestos Claimants shall in the first instance have the option to elect the Settlement Option or instead litigate to conclusion the pending appeals of their judgments against one or more Debtors.

If such a Claimant chooses to litigate the pending appeal of a judgment to conclusion, and the judgment is affirmed on appeal, the judgment will be paid in full, plus post-petition interest at the rate applicable to judgments in the jurisdiction in which the judgment was obtained, as of the Petition Date, with the Settlement Facility paying any judgment and Litigation Expenses as incurred up to the CRP Value, then Reorganized Garrison paying any additional amount from the

Litigation Fund. If the judgment is reversed by the appellate court and judgment entered in favor of Reorganized GST, the Claim will be Disallowed, with the Settlement Facility paying any Litigation Expenses incurred after the Effective Date up to the value of the CRP Value and Reorganized Garrison then paying any further Litigation Expenses from the Litigation Fund. If a judgment is reversed and such Claim is not Disallowed as a result of such reversal (for example, if the Claim is remanded for new trial), the Claimant will be treated like any other Current GST Asbestos Claimant, with the option of electing the Settlement Option or the Litigation Option (the latter pursuant to the CMO).

To be eligible for the Settlement Option, all Pre-Petition Judgment GST Asbestos Claims that are Related to the Pre-Petition Judgment GST Asbestos Claim must also elect the Settlement Option. Conversely, so long as any Pre-Petition Judgment GST Asbestos Claimant elects to litigate appeals to conclusion or (after reversal on appeal that does not result in Disallowance) the Litigation Option, all Related Claimants will be deemed to have elected to litigate appeals to conclusion or, if applicable, the Litigation Option.

Pre-Petition Judgment GST Asbestos Claimants who elect the Settlement Option (either in lieu of litigating appeals of a judgment to conclusion, or after reversal of any judgment on appeal that does not result in Disallowance) shall have their Claims processed by the Settlement Facility in accordance with the terms, provisions, and procedures of the CRP, which describe in full detail the criteria for qualifying for payment. If Allowed under the CRP, the Claim shall be paid in full, in Cash, by the Settlement Facility pursuant to the terms of the CRP. To receive payment, the Pre-Petition Judgment GST Asbestos Claimant must also provide a Settlement Option Release in form and substance acceptable to the Settlement Facility. Any Pre-Petition Judgment GST Asbestos Claimant who elects the Settlement Option (including any Pre-Petition Judgment GST Asbestos Claimant who does not receive a settlement offer under the CRP or is dissatisfied with such offer) may rescind such election and elect the Litigation Option by Filing a Proof of Claim pursuant to the CMO and serving it on the Settlement Facility.

Pre-Petition Judgment GST Asbestos Claimants who elect the Litigation Option after reversal of any judgment on appeal that does not result in Disallowance shall retain their rights to seek allowance of their Claims through litigation, and will proceed to allowance litigation under the terms of the CMO. The CMO preserves all such Claimants' rights in allowance litigation under the Bankruptcy Code. Litigation Option Claims, if Allowed, shall be paid in full, in Cash, and if Disallowed, shall receive no distribution. The Settlement Facility will pay any Litigation Option Expenditures up to the CRP Value, and Reorganized Garrison will then pay from the Litigation Fund any Litigation Option Expenditures in excess of the CRP Value.

Any Pre-Petition Judgment GST Asbestos Claimant who elects the Litigation Option may rescind such election at any time by filing a Claim Form (as defined in the CRP) with the Settlement Facility and providing written notice and a copy of the completed Claim Form to Reorganized Garrison. Any settlement offer made by the Settlement Facility pursuant to the CRP will be reduced by the amount of Litigation Expenses incurred by Reorganized Garrison prior to the date the Claimant provides written notice of filing of a Claim Form to Reorganized Garrison. Reorganized Garrison's authority to settle any Litigation Option Claim shall be limited to the CRP Value less Litigation Expenses prior to the date of any settlement, and Reorganized Garrison shall not be obligated to offer the Litigation Option Claimant any settlement. If

Reorganized Garrison makes, and the Litigation Option Claimant accepts, any settlement, the Settlement Facility will pay the settlement to the Claimant after paying Litigation Expenses incurred before the date of settlement, with the Settlement Facility's aggregate responsibility not to exceed the CRP Value.

Pre-Petition Judgment GST Asbestos Claims shall be discharged and subject to the Discharge Injunction described in section 8.1 of the Plan and may not under any circumstance assert their Claims against the Reorganized Debtors.

Pursuant to the Parent Settlement, Pre-Petition Judgment GST Asbestos Claimants shall be subject to the Parent Settlement Enforcement Injunction described in section 8.2 of the Plan and may not under any circumstances assert Released Claims against any Released Parties.

Debtors contend that Class 6 is unimpaired and should be deemed to have voted to accept the Plan. The votes of Class 6 Claimants are nevertheless being solicited in the event the Court determines that Class 6 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.

5.2.1.7 Class 7. General Unsecured Claims

Class 7 consists of all General Unsecured Claims. Each Holder of an Allowed Class 7 Claim shall be paid the Allowed Amount of its General Unsecured Claim on the Distribution Date. Such payment shall be (i) in full, in Cash, plus post-petition interest at the federal judgment rate in effect on the Petition Date, or (ii) upon such other less favorable terms as may be mutually agreed upon between the Holder of an Allowed General Unsecured Claim and the Reorganized Debtors.

Class 7 is unimpaired. Holders of the Allowed General Unsecured Claims in Class 7 are deemed to have voted to accept the Plan. Class 7 Claimants are nevertheless being solicited in the event the Court determines that Class 7 Claims are impaired or the Court determines the votes are otherwise relevant to confirmation of the Plan.

5.2.1.8 Class 8. Anchor Claims

Class 8 consists of all Anchor Claims. Each Holder of an Allowed Anchor Claim shall be entitled to assert such Claim against Anchor in accordance with the provisions of Article 14 of Chapter 55 of the North Carolina Business Corporation Act. However, Holders of Anchor Claims will receive nothing because Anchor, which has no material property, shall be liquidated and dissolved.

Class 8 is unimpaired. Holders of Allowed Anchor Claims in Class 8 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.1.9 Class 9. Intercompany Claims

Class 9 consists of all Intercompany Claims. On the Effective Date, all Intercompany Claims between and among the Debtors shall be preserved by this Plan.

Class 9 is unimpaired. Holders of the Intercompany Claims in Class 9 are deemed to have voted to accept the Plan and, accordingly, their separate vote will not be solicited.

5.2.1.10 Class 10. GST Equity Interests

Class 10 consists of the GST Equity Interests, 100% of which are held by the Parent.

On the Effective Date, Class 10 GST Equity Interests as a result of transactions and agreements between the Parent and the Debtors will be canceled and new equity interests will be distributed to a newly formed subsidiary of EnPro Industries, Inc.

Class 10 is impaired. Debtors are soliciting the vote of the Parent to accept or reject the Plan in the manner and to the extent provided in the ~~Confirmation Procedures~~[Asbestos Claims Bar Date and Solicitation](#) Order.

5.2.1.11 Class 11. Garrison Equity Interests

Class 11 consists of Garrison Equity Interests, 100% of which are held by the Parent.

On the Effective Date, Class 11 Garrison Equity Interests as a result of transactions and agreements between the Parent and the Debtors will be canceled and new equity interests will be distributed to a newly formed subsidiary of EnPro Industries, Inc.

Class 11 is impaired. Debtors are soliciting the vote of the Parent to accept or reject the Plan in the manner and to the extent provided in the ~~Confirmation Procedures~~[Asbestos Claims Bar Date and Solicitation](#) Order.

5.2.1.12 Class 12. Anchor Equity Interest

Class 12 consists of the Anchor Equity Interest. On the Effective Date, Garrison shall retain the Anchor Equity Interest.

Class 12 is unimpaired. The Holder of the Class 12 Anchor Equity Interest is a Plan Proponent and is deemed to accept the Plan.

5.2.2 Elective Options for Holders of GST Asbestos Claims

5.2.2.1 Settlement Option

If a GST Asbestos Claimant in Classes 4, 5, or 6 elects the Settlement Option, such Claimant may rescind such election and elect the Litigation Option by Filing a Proof of Claim pursuant to the CMO and serving it on the Settlement Facility (or filing a Notice of Election of Litigation Option if the claimant already filed a Proof of Claim in response to the Asbestos Claims Bar Date).

5.2.2.2 Litigation Option

If a GST Asbestos Claimant in Classes 4, 5, or 6 elects, or is deemed to elect, the Litigation Option such Claimant may rescind such election at any time by filing a Claim Form

with the Settlement Facility, paying a filing fee, and providing written notice and a copy of the completed Claim Form to Reorganized Garrison.

5.2.3 Modification or Withdrawal of the Plan

Article 3 of the Plan sets forth the Plan Proponents' right to modify, amend or withdraw the Plan or the Plan Documents and the effect of any such withdrawal, which is to deem the Plan null and void. The Debtors have the right to withdraw the Plan at any time prior to the Confirmation Date with the consent of the FCR. In addition, following entry of an order on Debtors' Motion For Entry of Order Approving Solicitation and Confirmation Procedures and Schedule (Dkt. No. 3802), the FCR's Motion for Asbestos Claims Bar Date and Related Relief (Dkt. No. 4247) and the Disclosure Statement Order, if Debtors reach agreement on the terms of a plan of reorganization with the Asbestos Committee that the Debtors believe, in good faith, provides for the fair and equal treatment of Future GST Asbestos Claims, Debtors may withdraw the Plan after ten (10) days' written notice to the FCR.

5.2.4 Provisions for Payment of Administrative Expense Claims and Priority Tax Claims

Article 4 of the Plan deals with unclassified Claims. In accordance with Bankruptcy Code § 1123(a)(1), Administrative Expense Claims and Priority Tax Claims are not classified and are excluded from the Classes set forth in Article 2 of the Plan. These Claims are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code or upon such other less favorable terms as may be mutually agreed upon between the Holder of such unclassified Claim and the Reorganized Debtors or otherwise established pursuant to an order of the Bankruptcy Court.

The Debtors will be in a position to estimate the total of all Allowed Administrative Expense Claims on the Effective Date after the passage of the Administrative Claims Bar Date. The Debtors estimate the total of all Allowed Priority Tax Claims on the Effective Date to be approximately one hundred fifty thousand dollars (\$150,000).

5.2.5 Resolution of Disputed Claims

Article 5 of the Plan sets forth provisions for treatment of Disputed Claims.

Prior to the Effective Date, the Debtors or Reorganized Debtors, as applicable, the Bankruptcy Administrator and any other party-in-interest may object to the allowance of any Administrative Expense Claim, Priority Tax Claim, Class 1 Priority Claim, Class 2 Secured Claim, Class 3 Settled GST Asbestos Claim, or Class 7 General Unsecured Claim Filed with the Bankruptcy Court or to be otherwise resolved by the Debtors or Reorganized Debtors pursuant to any provisions of this Plan with respect to which they dispute liability, in whole or in part. The Debtors' pending objections to any Claims other than Settlement Option Claims and Litigation Option Claims shall be transferred to the Reorganized Debtors for final resolution.

All objections that are Filed and prosecuted by the Reorganized Debtors as provided herein (excluding objections to Settlement Option Claims and Litigation Option Claims) may be:
(i) compromised and settled in accordance with the business judgment of the Reorganized

Debtors without approval of the Bankruptcy Court or (ii) litigated to Final Order by the Reorganized Debtors. After the Effective Date, only the Reorganized Debtors shall be permitted to prosecute objections to Claims. Unless otherwise provided herein or ordered by the Bankruptcy Court, all objections by the Reorganized Debtors to Claims (excluding Settlement Option Claims and Litigation Option Claims) shall be served and Filed no later than six (6) months after the Effective Date, subject to any extensions granted pursuant to a further order of the Bankruptcy Court with respect to any Claims filed after the Effective Date. Such further order may be obtained by the Reorganized Debtors without a hearing or notice. The Debtors reserve the right to designate, upon notice to the Holders of such Claim, any Claim as a Disputed Claim on or before the Confirmation Date.

