INTERCOMPANY SERVICES AGREEMENT

THIS INTERCOMPANY SERVICES AGREEMENT (this "Agreement") is dated of the 1st day of June, 2010, by and between Coltec Industries Inc., a Pennsylvania corporation ("Coltec"), EnPro Industries, Inc., a North Carolina corporation (together with Coltec, the "Parent") and Garlock Sealing Technologies LLC, a North Carolina limited liability company (the "Subsidiary").

RECITALS

WHEREAS, prior to the effective date of this Agreement, the Parent provided the Subsidiary with certain corporate services, advanced funds to third-party providers on behalf of the Subsidiary for payroll of certain employees of the Subsidiary and certain employee benefit plans sponsored by the Subsidiary, permitted participation by the Subsidiary in certain insurance policies obtained by the Parent and permitted participation by current or former employees of the Subsidiary in certain employee benefit plans sponsored by the Parent; and

WHEREAS, the parties hereto wish to formalize the relationship between the Parent and the Subsidiary regarding such services, payment advances, insurance coverages and employee benefit plans; and

WHEREAS, the Subsidiary desires to acquire and pay or reimburse the Parent for (i) those services set forth in Exhibit A hereto, as such Exhibit may be amended for time to time (the "Services"), (ii) certain periodic payments by the Parent to third parties on behalf of the Subsidiary, (iii) participation by the Subsidiary in the Parent's insurance policies and brokerage and risk management services set forth in Exhibit B hereto, as such Exhibit may be amended from time to time (the "Parent Insurance") and (iv) the opportunity for certain employees of the Subsidiary to participate in those benefit plans sponsored by the Parent set forth in Exhibit C hereto, as such Exhibit may be amended from time to time (collectively, the "Parent Plans"); and

WHEREAS, the Parent is willing to provide to the Subsidiary the Services, make certain periodic payments to third parties on behalf of the Subsidiary, permit the Subsidiary to participate in the Parent Insurance and provide certain of the Subsidiary's current or former employees with the opportunity to participate in the Parent Plans, in each case pursuant to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. <u>Services</u>. Beginning on June 1, 2010, (the "<u>Effective Date</u>"), the Parent shall provide, or cause to be provided, to the Subsidiary all of the Services as may from time to time be requested by the Subsidiary. At the Parent's direction and in its sole discretion, the Services

may be provided by any affiliate or employee of the Parent or its affiliates, but excluding the Subsidiary and its employees.

- 2. <u>Fee for Services</u>. In exchange for the Services, the Subsidiary shall pay to the Parent, in accordance with the provisions of **Section 10**, a services fee. The Parent shall invoice such services fees on a monthly basis in the amounts set forth in Section I of <u>Exhibit D</u> hereto, as amended from time to time and as adjusted in accordance with Section II of <u>Exhibit D</u> (the "<u>Services Charge</u>") for the four- or five-week fiscal period applicable for such month (as determined in accordance with Parent's accounting practices).
- 3. <u>Additional Services</u>. At any time during the term of this Agreement, the Subsidiary may request that the Parent provide additional services. Upon any such request, the parties will discuss in good faith, without obligation, appropriate amendments to the Services set forth on <u>Exhibit A</u> and the Services Charge set forth in Section I of <u>Exhibit D</u> to reflect such additional services and, if mutually agreed, amend this Agreement to reflect such amendments.
- 4. <u>Termination of Services</u>. Either the Subsidiary or the Parent may terminate all or any portion of the Services on one-hundred and eighty (180) days' prior written notice to the other. In the event a portion of the Services is terminated, the Services Charge shall be equitably amended to reflect such termination.
- <u>Payment Advances</u>. In the ordinary course of business and consistent with past practice, during the term of this Agreement the Parent shall make, or cause to be made at Parent's expense, payments on behalf of the Subsidiary (the "Advances") to third-party providers for (a) salary, wages, commissions, expense reimbursements and similar payroll payments for selected Subsidiary employees identified by the Subsidiary and approved by the Parent, in an amount determined by the Subsidiary (the "Advanced Payroll"), (b) any and all contributions by employees of the Subsidiary to the retirement savings plans or deferred compensation plans set forth in Section I of Exhibit E, as may be amended from time to time, and any and all required contributions by the Subsidiary, as employer of such employees, pursuant to the terms of such retirement savings plans or deferred compensation plan (collectively, the "Subsidiary 401(k) Contributions") and (c) the employee benefit plans sponsored by the Subsidiary set forth in Section II of Exhibit E, as may be amended from time to time (the "Subsidiary Plans"). At any time during the term of this Agreement, the Subsidiary may request that the Parent add or remove Subsidiary employees included in the Advanced Payroll or Subsidiary 401(k) Contributions or add or remove payments to third-party providers on behalf of the Subsidiary. Upon any such request, the parties will discuss in good faith, without obligation, appropriate amendments to this Section 5 and Exhibit E to reflect any such agreement on addition or removal of payment advances. Consistent with past practice and in accordance with the provisions of Section 10, the Subsidiary shall reimburse the Parent for any payments made by the Parent, or caused to be made by the Parent at the Parent's expense, related to the Advances, including the portion of administrative costs charged by third-party service providers for processing and delivering such payments, as determined by such third-party service providers (all such reimbursements, collectively, "Advance Reimbursements").