To the extent that the Court enters an alternative dispute resolution order which contemplates that an order shall survive confirmation of this Plan, such order shall be controlling.

All Current GST Asbestos Claims (Class 4), Future GST Asbestos Claims (Class 5), and Pre-Petition Judgment GST Asbestos Claims (Class 6) shall be regarded as disputed, contingent, and unliquidated. Pursuant to the CRP, the Settlement Facility will be deemed to object to any Settlement Option Claims, and pursuant to the CMO, Reorganized Garrison will be deemed to object to any Litigation Option Claims.

The Allowed Amount of a GST Asbestos Claim whose Holder selects the Settlement Option will be determined pursuant to the procedures set forth in the CRP. The Allowed Amount of a GST Asbestos Claim whose Holder selects the Litigation Option will be determined through allowance proceedings governed by the procedures set forth in the CMO.

5.2.5.1 Making of Elections by GST Asbestos Claimants

Holders of GST Asbestos Claims in Class 4 (Current GST Asbestos Claims), Class 5 (Future GST Asbestos Claims), and Class 6 (Pre-Petition Judgment GST Asbestos Claims) shall select the Settlement Option by serving an executed Election Form pursuant to the terms of the CRP on the Settlement Facility and Reorganized Garrison, or shall elect the Litigation Option by filing a Proof of Claim in the form of Official Form No. 10 on the docket of In re Garlock Sealing Technologies LLC, No. 10-31607 (Bankr. W.D.N.C.) (or filing a Notice of Election of Litigation Option if the claimant already filed a Proof of Claim in response to the Asbestos Claims Bar Date).

5.2.6 Objections to Non-Asbestos Claims and Settled GST Asbestos Claims; Prosecution of Disputed Claims

Section 5.1 of the Plan sets forth the rights of the Debtors, Reorganized Debtors, Bankruptcy Administrator or any other party-in-interest to object to the allowance of any Administrative Expense Claim, Priority Tax Claim, Class 1 Priority Claim, Class 2 Secured Claim, Class 3 Settled GST Asbestos Claim, or Class 7 General Unsecured Claim. It also describes how such objections may be resolved.

5.2.7 Amendments to Claims.

After the Confirmation Date, no Claim (other than GST Asbestos Claims in Classes 4, 5, and 6) may be filed or amended to increase the amount or assert a lien or priority demanded unless otherwise provided by the Bankruptcy Court. Unless otherwise provided in the Plan, any new or amended Claim filed after the Confirmation Date shall be disregarded and deemed Disallowed in full and expunged without need for objection, unless the Holder of such Claim has obtained prior Bankruptcy Court authorization for the filing.

5.2.8 Distribution on Account of Disputed Claims

Section 5.2 of the Plan describes how and under what circumstances Distributions shall be made to Holders of Disputed Claims. Disputed Claims shall be resolved in the manner described in Section 5.1 of the Plan and paid only when and to the extent that such Claims become Allowed.

5.3 IMPLEMENTATION OF THE PLAN

5.3.1 Vesting of Assets

Section 7.1 of the Plan describes the vesting of the assets and property of the Debtors in the appropriate Reorganized Debtors, which assets and property shall be free and clear of all Claims, liens, and interests except as otherwise specifically provided in the Plan and/or the Confirmation Order.

From and after the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire, sell and otherwise dispose of property without supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the guidelines and requirements of the Bankruptcy Administrator, other than those restrictions expressly imposed by the Plan or the Confirmation Order; provided, however, that nothing in the Plan restricts the right of the Reorganized Debtors to seek Bankruptcy Court approval for the sale, assignment, transfer, or other disposal of certain of the Reorganized Debtors' assets after the Confirmation Date in the event that such Court approval is deemed to be beneficial or advisable.

5.3.2 Post-Confirmation Management and Corporate Governance Issues

Section 7.2 of the Plan provides that the Certificates of Incorporation and By-Laws of the Debtors shall be amended as of the Effective Date as needed to, among other things: (i) prohibit the issuance of nonvoting equity securities as required by Bankruptcy Code § 1123(a)(6), and subject to further amendment as permitted by applicable law, (ii) as to any classes of securities possessing voting power, provide for an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in payment of such dividends, and (iii) effectuate any other provisions of the Plan.

Section 7.2 also describes requirement for the Reorganized Debtors to maintain D&O and fiduciary liability tail coverage.

5.3.2.1 Management

Section 7.10 of the Plan describes the management of Reorganized GST and Reorganized Garrison on and after the Effective Date. Key members of current management are expected to continue to be employed by the Reorganized Debtors.

5.3.3 The ~~GST~~ Settlement Facility

Section 7.3 of the Plan provides generally for the creation and funding of the Settlement Facility, the transfer of the Settlement Facility Contributions, the Settled GST Asbestos Claims Surplus (if any), and Parent Contribution to the Settlement Facility to fund Settlement Facility Expenses and Settlement Facility Payment Obligations, and the appointment and termination of a Trustee, the FCR, and the Claimants' Advisory Committee.

5.3.3.1 Creation of the Settlement Facility

Section 7.3.1 of the Plan describes the creation of the Settlement Facility, which shall be a trust known as the "GST Settlement Facility" and a "qualified settlement fund" for federal income tax purposes within the meaning of regulations issued pursuant to IRC § 468B.

5.3.3.2 Funding of the Settlement Facility

Section 7.3.1 of the Plan also describes that, on or after the Effective Date, the Debtors shall transfer or cause the transfer of the Settlement Facility Contributions and the Settled GST Asbestos Claims Surplus, if any, to the Settlement Facility and, pursuant to the Parent Settlement, the Parent shall transfer or cause the transfer of the Parent Contribution to the ~~GST~~ Settlement Facility.

The Settlement Facility Contributions total \$297,500,000, including a Cash payment made on the Effective Date in the amount of \$220,000,000 and four Cash payments made after the Effective Date, with accrued interest on each payment at the rate the Settlement Facility achieves on its cash balances from the Effective Date to the date of such payment: (1) \$25,000,000 payable on the first anniversary of the Effective Date; (2) \$25,000,000 payable on the third anniversary of the Effective Date; (3) \$15,000,000 payable on the fifth anniversary of the Effective Date; and (4) \$12,500,000 payable on the seventh anniversary of the Effective Date

The Parent Contribution shall be a one-time Cash payment made on the Effective Date in the amount of thirty million dollars (\$30,000,000).

The Settled GST Asbestos Claims Surplus will be an amount equal to the difference between \$10 million and the aggregate amount of Allowed Settled GST Asbestos Claims, if the Allowed Amount of Settled GST Asbestos Claims is less than \$10 million.

In addition, in the event the Effective Date occurs after March 31, 2016, the Reorganized Debtors shall pay interest on the Settlement Facility Contributions and the Parent on the Parent

Contribution from March 31, 2016 to the Effective Date at the greater of the applicable one-year Treasury rate or the rate that the Debtors achieve on their cash balances during that period.

5.3.3.3 Obligations of the Settlement Facility

Section 7.3.3 of the Plan establishes the obligations the Settlement Facility to assume all liabilities, obligations, and responsibilities for (a) all Settlement Option Claims, and (b) all Litigation Option Expenditures associated with Litigation Option Claims, up to the CRP Values for such Claims.

As set forth in Section 7.3.3 the Settlement Facility shall assume: (1) full and exclusive responsibility, pursuant to the Settlement Facility Agreement and CRP, for processing and reviewing all Settlement Option Claims and paying those that become Allowed and (2) financial responsibility for Litigation Option Expenditures related to Litigation Option Claims up to the amount of the CRP Values payment for such Claims.

Section 7.3.3 also describes how financial responsibility for Litigation Option Claimants will be allocated between the Settlement Facility and Reorganized Garrison. The Settlement Facility shall assume financial responsibility for the first Litigation Option Expenditures up to the amount of the CRP Value for such Claims. Reorganized Garrison shall retain full control of the defense of Litigation Option Claims. After receiving from Reorganized Garrison the interrogatory answers and documents produced in discovery by a Litigation Option Claimant, the Settlement Facility shall calculate such CRP Value in the manner prescribed by the Settlement Facility Agreement on or before the CRP Value Calculation Date. Litigation Expenses incurred by Reorganized Garrison shall be billed to the Settlement Facility until the CRP Value is exhausted, at which time Reorganized Garrison shall be responsible for paying all further Litigation Expenses from the Litigation Fund.

Litigation Option Claimants may rescind their election of the Litigation Option by filing a Claim Form (as defined in the CRP) with the Settlement Facility and providing written notice and a copy of the completed Claim Form to Reorganized Garrison. The Settlement Facility shall pay such a Claimant the payment prescribed by the CRP less Litigation Expenses incurred prior to the date the Claimant provides written notice of filing of a Claim Form to Reorganized Garrison. Reorganized Garrison's authority to settle any Litigation Option Claim shall be limited to the CRP Value less Litigation Expenses to the date of any settlement but Reorganized Garrison shall not be obligated to offer the Litigation Option Claimant any settlement. If Reorganized Garrison makes, and the Litigation Option Claimant accepts, any settlement, the Settlement Facility will pay the settlement to the Claimant after paying any Litigation Expenses incurred before the date of settlement, with the Settlement Facility's aggregate responsibility not to exceed the CRP Value.

The Settlement Facility shall be responsible for fulfilling all other obligations under the Settlement Facility Agreement and shall be exclusively responsible for paying all Settlement Facility Expenses.

The Settlement Facility ~~Agreement~~ shall also defend and indemnify Reorganized GST, Reorganized Garrison, the Parent, the FCR, and the other Released Parties from and against any

GST Asbestos Claims asserted against them after the Effective Date and hold Reorganized GST, Reorganized Garrison, the Parent, the FCR, and other Released Parties harmless from any losses associated with such Claims. The defense and indemnity obligation of the Settlement Facility, however, will not apply to Pre-Petition Judgment GST Asbestos Claims whose Holders elect to complete state court appeals, or Settled GST Asbestos Claims.

The Settlement Facility shall be a “qualified settlement fund” for federal income tax purposes within the meaning of IRC § 468B and regulations issued pursuant to IRC § 468B.

5.3.4 The Litigation Fund

Section 7.3 of the Plan provides generally for the establishment of the Litigation Fund.

5.3.4.1 Establishment of the Litigation Fund

Section 7.3.1 of the Plan describes the creation of the Litigation Fund. Reorganized Garrison shall, among other things, (i) assume responsibility to pay, solely from and to the extent of the Litigation Fund, Litigation Option Expenditures (i.e., the costs of resolution (including defense costs and indemnity payments) for any GST Asbestos Claim that elects the Litigation Option) to the extent that such costs exceed the Settlement Facility’s obligation; (ii) process and control the liquidation and defense of all Litigation Option Claims and pay and satisfy from the Litigation Fund all such Claims that qualify for payment under the CMO to the extent such the resolution costs exceed the Settlement Facility’s obligation for such Claims; (iii) collect Litigation Management Fees pursuant to the Litigation Management Services Fee Agreement from the Litigation Fund; (iv) preserve, hold, manage, and maximize the assets of the Litigation Fund for use in paying the portion of Litigation Option Expenditures of for Allowed GST Asbestos Claims for which the Litigation Facility is responsible under the Plan and any Litigation Management Fees owed to Reorganized Garrison pursuant to the Litigation Management Services Fee Agreement; and (v) otherwise carry out its obligations under the Plan. Reorganized Garrison’s aggregate responsibility for resolution costs of Litigation Option Claims will be limited to and will not exceed the Litigation Fund.