1171020v11 2

- 6. Parent Insurance. During the term of this Agreement, the Parent shall use commercially reasonable efforts to cause the Subsidiary to be covered under the Parent Insurance (the "Insurance Coverage"). In exchange for participation in the Parent Insurance, the Subsidiary shall pay to the Parent, in accordance with the provisions of Section 10, an amount equal to the sum of (a) the portion of the premiums and other costs of each such Parent Insurance policy or service attributable to the Subsidiary, as determined by the Parent for each Parent Insurance policy or service in the manner described on Exhibit B, as may be amended from time to time, and (b) any amounts payable by the Subsidiary pursuant to Section 7 below (collectively, the "Insurance Charge").
- 7. Termination and Withdrawal of Participation in Parent Insurance. The Parent may, in its sole discretion and subject to any independent contractual obligations, at any time, amend, restate or eliminate any of the Parent Insurance, adjust deductibles and coverage limitations set forth therein or, on one-hundred and eighty (180) days' prior written notice to the Subsidiary, revoke the Subsidiary's participation rights in any Parent Insurance (with corresponding changes to the Insurance Charge) and amend Exhibit B to reflect any such changes. The Subsidiary may, on one-hundred and eighty (180) days' prior written notice to the Parent, withdraw from participation in any Parent Insurance coverage. If the Subsidiary withdraws its participation in any or all Parent Insurance, the Subsidiary shall continue to pay its share of the premiums and other costs of withdrawal as set forth in Exhibit B for such Parent Insurance until the date when the policies underlying such Parent Insurance expire.
- 8. Parent Benefit Plans. During the term of this Agreement, the Parent shall permit participation in Parent Plans (the "Plan Participation") by current or former employees of the Subsidiary or its predecessors that meet the eligibility standards set forth in such Parent Plan (the "Company Employees"), as determined by the Parent in its sole discretion and consistent with past practice. Nothing in this Section 8 is intended to, or shall be construed to, (a) create any third party beneficiary rights of any kind or nature, including, without limitation, the right of any current or former Company Employee or other individual to seek to enforce any right to compensation or benefits, or any other right or privilege of employment with the Parent or the Subsidiary or (b) impose any continuing requirement on the Parent or the Subsidiary with respect to Company Employees, including, without limitation, any requirement to continue employment or maintain levels of compensation and benefits offered to any Company Employee. In exchange for participation by Company Employees in the Parent Plans, the Subsidiary shall pay to the Parent, in accordance with the provisions of Section 10, an amount (the "Benefit Plan Charge") equal to the sum of the Insured Plan Charges, the Self-Insured Plan Charges, the Parent Incentive Plan Charges and the Pension Plan Charges (each as defined in Exhibit C).
- 9. <u>Termination and Withdrawal of Participation in Parent Plans</u>. The Parent may, in its sole discretion and subject to any independent contractual obligations, at any time, amend, restate or eliminate any of the Parent Plans or, on one-hundred and eighty (180)days' prior written notice to the Subsidiary, revoke Company Employees' participation rights in a Parent Plan and amend Exhibit C to reflect any such changes. The Subsidiary may, on one-hundred and eighty (180) days' prior written notice to the Parent and subject to the specific withdrawal provisions set forth in Exhibit C, withdraw any or all Company Employees from participation in

any or all Parent Plans. Notwithstanding the foregoing, any proposed withdrawal by the Subsidiary of any or all Company Employees' participation rights in a Parent Plan that is reasonably determined by the Parent to result in the termination or disqualification of any Parent Plan, shall not be permitted without the Parent's written consent.

- Invoices: Settlement Procedures. Within fifteen (15) business days after each fiscal month-end during a calendar year, the Parent shall submit invoices to the Subsidiary that reflect any Services Charge, Advance Reimbursements, Insurance Charges and Benefit Plan Charges for such month, with reasonable detail of each, as well as any amount previously invoiced but not paid by the Subsidiary as of the invoice date. Prior to the January 31 following such calendar year (each, a "Settlement Date", provided, however, that in the event that such January 31 is not a business day, the Settlement Date will be the business day immediately preceding such January 31), the Parent shall provide to the Subsidiary a summary, in reasonable detail, of any adjustments to the Services Charge, as described in Section II of Exhibit D, a summary invoice of all Services Charges, Advance Reimbursements, Insurance Charges and Benefit Plan Charges for such calendar year and any amounts owed by Garrison Litigation Management Group, Ltd. to the Parent as of such Settlement Date pursuant to Section 8(b) of that certain Services Agreement dated as of June 1, 2010 between the Parent and Garrison Litigation Management Group, Ltd. (collectively, the "Unpaid Charges"). All Unpaid Charges shall be due and payable on the Settlement Date and the Parent will not charge any interest on any Unpaid Charges for any period prior to such Settlement Date. The Subsidiary shall pay the total amount of Unpaid Charges due and payable as of the Settlement Date in the following manner:
 - (a) *First*, through a corresponding reduction in the amount of interest due and payable in cash to Garlock Sealing Technologies LLC at such Settlement Date in the following order (i) from Stemco LP ("Stemco"), a Texas limited partnership and wholly-owned subsidiary of Coltec, under that certain \$153,865,000 Amended and Restated Promissory Note, dated as of January 1, 2010, as may be amended from time to time (the "Stemco Note") and (ii) from Coltec under that certain \$73,381,000 Amended and Restated Promissory Note, dated as of January 1, 2010, as may be amended from time to time (the "Coltec Note");
 - (b) Second, if any Unpaid Charges remain outstanding after applying the provisions of Section 10(a) above, through a corresponding reduction in the amount of interest that would otherwise be deferred and become PIK Amounts (as defined under the Coltec Note and the Stemco Note) owed to the Subsidiary at such Settlement Date in the following order (i) PIK Amounts under the Stemco Note and (ii) PIK Amounts under the Coltec Note;
 - (c) *Third*, subject to the terms of any subordination agreement applicable to the Stemco Note or Coltec Note, if any Unpaid Charges remain outstanding after applying the provisions of **Section 10(a)** and **10(b)** above, through a corresponding reduction in the amount of principal owed to the Subsidiary at such Settlement Date under the Stemco Note until the principal balance of the Stemco Note is paid in full and then through a corresponding reduction in the amount of principal owed to the Subsidiary at such Settlement Date under the Coltec Note until the principal balance of the Coltec Note is paid in full;

(d) Fourth, in cash, in an amount equal to any Unpaid Charges that remain outstanding on such Settlement Date after applying the provisions of Sections 10(a), 10(b), and 10(c), if any.

To the extent any payments of interest or principal are made on the Stemco Note by virtue of this Agreement, Stemco and Parent shall reflect such payment as an intercompany advance by Parent to Stemco and evidence that advance through documentation acceptable to Stemco and Parent.

11. <u>Limitation of Liability</u>.

- (a) Except as provided in **Section 12** below, the Parent and its affiliates (other than the Subsidiary), directors, managers, officers, employees, agents, successors or permitted assigns (each, a "<u>Parent Party</u>") shall not be liable to the Subsidiary or any affiliate, director, manager, officer, employee, agent, successor or permitted assign of the Subsidiary (each, a "<u>Company Party</u>") for any liabilities, claims, damages, losses or expenses, including, but not limited to, any special, indirect, incidental or consequential damages of a Company Party arising in connection with any Advanced Payroll, Subsidiary 401(k) Contributions or Subsidiary Plans.
- (b) THE LIABILITY OF THE PARENT UNDER THIS AGREEMENT RELATED TO THE PERFORMANCE OR NON-PERFORMANCE OF ANY SERVICE HEREUNDER, ANY ADVANCE, ANY INSURANCE COVERAGE AND ANY PLAN PARTICIPATION, INCLUDING, WITHOUT LIMITATION, LIABILITY OF THE PARENT FOR CLAIMS OF ANY KIND (WHETHER IN CONTRACT, INDEMNITY, TORT, STRICT LIABILITY, OR OTHERWISE) RELATED THERETO SHALL NOT EXCEED THE TOTAL AMOUNT PAID TO THE PARENT FOR SUCH SERVICE, ADVANCE REIMBURSEMENT, INSURANCE CHARGE OR BENEFIT PLAN CHARGE UNDER THIS AGREEMENT.

12. <u>Indemnification</u>.

- (a) Subject to the limitation in **Section 11(b)**, the Parent shall indemnify, defend and hold harmless each Company Party from and against all liabilities, claims, damages, losses and expenses (including, but not limited to, court costs and reasonable attorneys' fees), of any kind or nature caused by or arising in connection with the Parent's gross negligence or willful misconduct in its performance of this Agreement; unless such gross negligence or willful misconduct was caused by the acts or omissions of a Company Party. Notwithstanding the foregoing, the Parent shall not be liable for any special, indirect, incidental or consequential damages relating to such third party claims.
- (b) The Subsidiary shall indemnify, defend and hold harmless each Parent Party from and against all liabilities, claims, damages, losses and expenses (including, but not limited to, court costs and reasonable attorneys' fees), of any kind or nature caused by or arising in connection with the Subsidiary's gross negligence or willful misconduct in its performance of this Agreement; unless such failure is caused by the acts or omissions of a Parent Party.

Notwithstanding the foregoing, the Subsidiary shall not be liable for any special, indirect, incidental or consequential damages relating to such claims.

- 13. <u>Information</u>. Each party hereto covenants and agrees to provide the other party with all information regarding itself and transactions under this Agreement as is required by such party to comply with all applicable federal, state, county and local laws, ordinances, regulations and codes, including, but not limited to, securities laws and regulations.
- 14. <u>Confidential Information</u>. Each party hereby covenants and agrees to hold in trust and maintain confidential, except as otherwise required by law, all Confidential Information relating to the other party or any of its subsidiaries. For the purposes of this Agreement, Confidential Information shall mean all information disclosed by a party to the other in connection with this Agreement whether orally, visually, in writing or in any other tangible form, and includes, but is not limited to, technical, economic and business data, know-how, flow sheets, drawings, business plans, computer information data bases, and the like. Without prejudice to the rights and remedies of any party to this Agreement, a party disclosing any Confidential Information shall be entitled to seek equitable relief by way of an injunction if the other party hereto breaches or threatens to breach any provision of this **Section 14**.
- 15. <u>Assignment</u>. Neither party may assign or transfer any of its rights or duties under this Agreement to any person or entity without the prior written consent of the other party.
- 16. <u>Notices</u>. Any notice, instruction, direction or demand under the terms of this Agreement required to be in writing will be duly given upon delivery, if delivered by hand, facsimile transmission or intercompany mail, or five (5) days after posting if sent by first class mail to the following addresses:

The Parent

EnPro Industries Inc 5605 Carnegie Blvd., Suite 500 Charlotte, North Carolina 282093100 Attention: Richard L. Magee

and

The Subsidiary

Garlock Sealing Technologies LLC 1666 Division Street Palmyra, New York 14522 Attention: Don Pomeroy

17. <u>Governing Law</u>. This Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina.