5.3.4.2 Funding of the Litigation Fund

Section 7.3.1 of the Plan also describes that, on the Effective Date, the Reorganized Debtors will transfer the Litigation Fund Contribution of \$30 million in Cash to the Litigation Fund. In the event the Effective Date occurs after March 31, 2016, the Reorganized Debtors shall pay interest on the Litigation Fund Contribution from March 31, 2016 to the Effective Date at the greater of the applicable one-year Treasury rate or the rate that the Debtors achieve on their cash balances during that period.

After the Effective Date, The Reorganized Debtors may also make Contingent Litigation Fund Contributions to the Litigation Fund, but only under the conditions set forth in Section 7.3.5 of the Plan. That section provides for Contingent Litigation Fund Contributions on certain anniversaries of the Effective Date if the balance of funds in the Litigation Fund falls below certain threshold amounts established for such dates, as follows:

Anniversary of Effective Date	Contingent Litigation Fund Contribution
4th	If the Litigation Fund is less than \$15 million, the lesser of (a) \$5 million or (b) the difference between \$15 million and the Litigation Fund balance
5th	If the Litigation Fund is less than \$15 million, the lesser of (a) \$5 million or (b) the difference between \$15 million and the Litigation Fund balance
6th	If the Litigation Fund is less than \$15 million, the lesser of (a) \$5 million or (b) the difference between \$15 million and the Litigation Fund balance
7th	If the Litigation Fund is less than \$15 million, the lesser of (a) \$5 million or (b) the difference between \$15 million and the Litigation Fund balance
8th	If the Litigation Fund is less than \$15 million, the lesser of (a) \$5 million or (b) the difference between \$15 million and the Litigation Fund balance
9th	If the Litigation Fund is less than \$12 million, the lesser of (a) \$5 million or (b) the difference between \$12 million and the Litigation Fund balance

10th	If the Litigation Fund is less than \$12 million, the lesser of (a) \$5 million or (b) the difference between \$12 million and the Litigation Fund balance
11th	If the Litigation Fund is less than \$12 million, the lesser of (a) \$5 million or (b) the difference between \$12 million and the Litigation Fund balance
12th	If the Litigation Fund is less than \$12 million, the lesser of (a) \$5 million or (b) the difference between \$12 million and the Litigation Fund balance
13th	If the Litigation Fund is less than \$12 million, the lesser of (a) \$5 million or (b) the difference between \$12 million and the Litigation Fund balance
14th	If the Litigation Fund is less than \$12 million, the lesser of (a) \$5 million or (b) the difference between \$12 million and the Litigation Fund balance
15th	If the Litigation Fund is less than \$12 million, the lesser of (a) \$5 million or (b) the difference between \$12 million and the Litigation Fund balance

16th	If the Litigation Fund is less than \$10 million, the lesser of (a) \$4 million or (b) the difference between \$10 million and the Litigation Fund balance
17th	If the Litigation Fund is less than \$10 million, the lesser of (a) \$4 million or (b) the difference between \$10 million and the Litigation Fund balance
18th	If the Litigation Fund is less than \$10 million, the lesser of (a) \$4 million or (b) the difference between \$10 million and the Litigation Fund balance
19th	If the Litigation Fund is less than \$10 million, the lesser of (a) \$4 million or (b) the difference between \$10 million and the Litigation Fund balance
20th	If the Litigation Fund is less than \$10 million, the lesser of (a) \$4 million or (b) the difference between \$10 million and the Litigation Fund balance
21st	If the Litigation Fund is less than \$7 million, the lesser of (a) \$4 million or (b) the difference between \$7 million and the Litigation Fund balance

22nd	If the Litigation Fund is less than \$7 million, the lesser of (a) \$4 million or (b) the difference between \$7 million and the Litigation Fund balance
23rd	If the Litigation Fund is less than \$7 million, the lesser of (a) \$4 million or (b) the difference between \$7 million and the Litigation Fund balance
24th	If the Litigation Fund is less than \$7 million, the lesser of (a) \$4 million or (b) the difference between \$7 million and the Litigation Fund balance
25th	If the Litigation Fund is less than \$7 million, the lesser of (a) \$4 million or (b) the difference between \$7 million and the Litigation Fund balance
26th	If the Litigation Fund is less than \$7 million, the lesser of (a) \$4 million or (b) the difference between \$7 million and the Litigation Fund balance
27th	If the Litigation Fund is less than \$7 million, the lesser of (a) \$4 million or (b) the difference between \$7 million and the Litigation Fund balance

28th	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance
29th	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance
30th	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance
31st	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance
32nd	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance
33rd	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance

34th	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance
35th	If the Litigation Fund is less than \$5 million, the lesser of (a) \$2 million or (b) the difference between \$5 million and the Litigation Fund balance
36th	If the Litigation Fund is less than \$2 million, the lesser of (a) \$2 million or (b) the difference between \$2 million and the Litigation Fund balance
37th	If the Litigation Fund is less than \$2 million, the lesser of (a) \$2 million or (b) the difference between \$2 million and the Litigation Fund balance
38th	If the Litigation Fund is less than \$2 million, the lesser of (a) \$2 million or (b) the difference between \$2 million and the Litigation Fund balance
39th	If the Litigation Fund is less than \$2 million, the lesser of (a) \$2 million or (b) the difference between \$2 million and the Litigation Fund balance

Any Contingent Litigation Fund Contribution that accrues under this the Plan will be payable no later than forty-five (45) days after the applicable anniversary of the Effective Date. The maximum nominal amount of Contingent Litigation Fund Contributions, if the maximum amounts are due under the schedule above, is \$132 million.

If the balance of funds in the Litigation Fund equals or exceeds the amount specified in the schedule above on a given anniversary of the Effective Date, no Contingent Litigation Fund Contribution will accrue for such year, and the Contingent Litigation Fund Contribution provided in the schedule for that year will expire and not be carried over to subsequent years. Similarly, if the balance of funds in the Litigation Fund is less than the amount specified in the schedule above on a given anniversary of the Effective Date, but the difference between such amount and the balance of funds is not sufficient to require Reorganized GST to contribute the full amount of such Contingent Litigation Fund Contribution, the unaccrued portion of such Contingent Litigation Fund Contribution will expire and not be carried over to subsequent years.

The Reorganized Debtors' obligation to make Contingent Litigation Fund Contributions to the Litigation Fund is guaranteed by EnPro.

5.3.4.3 Obligations of Reorganized Garrison

Section 7.3.3 of the Plan sets forth Reorganized Garrison's obligations with respect to Litigation Option Claims.

On the Effective Date, without any further action of any Entity, Reorganized Garrison will assume responsibility for and control of managing the Litigation Option and prosecuting objections to all Litigation Option Claims and shall assume responsibility for paying from the Litigation Fund (a) Litigation Management Fees and (b) any Litigation Option Expenditures in excess of the CRP Value for each Litigation Option Claim. Reorganized Garrison will be able to assert all objections to such Claims that the Debtors could have asserted during the bankruptcy case. The Plan will not affect any attorney-client, work product, or other privilege of the Debtors, and Reorganized Garrison will be able to assert any such privilege that Debtors would have possessed absent this Plan.

Reorganized Garrison will have no liability, obligation, or responsibility for Litigation Option Expenditures independent of its obligation to pay such Litigation Option Expenditures from the Litigation Fund. Reorganized Garrison will have no liability for any Settlement Option Claim. Reorganized Garrison will be entitled to collect Litigation Management Fees from the Litigation Fund.

Litigation Option Claimants will elect the Litigation Option by Filing a Proof of Claim in the form of Official Form No. 10 on the docket of *In re Garlock Sealing Technologies LLC*, No. 10-31607 (Bankr. W.D.N.C.). Such filing must comply with any statutes of limitation and repose under applicable law. Litigation Option Claimants who already filed a proof of claim in response to the Asbestos Claims Bar Date will elect the Litigation Option by filing a Notice of Election of Litigation Option. In the case of each Litigation Option Claim, Reorganized Garrison will object to the Claim (and be deemed to object to the Claim) and prosecute such objection under the procedures set forth in the CMO.

As set forth above and in more detail in the Settlement Facility Agreement, the Settlement Facility will assume financial responsibility for Litigation Option Expenditures up to the amount of the CRP Value for such Claims.

A Litigation Option Claimant may rescind his election of the Litigation Option by filing a Claim Form (pursuant to and as defined in the CRP) with the Settlement Facility and providing written notice and a copy of the completed Claim Form to Reorganized Garrison. Any settlement offer made by the Settlement Facility pursuant to the CRP will be reduced by the amount of Litigation Expenses incurred by Reorganized Garrison prior to the date the Claimant provides written notice of filing of a Claim Form to Reorganized Garrison. The Settlement Facility shall pay such Litigation Expenses, up to the CRP Value.

Reorganized Garrison's authority to settle any Litigation Option Claim will be limited to the CRP Value less Litigation Expenses to the date of any settlement but Reorganized Garrison will not be obligated to offer the Litigation Option Claimant any settlement.

Any such settlement offer by Reorganized Garrison shall be in the form of an offer of judgment under Federal Rule of Civil Procedure 68 and Federal Rule of Bankruptcy Procedure 7068. If any judgment the GST Asbestos Claimant obtains under the Litigation Option is not more favorable than the unaccepted offer, the GST Asbestos Claimant must, consistent with Rule 68(d), pay the costs incurred by Reorganized Garrison after the offer was made. If the GST Asbestos Claimant elects the Litigation Option after rejecting a settlement offer made by the Settlement Facility under these CRP, Reorganized Garrison will make an offer of judgment in the amount of the Settlement Facility's settlement offer.

If Reorganized Garrison makes, and the Litigation Option Claimant accepts, any settlement, the Settlement Facility will pay the settlement to the Claimant after paying any Litigation Expenses incurred before the date of settlement, with the Settlement Facility's aggregate responsibility not to exceed the CRP Value.

Reorganized Garrison will deposit Cash in the Litigation Fund in a separate account maintained by, and in the name of, Reorganized Garrison as custodian of the Litigation Fund. Reorganized Garrison will conserve and protect the Litigation Fund and use it solely to pay Litigation Option Expenditures and Litigation Management Fees. Pending determination by the Settlement Facility of the CRP Value and its obligation for Litigation Option Expenditures, Reorganized Garrison may make interim payments for Litigation Expenses using the Litigation Fund, to be reimbursed by the Settlement Facility up to the amount of the CRP Value.

Reorganized Garrison may periodically withdraw amounts from the Litigation Fund to pay Litigation Management Fees as provided for by the Litigation Management Services Fee Agreement.

Reorganized Garrison will have the right to invest the Litigation Fund, but only in the manner in which individuals of ordinary prudence, discretion, and judgment would act in the management of their own affairs.

Reorganized Garrison's obligations under the Plan will not preclude Reorganized Garrison from offering claims management services to other Entities, including Affiliates, so long as Reorganized Garrison uses none of the Litigation Fund in the performance of such other claims management services.

Reorganized Garrison will have the power and authority to do all other acts and things not inconsistent with the provisions of this Plan or applicable law, including but not limited to employing and compensating legal counsel, expert witnesses, and other parties necessary in the sole discretion of Reorganized Garrison to prosecute objections to Litigation Option Claims; to reimburse witnesses for expenses; to indemnify employees and agents of Reorganized Garrison and to purchase insurance; and to hire employees, experts, counsel, and agents as deemed necessary to perform Reorganized Garrison's obligations under the Plan.

As soon as practicable after the commencement of each Fiscal Year, Reorganized Garrison will cause to be prepared budget and cash flow projections relating to the defense of and indemnity for Litigation Option Claims, and make them available to the Trustee of the Settlement Facility and the FCR. Reorganized Garrison will also cause to be prepared at the end of each Fiscal Year an annual accounting of the Litigation Fund and a statement of receipts and disbursements charged to the Litigation Fund. Reorganized Garrison will file this accounting with the Bankruptcy Court no later than ninety (90) days after the end of each Fiscal Year. The accounting will include the balance of the Litigation Fund at the commencement and conclusion of such Fiscal Year, a report containing a summary of the number of resolved Litigation Option Claims, the total amount paid with respect thereto from the Effective Date to the end of the period covered by the accounting, and a certification by the President of Reorganized Garrison that, to the best of his or her knowledge, all such payments were made in accordance with the terms of this Plan.