- 18. <u>Suspension</u>. The obligations of any party to perform any acts hereunder may be suspended if such performance is prevented by fires, strikes, embargoes, riot, invasion, governmental interference, inability to secure goods or materials, or other circumstances outside the control of such party.
- 19. <u>Severability</u>. If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not render the entire Agreement invalid. Rather, the Agreement shall be construed as if not containing the particular invalid or unenforceable provision, and the rights and obligations of each party shall be construed and enforced accordingly.
- 20. Term; Termination; Rights Upon Termination. The term of this Agreement shall be from the Effective Date to December 31, 2015, unless terminated earlier pursuant to this Section 20, provided, however, that unless a party provides notice of intent to terminate this Agreement at least one-hundred and eighty (180) days prior to the expiration, this Agreement shall automatically renew for a successive one-year period. The Parent may terminate this Agreement in its sole discretion if, at the time of such election, the Parent no longer possesses, directly or indirectly, a majority of each class of equity of the Subsidiary. Upon expiration or termination of this Agreement or the termination of any of the Services, Advances, Insurance Coverage or Plan Participation by either party, each party shall, upon request, forthwith return to the other party all reports, Confidential Information and any other information provided to the other party under this Agreement with respect to the terminated Services, Advances, Insurance Coverage and/or Plan Participation. In addition, each party shall assist the other in the orderly termination of this Agreement and any of the Services, Advances, Insurance Coverage and/or Plan Participation described herein. The termination or expiration of this Agreement shall not relieve any party of any obligations or liabilities accrued as of the effective date of the termination or expiration, and the Subsidiary shall pay, in accordance with Section 10, all Services Charges, Advance Reimbursements, Insurance Charges and Benefit Plan Charges as due.
- 21. <u>Amendment</u>. This Agreement may only be amended by a written agreement executed by each of the parties hereto; provided that any of the Exhibits attached hereto may be amended upon the delivery of a replacement Exhibit so designated and executed by the parties hereto.
- 22. <u>Entire Agreement</u>. This Agreement, including the Exhibits, constitutes the entire agreement between the parties, and supersedes all prior agreements, representations, negotiations, statements or proposals related to the subject matter hereof.
- 23. <u>Counterparts</u>. This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement.

Case 10-31607 Doc 8 Filed 06/05/10 Entered 06/05/10 11:25:07 Desc Main Document Page 26 of 55

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives.

GARLOCK SEALING TECHNOLOGIES LLC By:_____ Name:____ Title: _____ ENPRO INDUSTRIES, INC. By:_____ Name:____ Title: **COLTEC INDUSTRIES INC** By:_____ Name:____ Title:_____ Acknowledged and agreed for purposes of Section 10 hereof: STEMCO LP By: Coltec Industries Inc, its general partner By:_____ Name:____ Title:

EXHIBIT A

SERVICES

For each of the following functions, the Parent provides the Subsidiary, at Parent cost, with specialists to supplement the Subsidiary's team and provide expertise and manpower, as needed, which is not readily available to the Subsidiary on a full-time regular basis and could cost the Subsidiary significantly more if supplied by a third-party consulting firm or other outside experts.

I. Continuous Improvement Team

The Parent's Continuous Improvement Team ("CIT") provides consulting services aimed at:

- improving operational excellence in manufacturing and related functions to reduce costs, improve quality, improve operational processes, and improve customer satisfaction as measured by a variety of metrics; and
- improving pricing practices by working with Subsidiary sales and marketing staff and others to identify pricing optimization and maximization opportunities that contribute to increased sales and profitability.

In exchange for the services provided by the CIT, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits, travel, and other costs of the CIT team members, based on the proportion of the Subsidiary's sales to the total consolidated U.S. sales of the Parent and its subsidiaries.

II. Strategic Planning and Business Development

The Parent's Strategic Planning and Business Development team provides advice, consultation, and technical assistance regarding:

- strategic analysis related to, and the preparation and execution of, the Subsidiary's strategic plan; and
- research related to, identification of, and execution of merger and acquisition opportunities, as necessary.

In exchange for the services provided by the Strategic Planning and Business Development team, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits and other costs of the team members, based on an estimate of the percentage of time the team members devote to Subsidiary-related projects.

III. Information Technology

The Parent provides information technology services and support, including, but not limited to, consultation on design and implementation of Subsidiary's information technology strategy; selection, purchase and management of hardware infrastructure and software; networking and communications support and development; backup and disaster recovery; network security and related activities; training and education; staffing and management of a help

desk; selection and management of third-party service providers; and use of information technology equipment owned by the Parent.

In exchange for the information technology services, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits, hardware, software, maintenance, and other costs of its Information Technology department based on the proportion of the Subsidiary's headcount to the total U.S. headcount of the Parent's subsidiaries.

IV. Human Resources

The Parent's Human Resources department provides advice and assistance regarding, but not limited to: benefit plan design and compliance; selection and management of actuarial services; investment, administration and custodial services necessary to manage the assets of employee benefit plans and any successor plans operated or established in whole or in part for the benefit of employees.

In exchange for the services provided by the Parent's Human Resources department, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits, and other costs of this department based on the proportion of the Subsidiary's headcount to the total U.S. headcount of the Parent's subsidiaries.