5.3.5 Distributions Under the Plan and Delivery of Distributions

5.3.5.1 GST Asbestos Trust Payments and Plan Distributions

Payments to Holders of Allowed GST Asbestos Claims that are Settlement Option Claims shall be made by the Settlement Facility in accordance with the Claims Resolution Procedures, the Settlement Facility Agreement and the Plan, as applicable, and payments to Holders of Allowed GST Asbestos Claims that are Litigation Option Claims shall be made by the Settlement Facility and Litigation Facility in accordance with the Plan, the Settlement Facility Agreement, and the CMO, as applicable. All other Distributions or payments required or permitted to be made under this Plan (other than to Professionals) shall be made by the Reorganized Debtors in accordance with the treatment for each such Holder as specified herein (unless otherwise ordered by the Bankruptcy Court). Distributions shall be deemed actually made on the Distribution Date if made either (i) on the Distribution Date or (ii) as soon as practicable thereafter. Professionals shall be paid pursuant to orders of the Bankruptcy Court.

5.3.5.2 Timing of Plan Distributions

Whenever any Distribution to be made under the Plan shall be due on a day other than a Business Day, such Distribution shall instead be made, without the accrual of any additional interest, on the immediately succeeding Business Day, but shall be deemed to have been made on the date due.

5.3.5.3 Manner of Payments under Plan

Unless the Entity receiving a Distribution or payment agrees otherwise, any such Distribution or payment in Cash to be made by the Reorganized Debtors or the Settlement Facility shall be made, at the election of the Reorganized Debtors or the GST Asbestos Trust, as applicable, by check drawn on a domestic bank or by wire transfer from a domestic bank.

5.3.5.4 Fractional Payments under the Plan

Notwithstanding any other provision of the Plan, payments of fractions of dollars or of fractional shares shall not be made. Whenever, under the Plan, any payment of a fraction of a dollar would otherwise be called for, the actual payment made shall reflect a rounding of such fraction to the nearest whole dollar, as applicable, (up or down), with half dollars being rounded up.

5.3.5.5 Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a Distribution under the Plan consists of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated first to the principal amount of the Claim and then, to the extent the Distribution exceeds the principal amount of the Claim, to accrued but unpaid interest.

5.3.5.6 Delivery by the Reorganized Debtors of Distributions in General

Payments by the Settlement Facility and Litigation Fund to Holders of Allowed GST Asbestos Claims shall be made in accordance with the Plan, the Settlement Facility Agreement, the Claims Resolution Procedures, and the CMO, as applicable. All other Distributions to Holders of Allowed Claims shall be made at the address of the Holder of such Claim as set forth on the Schedules, or as set forth (i) in another writing Filed in the Chapter 11 Cases notifying the Reorganized Debtors of a change of address prior to the date of Distribution (including, without limitation, any timely proof of claim) or (ii) in a request for payment of an Administrative Expense Claim, as the case may be.

5.3.5.7 Undeliverable Distributions by the Reorganized Debtors

Any Cash, assets, and other properties to be distributed by the Reorganized Debtors under the Plan to Holders of Claims, other than GST Asbestos Claims, that remain unclaimed (including by an Entity's failure to negotiate a check issued to such Entity) or otherwise not deliverable to the Entity entitled thereto after delivery to the address set forth in ~~Section 7.6.17.7.1~~ of the Plan before one year after the Distribution Date, shall become vested in, and shall be transferred and delivered to, the Reorganized Debtors. In such event, such Entity's Claim shall no longer be deemed to be Allowed, and such Entity shall be deemed to have waived its rights to such payments or Distributions under the Plan pursuant to Bankruptcy Code § 1143, shall have no further Claim in respect of such Distribution, and shall not participate in any further Distributions under the Plan with respect to such Claim.

5.3.6 Dissolution of Anchor

As of the Effective Date, Anchor shall be dissolved under North Carolina General Statutes §§ 55-14-01 et seq. Such dissolution shall occur as soon as reasonably practicable following the Effective Date.

Upon the Effective Date, Anchor, through its directors and officers, shall commence winding down its businesses and affairs, including, without limitation, marshaling its assets for the benefit of all constituencies. All Holders of Class 8 Anchor Claims shall be permitted, after the Effective Date, to assert and pursue claims against Anchor, and such claims shall be fully reinstated to the status quo ante as of the Petition Date.

5.3.7 Conditions to the Consummation of the Plan, Right to Withdraw or Amend Plan

Without limitation, each of the conditions to Confirmation of the Plan and to the Plan's Effective Date as set forth in Sections ~~7.8~~7.8.1 and ~~7.9~~7.8.2 of the Plan, respectively, is required to have occurred or have been waived by the Debtors, the Parent, and the FCR prior to the Effective Date of the Plan, and the treatment of Claims described herein and therein, to become operative.

The Debtors reserve the right, in the exercise of their sole discretion, to withdraw the Plan at any time prior to the Confirmation Date with the consent of the FCR. In addition, following entry of an order on Debtors' Motion For Entry of Order Approving Solicitation and Confirmation Procedures and Schedule (Dkt. No. 3802), the FCR's Motion for Asbestos Claims Bar Date and Related Relief (Dkt. No. 4247) and the Disclosure Statement Order, if Debtors reach agreement on the terms of a plan of reorganization with the Asbestos Committee that the Debtors believe, in good faith, provides for the fair and equal treatment of Future GST Asbestos Claims, Debtors may withdraw the Plan after ten (10) days' written notice to the FCR. If Debtors thereafter propose an amended plan of reorganization not acceptable to the FCR, the FCR will have all rights and arguments to object to such new Plan. If Debtors thereafter propose an amended plan of reorganization not acceptable to the FCR, the FCR will have all rights and arguments to object to such new Plan.

If the Plan is withdrawn prior to the Confirmation Date, the Plan shall be deemed null and void. In such event, nothing contained in the Plan or in any of the Plan Documents shall be deemed to constitute a waiver or release of any claims or defenses of, or an admission or statement against interest by, the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any Entity in any further proceedings involving the Debtors.

5.3.8 Discharge, Injunctions and Exculpation

Section 8.1.1 of the Plan describes the complete satisfaction, discharge, and release of all Claims against the Debtors and Debtors in Possession. Section 8.1.2 of the Plan describes the discharge of liability for Disallowed Claims and Equity Interests. Section 8.1.3 outlines the Debtors' continuing responsibility to the Pension Benefit Guaranty Corporation.

Section 8.1.1 makes clear that the Discharge Injunction shall apply to all GST Asbestos Claims, and that all Holders of such Claims will be permanently and forever stayed, restrained, and enjoined from taking any action against the Debtors or the Reorganized Debtors for the purpose of, directly or indirectly, collecting, recovering, or receiving payment of, on, or with respect to any GST Asbestos Claims except as expressly permitted by the Plan.

5.3.8.1 Parent Settlement Enforcement Injunction

Section 8.2 of the Plan provides for the Parent Settlement Enforcement Injunction, which permanently enjoins all Holders of GST Asbestos Claims, present and future, from ever pursuing a remedy on account of any Released Claim from the Parent or any other Released Party. Section 8.2 provides as follows:

In consideration of the Parent Settlement Consideration, and pursuant to the Court's powers under Bankruptcy Code §§ 105, 362, and 1141, Rule 9019 of the Bankruptcy Rules, and the Court's supplemental jurisdiction under 28 U.S.C. §§ 1367 and 1651, all Entities shall be permanently enjoined on and after the Effective Date from:

(a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Released Party, or any property or interest in property of any Released Party, on account of any Released Claim;

(b) enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Released Party, or any property or interest in property of any Released Party, on account of any Released Claim;

(c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any encumbrance against any Released Party, or any property or interest in property of any Released Party, on account of any Released Claim;

(d) setting off, seeking reimbursement of, indemnification or contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Released Party, or any property or interest in property of any Released Party, on account of any Released Claim.

The Entities protected by the Parent Settlement Enforcement Injunction are the "Released Parties," defined in Section 1.1.108, which include the Parent (Coltec Industries Inc.), Affiliates (a term defined in Section 1.1.3 of the Plan that includes EnPro Industries, Inc. and other entities related to Debtors and the Parent that are enumerated and described in Section 1.1.3), and past, present, and future Representatives of the Parent and the Affiliates.

The Entities subject to the Parent Settlement Enforcement include any Claimant, Interest Holder or party in interest in these Cases, including any GST Asbestos Claimant.

The purpose of the Parent Settlement Enforcement Injunction is to facilitate the Parent Settlement by inducing the Parent to enter into such settlement and deliver the Parent Settlement

Consideration, which will enhance the amounts of settlement payments that can be made under the Plan to GST Asbestos Claimants who elect to resolve their Claims under the Settlement Option. The Parent Settlement Enforcement Injunction does so by permanently prohibiting all GST Asbestos Claimants from pursuing a remedy from any Released Party based on any "Released Claims," which are defined in Section 1.1.107 of the Plan and include claims based on legal theories such as fraudulent transfer, successor liability, and alter ego, piercing the corporate veil, and similar theories that seek to disregard the separate legal existence of GST and Garrison and impose their liabilities on the Parent or any other Released Party. The Parent Settlement, the Confirmation Order, and the Parent Settlement Enforcement Injunction are intended to preclude and will preclude the assertion of Released Claims even in those jurisdictions where, in the absence of the Debtors' Chapter 11 Cases, some of such Released Claims might, under the substantive law of such jurisdictions, have been treated as claims maintainable not by the Debtors themselves, but by creditors of or claimants against the Debtors.

The Court shall retain jurisdiction with respect to all matters relating to the Parent Settlement Enforcement Injunction. In the event any Person takes any action that is prohibited by, or is otherwise inconsistent with the provisions of this section 8.2, then, upon notice to the Court by an affected Released Party, the Court shall take such actions necessary to enforce the Parent Settlement Enforcement Injunction, including, without limitation, ordering such Person to discontinue the action or proceeding in which the Claim of such Entity is asserted.

6. VOTING AND CONFIRMATION PROCEDURES

6.1 VOTING PROCEDURES

All Classes of Claims are unimpaired and therefore shall be deemed to have voted to accept the Plan. In particular, Claims in each of the asbestos-related Classes are unimpaired because Holders of such Claims, if Allowed, shall be paid in full, in Cash, pursuant to the Plan, CRP and CMO, as applicable, and the Plan does not alter the legal, equitable, or contractual rights of Holders of Claims in such Classes. Nevertheless, the votes of Settled GST Asbestos Claimants (Class 3), Current GST Asbestos Claimants (Class 4), Future GST Asbestos Claimants (Class 5) and Pre-Petition Judgment GST Asbestos Claims (Class 6) as well as General Unsecured Claimants (Class 7) are being solicited in the event the Court determines that Claims in any such Class are impaired under the Plan or the Court determines votes of any such Class are otherwise relevant to confirmation of the Plan.

~~The voting procedures summarized in this Article 6 were established in the Confirmation Procedures Order. You should carefully read the Confirmation Procedures Order. It establishes, among other things: (1) the deadlines, procedures and instructions for voting to accept or reject the Plan, (2) the applicable standards for tabulating Ballots, (3) the deadline for filing objections to confirmation of the Plan, and (4) the date and time of the Confirmation Hearing.~~ were established in the Asbestos Claims Bar Date and Solicitation Order and are also contained in the Voting Procedures enclosed in the Solicitation Package with this Disclosure Statement. You should consult either the Asbestos Claims Bar Date and Solicitation Order or the Voting Procedures for detail regarding claims that are being solicited, criteria for temporary allowance of claims for voting purposes only, the ability of non-qualifying claimants

to move for temporary allowance for voting purposes only, forms of ballots for voting on the Second Amended Plan, and procedures for submitting a ballot.