V. Supply Chain Management

Similar to the CIT, the Parent's Supply Chain team provides consulting services to optimize the Subsidiary's procurement process, distribution network configuration and strategy, and logistics costs. The Supply Chain team also participates in or leads the negotiation of major contracts with vendors.

In exchange for the services provided by the Parent's Supply Chain team, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits and other costs of the team members, based on an estimate of the percentage of time the team members devote to Subsidiary-related projects.

VI. Legal Department

The Parent's Legal Department, consisting of the Parent's General Counsel and his staff, provides the Subsidiary with general and specific legal advice, counsel and services on various matters, including, but not limited to: identification, selection, retention and management of outside counsel and related third-party service providers; drafting, negotiating and reviewing contracts and related documents; legal management and advice on matters of corporate governance; representation in meetings, negotiations and arbitrations in respect of disputes related to product liability, warranty, contractual, employment, intellectual property, real property and other legal matters; and legal advice and counsel related to, among other matters, benefit plans, transactions, including mergers, acquisitions and divestitures, employment law matters, intellectual property legal matters, corporate secretarial matters, environmental matters, and lawsuits, administrative actions and other legal proceedings.

1171020v11

In exchange for the services provided by the Parent's Legal Department, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits and other costs of the department members, based on an estimate of the percentage of time the department members devote to Subsidiary-related legal matters.

VII. Working Capital Improvement

Similar to the CIT, the Parent's Working Capital Improvement team provides consulting services aimed at assisting the Subsidiary in managing and minimizing its working capital requirements. The Working Capital Improvement team's efforts are focused primarily on improvement in accounts receivable, inventory, and accounts payable.

In exchange for the services provided by the Parent's Working Capital Improvement team, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits, travel, and other costs of this team based on an estimate of the percentage of time spent by the team members on Subsidiary-related working capital improvement initiatives.

VIII. Environmental, Health and Safety

General assistance to the Subsidiary is provided by the Parent's Environmental, Health and Safety ("EH&S") department, including, but not limited to: oversight of compliance with governmental and corporate requirements; education of employees of the Subsidiary with respect to new regulatory requirements; identification of and consultation with third-party service providers that work with the Subsidiary; assistance in connection with EH&S due diligence on acquisitions; occupational exposure monitoring; and advice and consultation regarding other significant EH&S matters, as needed.

In exchange for the services provided by the EH&S department, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits, and other costs of this department based on the proportion of the Subsidiary's headcount to the total U.S. headcount of the Parent's subsidiaries.

IX. Tax Department

The Parent's tax department provides tax services to the Subsidiary, including, but not limited to: United States federal, state and local compliance for income, franchise and sales and use taxes; worldwide tax planning; tax structuring of mergers, acquisitions, and divestitures; federal, state and local audit negotiation and support; preparation of the Subsidiary's stand-alone tax calculation for financial reporting purposes (including current and deferred tax assets and liabilities); financial statement audit support and other tax-related support and expertise, as requested.

In exchange for the services provided by the Parent's tax department, the Subsidiary is charged a portion of the Parent's actual cost of compensation, benefits, travel, and other costs of the department members, based on an estimate of the percentage of time the department members devote to Subsidiary-related tax matters.

1171020v11 A-3

Case 10-31607 Doc 8 Filed 06/05/10 Entered 06/05/10 11:25:07 Desc Main Document Page 30 of 55

X. Treasury and Cash Management

The Parent's treasury and cash management department provides assistance regarding, but not limited to: management of the Subsidiary's cash and investment account structure; disbursement management, including electronic transfers; bank account transactions information; and, reconciliation of cash collections and disbursements.

In exchange for the services provided by the Parent's treasury and cash management department, the Subsidiary is charged a portion of the Parent's actual cost compensation, benefits, and other costs of one team member based on the proportion of the number of bank accounts of the Subsidiary to the total number of U.S. bank accounts of the Parent's subsidiaries.

EXHIBIT B

PARENT INSURANCE

The Subsidiary acknowledges that it has received copies of the Parent's insurance policies listed below and the terms under which the Subsidiary will be afforded coverage under such policies. Recovery under any of such policies is subject to the specific terms, conditions, exclusions, limits, deductibles, etc. of the particular policy involved.

The Subsidiary or its employees, as applicable, may participate as an insured in the following policies of the Parent (as may be renewed, amended or replaced in the ordinary course), subject to the costs of participation determined for each policy as indicated below:

1. **Property Insurance** policy number JD167 issued by Factory Mutual Insurance Company – The Subsidiary shall pay to the Parent an amount equal to the amount of the premiums multiplied by the proportion of the replacement value of the Subsidiary's assets covered by the Property Insurance to the total replacement value of the assets of all entities covered by the Property Insurance.

2. Excess Liability Insurance -

- a. Excess Liability Policies:
 - i. First Excess Liability policy number 13136422 issued by Lexington Insurance Company;
 - ii. Second Excess Liability policy number DL419705 issued by XL Insurance Company UK Ltd.;
 - iii. Third Excess Liability policy number DL537509 issued by Catlin Underwriting Syndicate 2003 (Lloyd's Syndicate);
 - iv.' Fourth Excess Liability policy number 2010 10F140533-1 issued by SCOR Reinsurance Company;
 - v. Fifth Excess Liability policy number K0A037909A0B issued by Aspen Insurance UK Ltd.
- b. Determination of Charges for Subsidiary Participation For each Excess Liability Policy, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) 70% of the amount of the premium for such Excess Liability Policy multiplied by the proportion of the Subsidiary's budgeted sales revenues derived from sales of products other than aviation or nuclear products ("Non-Aero/Nuclear Revenues") to the total budgeted Non-Aero/Nuclear Revenues of entities covered by such Excess Liability Policy and (ii) 30% of the amount of the premium for such Excess Liability Policy multiplied by the proportion of the Subsidiary's employees to the total employees of the entities covered by such Excess Liability Policy.