~~The Confirmation Procedures Order should be referred to if you have any questions concerning the procedures described herein. If there are any inconsistencies or ambiguities between this Disclosure Statement and the Confirmation Procedures Order, the Confirmation Procedures Order will control.~~

~~6.1.1 Voting Instructions and Deadline~~

~~If one or more of your Claims and/or Equity Interests is in a voting Class, Debtors' Voting Agent has sent you, or you have obtained, one or more Ballot(s) with return envelopes (WITHOUT POSTAGE ATTACHED) for voting to accept or reject the Plan. You may vote to accept or reject the Plan by completing, signing and returning the enclosed Ballot(s) in the return envelope(s) (WITH POSTAGE AFFIXED BY YOU) to the Voting Agent as follows:~~

~~If by hand delivery/overnight delivery service:~~

~~_____

Attn: _____~~

~~If by U.S. mail:~~

~~_____

_____~~

~~TO BE COUNTED, THE VOTING AGENT MUST RECEIVE YOUR COMPLETED BALLOT AND/OR MASTER BALLOT NO LATER THAN 4:00 P.M., PREVAILING EASTERN TIME, ON [] (THE "VOTING DEADLINE"). IF THE COURT EXTENDS OR WAIVES THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED.~~

~~ANY EXECUTED BALLOT OR COMBINATION OF BALLOTS REPRESENTING CLAIMS IN THE SAME CLASS HELD BY THE SAME HOLDER THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN SHALL NOT BE COUNTED.~~

~~ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE SHALL NOT BE COUNTED.~~

~~Detailed voting instructions are printed on and/or accompany each Ballot. Any unsigned Ballot, or any Ballot without an original signature, including any Ballot received by facsimile or other electronic means, or any Ballot with only a photocopy of a signature, will not be counted. Any Ballot that is properly completed and timely received will not be counted if such Ballot was~~

~~sent in error to, or by, the voting party, because the voting party did not have a Claim that was entitled to vote in the relevant voting Class as of the Voting Record Date.~~

~~Whenever a Holder of a Claim casts more than one Ballot voting the same Claim prior to the Voting Deadline, the last valid Ballot physically received by the Voting Agent prior to the Voting Deadline will be deemed to reflect the voter's intent and thus will supersede and replace any prior cast Ballot(s) and any prior cast Ballot(s) will not be counted.~~

~~The Debtors, without notice, subject to contrary order of the Court, may waive any defect in any Ballot at any time, either before or after the close of voting, and without notice. Such determinations will be disclosed in the voting report and any such determination by the Debtors will be subject to de novo review by the Court.~~

6.2 CONFIRMATION PROCEDURES

6.2.1 Confirmation Hearing

Bankruptcy Code § 1128(a) requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. Bankruptcy Code § 1128(b) provides that any party-in-interest may object to confirmation of the Plan.

The Bankruptcy Court has set the Confirmation Hearing for [_____m.], Eastern Time on [_____], in the United States Bankruptcy Court, Room ____, 401 West Trade Street, Charlotte, North Carolina 28202. The Confirmation Hearing may be adjourned, from time to time, without notice, other than an announcement of an adjourned date at such hearing or an adjourned hearing, or by posting such continuance on the Bankruptcy Court's docket.

6.2.2 Objections to Confirmation of the Plan

Any objections to confirmation of the Plan must be in writing (with proposed changes to the Plan being marked for changes, i.e., blacklined against the Plan), and must be filed with the Clerk of the Bankruptcy Court with a copy to the Bankruptcy Court's chambers, together with a proof of service thereof, and served on counsel for the Debtors and the Bankruptcy Administrator ON OR BEFORE [_____] at 5:00 P.M., Eastern Time. Bankruptcy Rule 3020 governs the form of any such objection.

Counsel on whom objections must be served are:

Debtors' Restructuring Counsel
Rayburn Cooper & Durham, P.A.
Attn: John R. Miller, Jr., Esq.
The Carillon Building
227 West Trade Street, Suite 1200
Charlotte, NC, 28202

Debtors' Special Corporate and
Litigation Counsel
Robinson Bradshaw & Hinson, P.A.
Attn: Garland S. Cassada, Esq.
101 North Tryon Street, Suite 1900
Charlotte, NC 28246

Co-Counsel for Official Committee of Asbestos Personal Injury Claimants

Moon Wright & Houston, PLLC
Attn: Travis W. Moon, Esq.
The Carillon Building
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Charlotte, NC, 28202

Caplin & Drysdale, Chartered
Trevor W. Swett, Esq.
One Thomas Circle, N.W.
Washington, D.C. 20005

Co-Counsel for Future Asbestos Claimants' Representative

Grier Furr & Crisp, P.A.
Attn: A. Cotten Wright, Esq.
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Charlotte, NC, 28246

Orrick, Herrington & Sutcliffe LLP
Attn: Jonathan P. Guy, Esq.
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1152 15th Street, NW
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Co-Counsel to Coltec
Parker Poe Adams & Bernstein, PLLC
Attn: Daniel G. Clodfelter, Esq.
Three Wells Fargo Center
401 South Tryon St., Suite 3000
Charlotte, NC 28202

Co-Counsel to Coltec
Moore & Van Allen, PLLC
Attn: Hillary Crabtree, Esq.
Suite 4700, 100 North Tryon St.
Charlotte, NC 28202

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND PROPERLY FILED WITH THE BANKRUPTCY COURT, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

7. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

7.1 BANKRUPTCY CODE § 1129 GENERALLY

At the Confirmation Hearing, the Court will determine whether the confirmation requirements of Bankruptcy Code § 1129 have been satisfied. If so, the Court will enter the Confirmation Order. The Debtors believe that the Plan satisfies or will satisfy the applicable requirements for confirmation, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(1).

- The Debtors, as proponents of the Plan, have complied with the applicable provisions of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(2).
- The Plan has been proposed in good faith and not by any means forbidden by law. *See* 11 U.S.C. § 1129(a)(3).
- Any payment made or promised by the Debtors, or by an Entity acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Court as reasonable. *See* 11 U.S.C. § 1129(a)(4).
- The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtors, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of Holders of Claims and Equity Holders and with public policy, and the Debtors have disclosed the identity of any insider that will be employed or retained by any Reorganized Debtor, and the nature of any compensation for such insider. *See* 11 U.S.C. § 1129(a)(5).
- With respect to each Class of impaired Claims or Equity Interests, either each Holder of a Claim or Equity Interest of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would so receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code; or if Bankruptcy Code § 1111(b)(2) applies to the Claims of such Class, each Holder of a Claim will receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the value of such Holder's interest in the Debtors' Estates' interest in the property that secures such Claims. *See* 11 U.S.C. § 1129(a)(7). Debtors contend that no Class of Claims is impaired under the Plan. But Debtors are soliciting the votes of Holders of Claims in Classes 3 (Settled GST Asbestos Claims), 4 (Current GST Asbestos Claims), 5 (Future GST Asbestos Claims), 6 (Pre-Petition Judgment GST Asbestos Claims), and 7 (General Unsecured Claims) in the event the Bankruptcy Court determines that Claims in any such Classes are impaired or the Bankruptcy Court determines the votes are otherwise relevant to confirmation of the Plan. Interests in Classes 10 and 11 are impaired and will be solicited.
- Each Class of Claims or Equity Interests that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to section 1129(b) of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(8). Debtors contend that no Class of Claims is impaired under the Plan. But Debtors are soliciting the votes of Holders of Claims in Classes 3 (Settled GST Asbestos Claims), 4 (Current GST Asbestos

Claims), 5 (Future GST Asbestos Claims), 6 (Pre-Petition Judgment GST Asbestos Claims), and 7 (General Unsecured Claims) in the event the Bankruptcy Court determines that Claims in such Classes are impaired or the Bankruptcy Court determines the votes are otherwise relevant to confirmation of the Plan. Interests in Classes 10 and 11 are impaired and will be solicited.

- Except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims and Allowed Priority Claims will be paid in full on the Effective Date, or as reasonably practicable thereafter, and that Allowed Priority Tax Claims will receive, on account of such Allowed Claims, payment in full on the Effective Date or as reasonably practicable thereafter. *See* 11 U.S.C. § 1129(a)(9).
- In the event that the Bankruptcy Court determines that any Class of Claims is impaired, Debtors believe that at least one Class of impaired Claims will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class. *See* 11 U.S.C. § 1129(a)(10).
- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Reorganized Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. *See* 11 U.S.C. § 1129(a)(11).
- The Plan provides that the quarterly fees required under 28 U.S.C. § 1930 have been paid or that they will be paid on the Effective Date of the Plan. *See* 11 U.S.C. § 1129(a)(12).
- The Plan provides for the continuation after the Effective Date of payment of all retiree benefits (as that term is defined in Bankruptcy Code § 1114) at the level established pursuant to Bankruptcy Code § 1114(e)(1)(B) or § 1114(g), at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated itself to provide such benefits. *See* 11 U.S.C. § 1129(a)(13).

The Debtors believe that the Plan satisfies all of the statutory requirements of Bankruptcy Code § 1129. The Debtors also believe the Plan can be confirmed without the affirmative vote of any Class of Claims because the Debtors do not believe that any Class of Claims is impaired under the Plan and the Bankruptcy Code does not require the approval of any Class if no Class of Claims is impaired. *See* Bankruptcy Code § 1129 and 524(g)(a)(10).

7.2 VOTE REQUIRED FOR CLASS ACCEPTANCE

Debtors contend that no Class of Claims or Interests is impaired under the Plan. But Debtors are soliciting the votes of Holders of Claims in Classes 3 (Settled GST Asbestos Claims), 4 (Current GST Asbestos Claims), 5 (Future GST Asbestos Claims), 6 (Pre-Petition Judgment GST Asbestos Claims), and 7 (General Unsecured Claims) in the event the Bankruptcy Court determines that Claims in such Classes are impaired or the Bankruptcy Court determines the votes are otherwise relevant to confirmation of the Plan.

In the event that the Bankruptcy Court determines that any Class of Claims is impaired, the Court cannot confirm the Plan unless: (a) at least one Impaired Class has accepted the Plan without counting the votes of any Insiders within that Class; and (b) either all Impaired Classes have voted to accept the Plan, or the Plan is eligible to be confirmed by “cramdown” with respect to any dissenting Impaired Class as discussed in section 1129(b) of the Bankruptcy Code. A Class of Claims is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the Claims that actually voted have voted in favor of the Plan.

If a plan is confirmed, then Holders of Claims against, or Equity Interests in, Debtors, whether voting or non-voting and, if voting, whether accepting or rejecting the Plan, are bound by the terms of the plan, including any injunction(s) under Bankruptcy Code §§ 524(a) and/or 105(a).

7.2.1 Cramdown

As noted above, Debtors contend that no Class of Claims or Interests is impaired under the Plan. But Debtors are soliciting the votes of Holders of Claims in Classes 3 (Settled GST Asbestos Claims), 4 (Current GST Asbestos Claims), 5 (Future GST Asbestos Claims), 6 (Pre-Petition Judgment GST Asbestos Claims), and 7 (General Unsecured Claims) in the event the Bankruptcy Court determines that Claims in such Classes are impaired or the Bankruptcy Court determines the votes are otherwise relevant to confirmation of the Plan.

In the event that the Bankruptcy Court determines that any Class of Claims is impaired, even if such Classes determined to be impaired do not accept the proposed Plan, the Bankruptcy Court may nonetheless confirm the Plan if the non-accepting Classes are treated in the manner required by the Bankruptcy Code. The process by which the Bankruptcy Court may confirm the Plan despite rejections by non-accepting Classes and make the Plan binding on those Classes is commonly referred to as a “cramdown.” The Bankruptcy Code allows the Plan to be “crammed down” on non-accepting Classes of Claims or Interests if the Plan meets the requirements of section 1129(a)(1) through (a)(7) and 1129(a)(9) through (a)(16) of the Bankruptcy Code and if the Plan does not “discriminate unfairly” and is “fair and equitable” with respect to non-accepting Classes as those terms are defined in section 1129(b) of the Bankruptcy Code. By the Plan, Debtors are asking the Bankruptcy Court to confirm the Plan by cramdown on any Classes that the Bankruptcy Court determines are impaired that do not vote to accept the Plan pursuant to section 1129(b) of the Bankruptcy Code.

7.3 FEASIBILITY OF THE PLAN

Section 1129(a)(11) of the Bankruptcy Code requires that, in order for the Bankruptcy Court to confirm the Plan, Debtors must demonstrate that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors.

The Debtors have the financial wherewithal and business prospects to satisfy ~~its~~[their](#) obligations under the Plan. ~~As of December 31, 2014, GST held approximately [\$230] million in Cash, Cash equivalents and United States Treasury Notes. The Debtors also have access to approximately \$100 million of Available Shared Insurance. Assuming an Effective Date of June~~

~~30, 2016, Debtors project that, as of or shortly after such projected Effective Date, Debtors' Cash will increase by approximately [\$30] million. As a result, Debtors should have~~Debtors anticipate having on the Effective Date Cash sufficient to fund in full the Plan Treatment for all Allowed Administrative Claims, Secured Tax Claims, and Claims in Classes 1 (Priority Claims), 3 (Settled GST Asbestos Claims), and 7 (General Unsecured Claims), which Debtors believe will not exceed in the aggregate \$20 million. Debtors will also have sufficient Cash on the Effective Date to make the initial Settlement Facility Contribution (\$220 million) to the Settlement Facility for the benefit of Holders of Allowed Claims in Classes 4 (Current GST Asbestos Claims), 5 (Future GST Asbestos Claims), and 6 (Pre-Petition Judgment GST Asbestos Claims) and the \$30 million Litigation Fund Contribution to the Litigation Fund. In addition, the Parent will contribute the \$30 million Parent Contribution on the Effective Date.

The Reorganized Debtors' obligations to make Settlement Facility Contributions and to Contingent Litigation Fund Contributions after the Effective Date will be guaranteed by EnPro. The Available Shared Insurance alone is almost sufficient to satisfy most of the post-Effective Date Settlement Facility Contributions (\$77.5 million, payable with interest over a seven-year period).

Based upon the Proforma Projections set forth in Exhibit B to the Disclosure Statement (Post-Petition Operating Results of GST and Management Forecast), which show continued net operating income in years shown, as well as other income streams as described in the projections set forth on Exhibit B, the Debtors believe that the Plan is feasible and that they will be able to make all payments required to be made pursuant to the Plan. **HOLDERS OF CLAIMS AND INTERESTS ARE ADVISED TO REVIEW CAREFULLY THE CAUTIONARY STATEMENTS INCLUDED ON PAGE 2 OF THIS DISCLOSURE STATEMENT AND THE ASSUMPTIONS INCLUDED IN THE PROJECTIONS IN CONNECTION WITH THEIR REVIEW OF THE SAME. AS NOTED THEREIN, ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PROJECTED.**

7.4 BEST INTERESTS TEST

Another confirmation requirement is the "Best Interests Test" or "Hypothetical Liquidation Test" incorporated in section 1129(a)(7) of the Bankruptcy Code. The test applies to individual Holders of Unsecured Claims and Holders of Interests that are both (i) in impaired Classes under the Plan, and (ii) do not vote to accept the Plan.

As noted above, Debtors contend that no Class of Claims or Interests is impaired under the Plan. But Debtors are soliciting the votes of Holders of Claims in Classes 3 (Settled GST Asbestos Claims), 4 (Current GST Asbestos Claims), 5 (Future GST Asbestos Claims), 6 (Pre-Petition Judgment GST Asbestos Claims), and 7 (General Unsecured Claims) in the event the Bankruptcy Court determines that Claims in such Classes are impaired or the Bankruptcy Court determines the votes are otherwise relevant to confirmation of the Plan.

In the event that the Bankruptcy Court determines that any Class of Claims is impaired, Section 1129(a)(7) of the Bankruptcy Code requires that such Holders of Claims in such Classes who do not vote to accept the Plan will receive or retain an amount under the Plan as it relates to

a particular Debtor not less than the amount that such Holders would receive or retain if such Debtor were to be liquidated under chapter 7 of the Bankruptcy Code.

To apply the Best Interests Test, the Debtors have prepared a hypothetical liquidation analysis including that assumption as an integral part thereof for the Debtors included as Exhibit C to the Disclosure Statement (Best Interest Analysis (Liquidation Analysis)). The hypothetical liquidation analysis projects an estimate of what Holders of Unsecured Claims and Holders of Interests might receive in the event the Debtors' Chapter 11 Cases were to be converted to chapter 7 cases and the Debtors' assets subsequently liquidated. **This hypothetical liquidation analysis is based upon assumptions that the Debtors believe to be reasonable based upon the best information available to them. However, there are numerous economic, legal, operational, and other uncertainties that could dramatically change the results in an actual liquidation under chapter 11 of the Bankruptcy Code. Moreover, because the businesses in which the Debtors operate are highly competitive and dependent on other industries, there may be significant consequences and restrictions in a liquidation that cannot be predicted with any certainty. Thus, there can be no guarantee that an actual liquidation of the Debtors would result in the projected recoveries for any party.**

In a typical chapter 7 case, a trustee is elected or appointed to liquidate the debtor's assets for distribution to creditors in accordance with the priorities set forth in the Bankruptcy Code. Secured creditors generally are paid first from the sales proceeds of properties securing their liens. If any assets are remaining in the Debtors' Estates after the satisfaction of secured creditors' claims from their collateral, administrative expenses generally are next to receive payment. Unsecured creditors are paid from any remaining sales proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, equity interest holders receive the balance that remains, if any, after all creditors are paid.

The Debtors assume in the Liquidation Analysis that the chapter 7 trustee would sell GST's business as a going concern (including, without limitation, GST's interest in its non-debtor subsidiaries), since the Debtors' financial advisors, FTI, believe a sale of the constituent parts (plant, property and equipment, finished goods and other inventory, accounts receivable, raw materials, etc.) would result in a realization of value approximately \$200 million lower than a sale of GST's assets as a going concern. The Debtors assume this sale would occur more quickly than a sale outside a Chapter 7 scenario, which may depress the sale proceeds achieved through such a sale.

Concurrently with or after the chapter 7 trustee would collect the proceeds of the hypothetical sale of GST's business as a going concern, he or she would liquidate GST's non-operating assets (including, without limitation, either the sale of or collection of the Debtors' interest in the Coltec Note, Stemco Note and in any remaining insurance policies covering GST Asbestos Claims or insurance receivables). Since Class 5 consists of Claims that are not currently known and will not be known until sometime in the future, the Debtors assume the chapter 7 trustee would commence a dissolution and winding up proceeding under Chapter 57-D of the North Carolina General Statutes, because this provision includes a procedure for barring unknown claims who do not assert such claims within five years after the publication of articles

of dissolution (N.C.G.S. § 57-D-6-11), appointment of a guardian ad litem to represent the interests of unknown claims, proceedings before a state court judge to estimate the total amount of funds required to pay claims asserted within the five year period, and the ability to distribute funds in excess of that estimate, if any, without liability to the distributor or distributee (N.C.G.S. § 57-D-6-13). The Debtors believe these procedures would be better suited to a liquidating debtor with substantial unknown claims that will manifest many years into the future than the claims allowance and distribution mechanisms under chapter 7 of the Bankruptcy Code, which do not provide for a discharge of a corporate debtor. Further, the Debtors believe a provision barring future claims after a finite period would represent an attractive option for a Chapter 7 trustee, enabling him or her to be discharged of his or her duties many years before future claims would no longer manifest and become known. Certain other, important assumptions are set forth on Exhibit C.

The hypothetical liquidation analysis included in Exhibit C of the Disclosure Statement projects that Holders of Claims would receive no greater consideration in the event that the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code than under the Plan. Under the Plan, all Holders of Allowed Claims will receive payment in full (either as Allowed by the Bankruptcy Court or as agreed between the Holder of the Claim and the Reorganized Debtors or the Settlement Facility, as applicable). Holders of Class 8 Anchor Claims will be permitted to pursue their claims against Reorganized Anchor, but would be unlikely to receive any distribution in either a chapter 7 liquidation or under the Plan. Thus, the Debtors believe that all creditors will receive at least as favorable treatment under the Plan as they would in a hypothetical liquidation.

7.5 INFORMATION ABOUT CORPORATE GOVERNANCE, OFFICERS, AND DIRECTORS OF REORGANIZED GST, AND THE MANAGEMENT OF THE ~~REORGANIZED~~REORGANIZED DEBTORS

7.5.1 Management Compensation and Incentive Program

The Debtors' current officers and directors are disclosed on the attached Exhibit D to the Disclosure Statement. The Debtors anticipate that the officers and directors of the Reorganized GST and Reorganized Garrison will be the same as the current officers and directors of GST and Garrison, however unanticipated changes may occur. Pursuant to Bankruptcy Code § 1129(a)(5), the Debtors will disclose, prior to the Confirmation Hearing, the identity of any individuals proposed to serve, after confirmation of the Plan, as a director or officer of any Reorganized Debtor ~~and, if that person is an insider, the nature of any compensation for such insider.~~ to the extent they differ from those shown on Exhibit D.

Currently, the total compensation package that the Debtors' directors, officers and key employees receive includes base salary, annual bonus opportunities, long-term Cash incentives and other benefits. These packages and benefits are described in more detail in the Debtors' motion for authorization to continue certain employee benefit programs (Docket No. 42).

Debtors anticipate that the total compensation for the Reorganized Debtors' directors, officers and key employees after confirmation will continue to include base salary, annual bonus

and long term stock and Cash incentives and other benefits in accordance with the ordinary business policies of the Debtors.

7.5.2 Prospective Officer and Director Insurance

Pursuant to Section 7.2.3 of the Plan, the Reorganized Debtors shall continue in force, purchase and extend the coverage period of directors and officers liability insurance with regard to any liabilities, losses, damages, claims, costs and expenses they or any current or former officer or director of any of the Debtors may incur, including but not limited to attorneys' fees, arising out of or due to the actions or omissions of any of them or the consequences of such actions or omissions, including, without limitation, service as an officer or director or liquidating trustee of any subsidiary of a Debtor, other than as a result of their willful misconduct or fraud. Each such policy shall cover each current and former officer or director of any of the Debtors. Further, pursuant to Section 7.2.3 of the Plan, the Reorganized Debtors have an obligation to indemnify these parties for certain payments covered by the tail insurance. Therefore, without such insurance, if the Debtors' current and/or former directors, officers and/or employees were sued after the Effective Date, the Reorganized Debtors could be required to satisfy such indemnification claims.