- 3. **Primary General Liability Insurance** policy number EB1-651-004320-030 issued by Liberty Mutual Insurance Company The Subsidiary shall pay to the Parent an amount equal to the sum of (i) 70% of the amount of the premium multiplied by the proportion of the Subsidiary's budgeted Non-Aero/Nuclear Revenues to the total budgeted Non-Aero/Nuclear Revenues of entities covered by the Primary General Liability Policy and (ii) 30% of the amount of the premium multiplied by the proportion of the Subsidiary's employees to the total employees of the entities covered by the Primary General Liability Policy.
- 4. **Primary United States Auto Liability Insurance** policy number AS2-651-004320-020 issued by Liberty Mutual Insurance Company The Subsidiary shall pay to the Parent an amount equal to the amount of the premium multiplied by the proportion of the number of automobiles located in the United States owned or leased by the Subsidiary to the total number of automobiles located in the United States owned or leased by the entities covered by the Primary United States Auto Liability Insurance.

5. Executive Liability Insurance -

- a. Executive Liability Policies:
 - Blended Executive Liability (Directors & Officers Liability, Crime and Special Crime Coverage, Fiduciary Liability, Employment Related Practices Liability and Securities Claims) policy number ELU 83326-02 issued by Greenwich Insurance Company;
 - ii. First Excess Blended Executive Insurance policy number ELU 86147-04 issued by Greenwich Insurance Company;
 - iii. Second Excess Directors & Officers Liability policy number DOC 9051704-03 issued by Zurich American Insurance Company:
 - Third Excess Directors & Officers Liability policy number DOX 0015545-03 issued by Arch Insurance Company;
 - v. Side A Excess Directors & Officers Liability policy number V15PPN100201 issued by Beazley Insurance Company, Inc.
- b. <u>Determination of Charges for Subsidiary Participation</u> For each Executive Liability Policy, the Subsidiary shall pay to the Parent an amount equal to 50% of the amount of the premium for such Executive Liability Policy multiplied by the proportion of the Subsidiary's employees to the total employees of the entities covered by such Executive Liability Policy.
- 6. **Aviation Products Liability Insurance** policy number AP1854665-05 issued by National Union Fire Insurance Company of Pittsburgh, PA The Subsidiary shall pay to the Parent an amount equal to the amount of the premium multiplied by the proportion of the Subsidiary's budgeted sales revenues derived from sales of products that are incorporated into aircraft ("<u>Aviation Revenues</u>") to the total budgeted Aviation Revenues of the entities covered by the Aviation Products Liability Policy.

1171020v11 B-2

- 7. **Ocean Cargo Insurance** policy number OCP-2508 issued by Factory Mutual Insurance Company The Subsidiary shall pay to the Parent an amount equal to the amount of the premium multiplied by the proportion of the Subsidiary's budgeted sales revenues to the total budgeted sales revenues of the entities covered by the Ocean Cargo Policy.
- 8. Workers Compensation Insurance policy numbers WA7-65D-004320-040, WC7-651-004320-050 and EH1-651-004320-14 issued by Liberty Mutual Insurance Company The Subsidiary shall pay to the Parent an amount equal to the sum of (a) the accrued expense related to the coverage of current or former employees of the Subsidiary, as determined by the Parent in the ordinary course of business and consistent with past practice, plus (b) an amount equal to the sum of (i) 70% of the total amount of the premiums multiplied by the proportion of the Subsidiary's employees to the total employees of the entities covered by either Workers Compensation Insurance Policy and (ii) 30% of the total amount of the premiums multiplied by a proportion determined by the Subsidiary's workers compensation loss history, as determined by the Parent in the ordinary course and consistent with past practice, plus (c) the administrative costs attributable to coverage of the current or former employees of the Subsidiary, as determined by the third-party administrator. If the Subsidiary withdraws any or all of its current or former employees from coverage, the Subsidiary shall continue to pay the Parent for any accrued expense for any claims arising from events occurring before the effective date of the withdrawal of such withdrawn current or former employees.

9. Risk Management and Insurance Brokerage Services -

- a. <u>Services</u> the Parent contracts with certain third-party service providers to provide Parent, Subsidiary and other entities covered by Parent Insurance with customary risk management functions, including, but not limited to, evaluating the terms and conditions of contracts and selection and management of insurance brokers and underwriters, claims handling services and all other aspects of insurance administration for the Parent Insurance, management of claims made under the Parent Insurance, recommendations on the amount and type of additional insurance coverage necessary or advisable (including deductible and self-insured retention amounts), arrangement and coordination of property loss prevention inspection of facilities, evaluation of financial ability of insurance carriers, responses to requests for certificates, ID cards and other proof of insurance, preparation of claims and proof of loss for submission to insurers, completion of required filings with appropriate state agencies and responses to general requests for information (collectively, the "Risk Management Services").
- b. <u>Determination of Charge for Risk Management Services</u> In exchange for the Risk Management Services, the Subsidiary shall pay to the Parent an amount equal to the sum of (a) 70% of the amount of any Risk Management Services fees charged by third-party service providers ("<u>Risk Management Fees</u>") multiplied by the proportion of the Subsidiary's budgeted sales revenues derived in the United States to the total budgeted sales revenues derived in the United States of entities covered by the Parent Insurance and (b) 30% of the amount of Risk Management Fees multiplied by the proportion of the Subsidiary's employees

Case 10-31607 Doc 8 Filed 06/05/10 Entered 06/05/10 11:25:07 Desc Main Document Page 34 of 55

in the United States to the total employees in the United States of the entities covered by the Parent Insurance.