8. IMPORTANT CONSIDERATIONS AND RISK FACTORS

Holders of Claims who are entitled to vote on the Plan should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement, before deciding whether to vote to accept or reject the Plan. The following disclosures are not intended to be inclusive and should be read in connection with the other disclosures contained in this Disclosure Statement and the Exhibits hereto. ***You should consult your legal, financial, and tax advisors regarding the risks associated with the Plan and the distributions you may receive thereunder.***

8.1 RISKS RELATED TO THE DEBTORS' BUSINESS AND THESE CHAPTER 11 CASES

8.1.1 Certain Risks Associated with the Chapter 11 Cases

Creditors may object to the classification of their Claims and/or oppose Confirmation of the Plan. In the event the Bankruptcy Court determines that one of more Classes of Claims is impaired, there can be no assurance that the requisite acceptances for confirmation of a chapter 11 plan will be received or that the Bankruptcy Court will confirm the Plan. If the Plan is not confirmed, it is unclear what Distributions the Holders of Allowed Claims will receive with respect to their Allowed Claims, or the timing of receipt of such Distributions, as it is unclear whether a confirmable alternative plan can be proposed by another party to these Cases. If the Plan is not confirmed and an alternate reorganization plan is not confirmed, it is possible that Debtors would have to liquidate their Assets, in which case it is possible that the Holders of Allowed Claims, particularly Holders of Future GST Asbestos Claims, could receive substantially less favorable treatment than they would receive under the Plan. More specifically, if GST were to be liquidated through a chapter 7 proceeding and/or a dissolution proceeding under North Carolina General Statutes §§ 57-D-6-01, *et seq.*, Debtors believe that many Holders

of Future GST Asbestos claims will receive no payment at all on account of their Claims. Debtors have reserved the right to seek a nonconsensual confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code and believe that the Plan satisfies the requirements of that section; however, there is no assurance that the Bankruptcy Court will reach this conclusion, in which case the Plan may not be confirmed.

8.1.2 Risks Relating to the Projections

The Debtors have prepared projections set forth on Exhibit C to the Disclosure Statement in connection with the development of the Plan and to present the projected effects of the Plan and the projected results of operations following the Effective Date of the Plan. These projections assume the Plan and transactions contemplated thereby will be implemented in accordance with their terms. While the Debtors believe the projections are reasonable, based upon independent, third party economic forecasts of the regions in which they sell their products, the assumptions and estimates underlying such projections are inherently uncertain and are subject to, among other factors, business, economic, legislative, and competitive risks and uncertainties that could cause actual results to differ materially from those projected. Such uncertainties and other factors include approval by the Bankruptcy Court of the Plan and potential objections of third parties. Accordingly, the projections herein are not necessarily indicative of the future financial condition, results of operations, or equity value of the Debtors, which may vary materially from those projections. Although the Financial Projections represent management's view based upon current known facts and assumptions about the future operations of Reorganized GST, there is no guarantee by the Debtors, their advisors, or any other person that the Financial Projections will be realized. However, Debtors believe they can make all payments required under the Plan even if Debtors do not achieve the projected results. Therefore, the Debtors believe it is very likely all payments required under the Plan can be made, even if the projections turn out to be optimistic.

8.1.3 Risks Relating to the Value of Reorganized GST

Because of the nature of GST's industry, and a variety of other factors, including without limitation, those set forth below, Reorganized GST's operations could be adversely affected, and the ultimate recovery to the creditors is uncertain and cannot be predicted. Risks facing Reorganized GST's operations include, without limitation:

- cyclical markets affected by general global economic conditions, particularly in North America and Europe;
- a prolonged and severe downward economic cycle;
- pricing and other competitive pressures;
- significant increases in expenses, including raw material, energy, product development, sales and marketing and labor costs, including pension and healthcare expenses;
- a material adverse change in relations with employees and/or labor unions;

- deteriorations in relationships with key independent agents or distributors;
- the inability to invest adequately in the business or to develop new products;
- the inability to gain customer acceptance, or slower than anticipated acceptance, of new products or product enhancements;
- technological breakthroughs rendering a product, a class of products, or a line of business obsolete;
- the inability to adapt to other improvements made by direct or indirect competitors;
- the acquisition (through theft or other unlawful means) or use by others of GST's proprietary technology and other know-how;
- changes in the replacement cycle for certain products resulting from improved product quality or improved maintenance;
- significant increases in product liability claims or costs;
- political and economic instability in non-US markets;
- material adverse changes in currency exchange rates (in particular, the U.S. dollar to Euro exchange rate);
- consolidation of major customers, which could increase customer purchasing power, thereby putting pressure on operating profits;
- loss of senior management and other key employees;
- greater than expected liabilities for environmental remediation;
- difficulties collecting the Shared Available Insurance or the depletion of such insurance resulting from competing Non-Debtor Affiliate insurance claims; and
- numerous other risks, including rising healthcare costs, adverse changes in tax rates, environmental laws, or other regulatory requirements, acts of hostility or war, work stoppages or other unforeseen business interruptions.

As noted in Section 8.1.2, above, the Debtors believe they have ample assets from which to pay all amounts required under the Plan, even if one or more of the above risk factors adversely affects the performance of Reorganized GST's business operations after the Effective Date.

8.1.4 Leverage, Liquidity, and Capital Requirements

The Debtors' principal sources of liquidity following their emergence from bankruptcy will be net proceeds generated by business operations, payments on the Coltec Note and the Stemco Note, and collection of Available Shared Insurance. While the Debtors believe that they

will have adequate liquidity to meet Plan funding and operational requirements following the Effective Date of the Plan, no assurances can be had in this regard.

8.1.5 Certain Risks of Non-Occurrence of the Effective Date

The consummation of the Plan is subject to certain conditions. There can be no assurance that all of the conditions necessary for the Plan to become “Effective” will be met. If the Plan were not to be consummated or become “Effective,” it is unclear whether the restructuring could be implemented and what distribution Holders of Claims or Interests ultimately would receive with respect to their Claims or Interests. If an alternative plan of reorganization could not be confirmed, it is possible that the Debtors could have to liquidate their assets.

8.1.6 Prolonged Continuation of the Chapter 11 Cases May Harm the Debtors’ Business

The prolonged continuation of these Chapter 11 Cases may adversely affect GST’s business and operations. So long as the Chapter 11 Cases continue, senior management of the Debtors may be required to spend a significant amount of time and effort dealing with the Debtors’ reorganization instead of focusing exclusively on business operations. In addition, the longer the Chapter 11 Cases continue without a confirmed plan, the more likely it is that the Debtors’ employees, customers and suppliers may lose confidence in the Debtors’ ability to successfully reorganize their business and seek alternative commercial options. Further, so long as the Chapter 11 Cases continue without a confirmed plan, the Debtors will incur substantial costs for professional fees and expenses associated with the proceedings.

8.1.7 Risks of Non-Confirmation of the Reorganization Plan

If the Plan is not confirmed, it is unclear what Distributions, if any, the Holders of Allowed Claims would receive with respect to their Allowed Claims, or the timing of such distributions. If the Plan is not confirmed and an alternate reorganization plan could not be confirmed, it is possible that the Debtors would have to liquidate their Assets.

8.1.8 Risk of Post-Confirmation Default

At the Confirmation Hearing, the Court will be required to make a judicial determination that the Plan is feasible, but that determination does not serve as any guarantee that there will not be any post-confirmation defaults. The Debtors believe that the cash flow generated from operations, insurance proceeds, and Cash on hand will be sufficient to meet Reorganized GST’s operating requirements and other post-confirmation obligations under the Plan. Reorganized GST’s projected operating cash flow is set forth in the Debtors’ prospective financial information that is included as Exhibit C to the Disclosure Statement.

8.1.9 Objections to Claims

Except as otherwise provided in the Plan and the Final DIP Order (Docket No. 226), the Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest deemed Allowed under the Plan. The estimates set forth in this Disclosure Statement cannot be

relied on by any Holder of a Claim or Equity Interest where such Claim or Equity Interest is subject to an objection. Any Holder of a Disputed Claim will not receive its specified share of the estimated distributions described in this Disclosure Statement.

8.1.10 Risk Regarding the Solvent Insurance Carriers

GST's ultimate recovery of insurance proceeds may be affected by the financial status of the remaining solvent insurance carriers.

8.2 RISK FACTORS AFFECTING THE SETTLEMENT FACILITY AND LITIGATION FACILITY

The Plan provides that the Settlement Facility and Litigation Fund will, together, pay all Allowed GST Asbestos Claims in Classes 4 (Current GST Asbestos Claims), 5 (Future GST Asbestos Claims), and 6 (Pre-Petition Judgment GST Asbestos Claims). The Plan further provides that (a) the ~~GST~~-Settlement Facility will be funded by the Settlement Facility Contributions (Two Hundred Twenty Million Dollars (\$220,000,000) of Cash on the Effective Date and Seventy Seven Million Five Hundred Thousand Dollars (\$77,500,000) during the seven year period following the Effective Date) and the Parent Contribution (Thirty Million Dollars (\$30,000,000) of Cash on the Effective Date) and (b) the Litigation Fund will be funded ~~on the~~ by Reorganized GST and Reorganized Garrison with the Litigation Fund Contribution in the amount of Thirty Million Dollars (\$30,000,000) on the Effective Date and the possibility of Contingent Litigation Fund Contributions that would be payable, if triggered, over the forty-year period following the Effective Date,.

Debtors believe the Settlement Facility Contribution and Parent Contribution will provide the ~~GST~~-Settlement Facility with adequate assets and liquidity to enable the ~~GST~~-Settlement Facility to pay administrative expenses and all Allowed GST Asbestos Claims that elect the Settlement Option the settlement amounts set forth in the Claims Resolution Procedures. In addition, Debtors believe the Settlement Facility Contributions, Parent Contribution, and the Litigation Fund Contribution will provide the Settlement Facility and Reorganized Garrison with adequate assets and liquidity to enable such facilities to pay in full the costs of resolving GST Asbestos Claims that elect the Litigation Option. The Contingent Litigation Fund Contributions provide additional assurance.

In order to confirm the Plan, the Bankruptcy Court must find that the ~~GST~~-Settlement Facility and Litigation Fund will be able to pay the Allowed Amounts of GST Asbestos Claims for which they are responsible. Allowed amounts of GST Asbestos Claims, however, could be more than estimated by the Court or the costs of resolving GST Asbestos Claims of Holders who elect the Litigation Option could be more than projected. Debtors have provided funds for the Settlement Facility and Litigation Fund that exceed amounts that their experts project will be necessary to resolve GST Asbestos Claims for which they are responsible and pay in full the Allowed Claims of GST Claimants who elect the Litigation Option. Moreover, the CRP and CMO are carefully designed to minimize administrative costs for settlements and costs of litigation for GST Asbestos Claimants, the Settlement Facility, and the Litigation Fund. There can be no absolute guarantee, however, the Settlement Facility and Litigation Fund will be able to pay in full Allowed GST Asbestos Claims for which they are responsible.

9. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords the Holders of Claims and Equity Interests the potential for the greatest realization on their Claims and Equity Interests and, therefore, is in the best interest of such Holders. If the Plan is not confirmed, however, the theoretical alternatives include (1) continuation of the pending Chapter 11 Cases, (2) alternative plans of reorganization, or (3) liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

9.1 CONTINUATION OF THE CHAPTER 11 CASES

If the Debtors remain in Chapter 11 and the Plan, as currently proposed, is not confirmed within the time period projected, the Debtors could continue to operate their businesses and manage their properties as Debtors in Possession. However, the value of assets and cash flow could be affected by the expenses of operating under Chapter 11 of the Bankruptcy Code for a further extended period of time. Such delay may significantly delay the recoveries received by Claimants and Interest Holders under any future plan of reorganization.

9.2 ALTERNATIVE PLANS OF REORGANIZATION

If the Plan is not confirmed, it is possible that any other party in interest in the Chapter 11 Cases could attempt to formulate and propose a different plan or plans on such terms, as they may desire. Such alternative plan would still have to meet the requirements of confirmation. The Debtors believe it is questionable whether another party could propose an alternative plan of reorganization that can be confirmed over the Debtors' and/or the Parent's objections. The Debtors believe that the Plan proposed by the Debtors provides the best and quickest potential return to both the Debtors' Claimants and Equity Interest Holders.

9.3 CHAPTER 7 LIQUIDATION

If the Plan is not confirmed, the Debtors may be forced to liquidate, either through conversion to a case under chapter 7 of the Bankruptcy Code, or through a dissolution proceeding under state law, or both, since the chapter 7 trustee may choose to liquidate the Debtors' assets through a proceeding under chapter 7 of the Bankruptcy Code, and then commence a dissolution proceeding under North Carolina General Statutes § 57D-6-001 et seq. (in the case of GST) or North Carolina General Statutes § 55-14-01 et seq. (in the case of Anchor).

As discussed in Section 7.4 of this Disclosure Statement, Debtors do not believe all Holders of Allowed Claims, particularly many Holders of Allowed Future GST Claims that arise after the five-year limitations period provided for under N.C.G.S. § 57D-6-11, will be paid in full, or at all, under a liquidation scenario. Debtors therefore believe the Plan represents the best solution to treat all Current and Future GST Asbestos Claims fairly, since the Settlement Facility will have adequate funding to provide for payments to GST Asbestos Claimants who elect the Settlement Option and the Litigation Fund and Settlement Facility will have adequate funding to pay the costs of resolving Claims of GST Asbestos Claimants who elect the Litigation Option, including the amount necessary to pay the Allowed Amounts of such Claims.

10. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain federal income tax consequences of the Plan based upon the IRC, judicial authorities, and current administrative rulings and practices now in effect, all of which are subject to change at any time by legislative, judicial, or administrative action. Any such change could be retroactively applied in a manner that could adversely affect the Debtors, Reorganized GST, the Settlement Facility, Holders of Claims, and Holders of Equity Interests.

The tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal authority and may be subject to administrative or judicial interpretations that differ from the discussion below. The Debtors have not requested a tax ruling from the IRS. The Debtors may obtain either (a) a private letter ruling establishing that the Settlement Facility is a “qualified settlement fund” pursuant to Section 468B of the IRC, or (b) an opinion of counsel regarding the tax consequences satisfactory to Debtors. However, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. Further, the federal income tax consequences may be affected by matters not discussed below. For example, the following discussion does not address state, local or foreign tax considerations that may be applicable; further, it does not address the tax consequences of the Plan to certain types of Holders of Claims or Equity Interests, creditors, and stockholders (including foreign persons, financial institutions, life insurance companies, tax-exempt organizations, and taxpayers who may be subject to the alternative minimum tax) who may be subject to special rules not addressed herein.

The discussion set forth below is included for general information only. The Debtors and their counsel and financial advisors are not making any representations regarding the particular tax consequences of confirmation and consummation of the Plan, nor are they rendering any form of legal or tax advice on such tax consequences. The tax laws applicable to corporations in bankruptcy are extremely complex, and the following summary is not exhaustive.

To ensure compliance with the Treasury Department Circular 230, Holders are notified that: (A) any discussion of federal tax issues in this summary is not intended or written to be relied upon, and cannot be relied upon, by Holders for the purpose of avoiding penalties that may be imposed on holders under the IRC; (B) such discussion is being used in connection with the promotion by us of the Plan; and (C) Holders should seek advice based on their particular circumstances from an independent tax advisor.

Except where essential to the context, references to the “Debtors” in Article 10 herein refer to both the Debtors and Reorganized Debtors, collectively

10.1 FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS

10.1.1 General Discussion

In general, the Debtors do not expect to incur any substantial tax liability as a result of implementation of the Plan and do not expect to realize any significant amount of cancellation of indebtedness income. Upon consummation of the Plan, the Debtors expect the EnPro consolidated group, which will include the Debtors, to have an NOL available to carry back to

prior years and to offset future taxable income. The Debtors expect the EnPro consolidated group's NOL to be enhanced by the Settlement Facility Contribution and the Parent Contribution.

10.1.2 Deduction of Amounts Transferred to Satisfy Asbestos Claims

The tax treatment of transfers of property by Debtors to the Settlement Facility will vary depending on the characterization of the trust, e.g., as a "grantor trust" as defined by Section 671 *et seq.* of the IRC, or as a "qualified settlement fund" ("QSF") as defined by Treasury Regulation Section 1.4681B-1 *et seq.* Debtors currently expect that the Settlement Facility will be treated as a QSF for federal income tax purposes, meaning that the Debtors should be entitled to an immediate deduction for cash and the fair market value of property contributed by the Debtors to the Settlement Facility.

10.1.3 Cancellation of Debt Income

Under the IRC, a taxpayer generally recognizes gross income to the extent that indebtedness of the taxpayer is cancelled for less than the amount owed by the taxpayer, subject to certain judicial or statutory exceptions. The most significant of these exceptions with respect to the Debtors is that taxpayers who are operating under the jurisdiction of a federal bankruptcy court are not required to recognize such income. In that case, however, the taxpayer must reduce its tax attributes, such as its NOLs, general business credits, capital loss carry forwards, and tax basis in assets, by the amount of the cancellation of indebtedness income ("CODI") avoided. Debtors do not expect to realize any significant CODI upon consummation of the Plan because the Debtors expect that Claimants entitled to Distributions under the Plan will receive cash equal to the total amount of their Allowed Claims (including accrued but unpaid interest).

10.1.4 Net Operating Losses

As a result of deductions that will be generated by the Settlement Facility Contribution and the Parent Settlement Consideration upon Debtors' emergence from bankruptcy, Debtors expect the EnPro consolidated group, of which Debtors will remain members, to have NOLs. The extent to which a corporation is able to utilize its NOL after emerging from bankruptcy often depends on Section 382 of the IRC, which generally imposes an annual limitation on a corporation's use of its NOLs (and may limit a corporation's use of certain built-in losses if such built-in losses are recognized within a five-year period following an "ownership change," as defined below) if a corporation undergoes an ownership change. In the instant case, however, there should be no such limit on the use of the EnPro group's NOLs because neither EnPro, GST nor Garrison is expected to undergo an ownership change.

10.1.5 Alternative Minimum Tax

In general, a federal alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent that AMT exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, a corporation generally is entitled to offset no more than 90 percent of its AMTI with NOL carrybacks and carryforwards

(as recomputed for AMT purposes). Accordingly, Debtors' use of their NOLs in both carryback and carryforward years may be subject to limitations for AMT purposes in addition to any other limitations that may apply. Any AMT that the Debtors pay generally will be allowed as a nonrefundable credit against their regular federal income tax liability in future years when they are no longer subject to AMT.

10.1.6 Federal Income Tax Consequences to Holders of Claims and the Settlement Facility

10.1.6.1 Holders of GST Asbestos Claims

To the extent that payments from the Settlement Facility or Reorganized GST to Claimants constitute damages received by such Claimants on account of personal injuries, such payments should not constitute gross income to such Claimants, except to the extent that such payments are attributable to medical expense deductions allowed under Section 213 of the IRC for a prior taxable year.

10.1.6.2 Treatment of the Settlement Facility

The Debtors expect that the Settlement Facility will be a QSF for federal income tax purposes. As a QSF, the Settlement Facility will be subject to a separate entity level tax on its income at the maximum rate applicable to trusts and estates. In determining the taxable income of the Settlement Facility, (a) any amounts contributed to the Settlement Facility will not be treated as taxable income, (b) any sale, exchange or distribution of property by the Settlement Facility will result in the recognition of gain or loss in an amount equal to the difference between the fair market value of the property on the date of the sale, exchange or distribution and the adjusted tax basis of such property, (c) interest income and dividend income will be treated as taxable income, and (d) administrative costs (including state and local taxes) will be deductible. In general, the adjusted tax basis of property received by the Settlement Facility will be its fair market value at the time of receipt.

10.1.6.3 Consequences to Holders of General Unsecured Claims

Pursuant to the Plan, each Holder of a General Unsecured Claim will receive cash in full satisfaction and discharge of its Allowed Claim. The Holder of an Allowed General Unsecured Claim will recognize gain or loss equal to the difference between (i) the cash received that is not allocable to accrued interest, and (ii) the Holder's basis in the debt instrument constituting the surrendered Allowed General Unsecured Claim. Such gain or loss should be capital in nature (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the debt constituting the surrendered Allowed General Unsecured Claim were held for more than one year. To the extent that a portion of the cash received in the exchange is allocable to accrued interest, the Holder may recognize ordinary income. See Section 9.2.3.1 (Accrued Interest).

10.1.6.3.1 Accrued Interest

To the extent that any amount received by a Holder of a surrendered Allowed Claim under the Plan is attributable to accrued interest that was not previously included in the Holder's gross income, such amount should be taxable to the Holder as interest income.

10.1.6.3.2 Market Discount

Under the "market discount" provisions of Sections 1276 through 1278 of the IRC, some or all of the gain realized by a Holder of a debt instrument constituting an Allowed Claim may be treated as ordinary income (instead of capital gain) to the extent of the amount of market discount on the debt instruments constituting the surrendered Allowed Claim. In general, a debt instrument is considered to have been acquired with market discount if the Holder's adjusted tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest or (ii) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a de minimis amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity). Any gain recognized by a Holder on the taxable disposition of surrendered debts (determined as described above) that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were held by the Holder (unless the Holder elected to include market discount in income as it accrued).

10.1.6.4 Consequences to Holders of Equity Interests

Pursuant to the Plan, the Equity Interests in GST and Garrison will be cancelled but all of the newly issued the Equity Interests in GST and Garrison will be issued to a newly created affiliate of Coltec. Coltec will recognize neither gain nor loss with respect to the reorganization.

10.1.7 U.S. Federal Information Reporting and Backup Withholding

All distributions under the Plan will be subject to applicable federal income tax reporting and withholding. The IRC imposes "backup withholding" (currently at a rate of 28 percent) on certain reportable payments to certain taxpayers, including payments of interest. Under the backup withholding rules, a holder of a Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan, unless the holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides at the applicable disbursing agent's request a completed IRS Form W-9 (or substitute therefore) on which the holder includes a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional federal income tax but merely an advance payment that may be refunded to the extent it results in an overpayment of income tax. A holder of a Claim may be required to establish an exemption from backup withholding or to make arrangements with respect to the payment of backup withholding. Non-U.S. holders may be required by the applicable disbursing agent to complete

certain IRS forms to establish an exemption from a treaty-reduced rate of withholding on interest distributed pursuant to the Plan.

11. CONCLUSION AND RECOMMENDATION

In the event that the Bankruptcy Court determines that the Class in which you hold a Claim is impaired or that your vote is otherwise relevant to confirmation of the Plan, your vote on and support of the Plan is important. The Debtors strongly recommend that you vote in favor and support confirmation of the Plan.

The Debtors believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will provide the greatest recoveries to Holders of Claims and Equity Interests. Non-acceptance of the Plan may result in protracted delays, uncertainty, substantial additional administrative costs, a chapter 7 liquidation, or the confirmation of another less favorable Chapter 11 plan. These alternatives may not provide for distribution or retention of as much value to Holders of Allowed Claims and/or Interests as does the Plan. Further, the Debtors believe that the Plan, as a whole, is in the best interests of all of their Claimants and Holders of Interests. **Therefore, the Debtors recommend that all Holders of Claims and Interests entitled to vote on the Plan support confirmation of the Plan and vote to accept the Plan.**

[Signature Pages to Follow]

Respectfully submitted,

GARLOCK SEALING TECHNOLOGIES LLC

By: s/Elizabeth Barry
Name: Elizabeth Barry
Title: Chief Restructuring Officer

GARRISON LITIGATION MANAGEMENT GROUP, LTD.

By: s/Elizabeth Barry
Name: Elizabeth Barry
Title: Vice President and General Manager

THE ANCHOR PACKING COMPANY

By: s/ Elizabeth Barry
Name: Elizabeth Barry
Title: Vice President and General Manager

[Signature Page to Debtors' Disclosure Statement for Second Amended Plan of Reorganization]

EXHIBIT A

PLAN OF REORGANIZATION

EXHIBIT B

POST-PETITION OPERATING RESULTS AND MANAGEMENT FORECAST

[TO BE PROVIDED IN THE EXHIBIT BOOK]

EXHIBIT C

BEST INTEREST ANALYSIS (LIQUIDATION ANALYSIS)

[TO BE PROVIDED IN THE EXHIBIT BOOK]