1171020v11

EXHIBIT C

PARENT PLANS

This Agreement is not intended to confer any rights in any of the plans set forth below for any employee. The parties acknowledge that certain locations participate in the plans set forth below to varying degrees. The Subsidiary acknowledges that it has received a copy of the terms, including determination of eligibility and calculation of premiums, claims and administrative costs, for each plan set forth below.

I. Insured Plans:

- A. The "Insured Plans" consist of the following plans offered by the Parent:
 - 1. UnitedHealthcare Vision Plan;
 - 2. Basic Life Insurance Policy administered by Sun Life Financial;
 - 3. Supplemental Life Insurance Policy administered by Sun Life Financial;
 - 4. Dependent Life Insurance Policy administered by Sun Life Financial;
 - 5. Long-Term Disability Policy administered by Sun Life Financial;
 - 6. Group Basic Accident Policy administered by OneBeacon Insurance Company;
 - 7. Group Voluntary Accident Policy administered by OneBeacon Insurance Company;
 - 8. Group Travel Accident Insurance Policy administered by OneBeacon Insurance Company; and
 - 9. Employee Assistance Plan administered by Aetna.
- B. <u>Determination of Charges for Participation in Insured Plans</u> For each Insured Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) the employee and employer portion of any premiums (including, but not limited to, any such premiums related to providing COBRA continuation coverage) attributable to the Company Employees' participation in such Insured Plan, as determined by the underwriter of such Insured Plan, (ii) the administrative cost attributable to the Company Employees, as determined by the administrator of such Insured Plan and (iii) any amounts payable by the Subsidiary pursuant to **Section I.C.** below (collectively, the "Insured Plan Charges").
- C. Withdrawal from Insured Plan. If the Subsidiary withdraws any or all Company Employees from any or all Insured Plans pursuant to **Section 9** of the Agreement, the Subsidiary shall continue to pay to Parent its share of the premiums and other costs, including costs of termination, for any policies covering such withdrawn Covered Employees in force on the date of the withdrawal notice until the date when such policies expire or are terminated.

II. Self-Insured Plans:

- A. The "Self-Insured Plans" consist of the following plans offered by the Parent:
 - 1. Aetna Choice POS II Plan 90 administered by Aetna CDHP;
 - 2. Aetna Choice POS II Plan 80 administered by Aetna CDHP; and

1171020v11 C-1

- 3. Passive PPO Dental Plan administered by Aetna Life Insurance Company.
- B. <u>Determination of Charges for Participation in Self-Insured Plans</u> for each Self-Insured Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) the actual claims reimbursed to, or paid on behalf of, the Company Employees under such Self-Insured Plan, as determined by the administrator of such Self-Insured Plan, (ii) the administrative costs attributable to the Company Employees, as determined by the administrator of such Self-Insured Plan and (iii) any amounts payable by the Subsidiary pursuant to **Section II.C.** below (collectively, the "<u>Self-Insured Plan Charges</u>").
- C. Withdrawal from Self-Insured Plan. If the Subsidiary withdraws any or all Company Employees from any or all Self-Insured Plans pursuant to **Section 9** of the Agreement, the Subsidiary shall continue to pay to Parent for any actual claims paid to such withdrawn Covered Employees and the related claim administration costs for any claims arising from events occurring before the effective date of the withdrawal of such withdrawn Covered Employees from such Self-Insured Plans.

III. Parent Incentive Plans:

- A. The Parent Incentive Plans consist of the following plans offered by the Parent:
 - 1. EnPro Industries, Inc. Management Annual Performance Plan;
 - 2. EnPro Industries, Inc. Long-Term Incentive Plan; and
 - 3. EnPro Industries, Inc. 2002 Equity Compensation Plan.
- B. Determination of Charges for Participation in Parent Incentive Plans For each Parent Incentive Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) either the accrued expense related to the Company Employees' participation in such Parent Incentive Plan or the amount of the award granted by the Parent to a Company Employee under such Parent Incentive Plan, in each case as determined by the Parent in the ordinary course of business and consistent with past practice pursuant the terms of such Parent Incentive Plan and (ii) any amounts payable by the Subsidiary pursuant to **Section III.C.** below (collectively, the "Parent Incentive Plan Charges").
- C. <u>Withdrawal from Parent Incentive Plan</u>. If the Subsidiary withdraws any or all Company Employees from any or all Parent Incentive Plans pursuant to **Section 9** of the Agreement, the Subsidiary shall continue to pay Parent for any accrued expense related to such withdrawn Covered Employees under such Parent Incentive Plan.

IV. Pension Plans:

- A. The Pension Plans consist of the following plans offered by the Parent:
 - 1. Retirement Plan for Employees of EnPro Industries, Inc.; and
 - 2. EnPro Industries Inc. Defined Benefit Restoration Plan.

- B. <u>Determination of Charges for Participation in Pension Plans</u> for each Pension Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) the accrued expense related to the Company Employees' participation in such Pension Plan, as determined by the third-party actuary for such Pension Plan, (ii) the administrative, trustee and investment management costs attributable to the Company Employees' participation in such Pension Plan, as determined by the administrator, trustee or investment manager of such Pension Plan and (iii) any amounts payable by the Subsidiary pursuant to **Section IV.C.** below (collectively, the "<u>Pension Plan Charges</u>").
- C. <u>Withdrawal from Pension Plan</u>. Any withdrawals by Subsidiary of Company Employees from any Pension Plan pursuant to **Section 9** of the Agreement must be done in accordance the terms of such Pension Plan. The Subsidiary shall pay Parent for any and all costs incurred by Parent with respect to any such proposed or actual withdrawal of Company Employees from a Pension Plan.

EXHIBIT D

SERVICES CHARGE

I. Services Charge:

		Service Charge			
Service		4-week Fiscal		5-week Fiscal	
		Period		P	eriod
1.	Continuous Improvement Team	\$ 60	,000	\$	75,000
2.	Strategic Planning and Business	24	,000		30,000
	Development				
3.	Information Technology	28.	,000		35,000
4.	Human Resources	20.	,000		25,000
5.	Supply Chain Management	8.	000		10,000
6.	Legal Department	8.	000		10,000
7.	Working Capital Improvement	20,	000		25,000
8.	Environmental, Health & Safety	8.	000		10,000
9.	Tax Department	4.	000		5,000
10.	Treasury and Cash Management	2.	000		3,000
Total		\$ 182,	000	\$	228,000

II. Adjustments:

As of December 31 of each year, the Parent shall compare the total of its actual personnel costs incurred in each of the Service categories during the year to the budgeted amount of personnel costs used in the determination of the Services Charge and make a retroactive adjustment to reflect the Subsidiary's portion of the total net benefit (in the event of a positive variance) or total net cost (in the event of a negative variance) arising from the variance between budget and actual costs during the prior year, as determined in the ordinary course of business and consistent with past practice. Such retroactive adjustments will be reflected in the invoice of the Services Charge covering the last fiscal month of the year. Notwithstanding the foregoing, the Parent may, in its sole discretion, elect to perform such comparison more frequently than annually and reflect any such adjustment in any invoice during a year.

EXHIBIT E

PAYMENT ADVANCES

I. Retirement Savings Plans:

- 1. EnPro Industries, Inc. Retirement Savings Plan for Hourly Employees, as adopted by the Subsidiary;
- 2. EnPro Industries, Inc. Retirement Savings Plan for Salaried Employees, as adopted by the Subsidiary; and
- 3. EnPro Industries, Inc. Deferred Compensation Plan.

II. Subsidiary Plans:

- 1. Blue Choice 25 HMO (Active Group 15996-001) administered by Excellus Blue Cross Blue Shield;
- 2. MVP Basix HMO (Active Group C04623-0701) administered by MVP Health Care;
- 3. Garlock Sealing Technologies Comprehensive Medical Plan and Prescription Drug Benefits administered by HealthSCOPE Benefits Inc.;
- 4. Garlock Sealing Technologies Medicare Supplement Benefits and Pharmacy Benefits administered by HealthSCOPE Benefits Inc.; and
- 5. New York State Short-Term Disability Policy.

EXHIBIT B

GARRISON SERVICES AGREEMENT

INTERCOMPANY SERVICES AGREEMENT

THIS INTERCOMPANY SERVICES AGREEMENT (this "Agreement") is dated as of the 1st day of June, 2010, by and between Coltec Industries Inc, a Pennsylvania corporation ("Coltec"), EnPro Industries, Inc., a North Carolina corporation (together with Coltec, the "Parent") and Garrison Litigation Management Group, Ltd., a North Carolina corporation (the "Subsidiary").

RECITALS

WHEREAS, prior to the effective date of this Agreement, the Parent provided the Subsidiary with certain corporate services and permitted participation by the Subsidiary in certain insurance policies obtained by the Parent pursuant to that certain Administrative Services Agreement dated as of September 13, 1996 between Coltec and the Subsidiary (the "1996 Agreement") and the Parent advanced funds to third-party providers on behalf of the Subsidiary and permitted participation by current or former employees of the Subsidiary in certain employee benefit plans sponsored by the Parent; and

WHEREAS, the parties hereto wish to formalize and restate the relationship between the Parent and the Subsidiary regarding such services, insurance coverage, payment advances and employee benefit plans; and

WHEREAS, the Subsidiary desires to acquire and pay or reimburse the Parent for (i) those services and insurance coverage set forth in Exhibit A hereto, as such Exhibit may be amended for time to time (the "Services"), (ii) certain periodic payments by the Parent to third parties on behalf of the Subsidiary and (iii) the opportunity for certain employees of the Subsidiary to participate in those benefit plans sponsored by the Parent set forth in Exhibit B hereto, as such Exhibit may be amended from time to time (collectively, the "Parent Plans"); and

WHEREAS, the Parent is willing to provide to the Subsidiary the Services, make certain periodic payments to third parties on behalf of the Subsidiary and provide certain of the Subsidiary's current or former employees with the opportunity to participate in the Parent Plans, in each case pursuant to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. <u>Services</u>. Beginning on June 1, 2010, (the "<u>Effective Date</u>"), the Parent shall provide, or cause to be provided, to the Subsidiary all of the Services as may from time to time be requested by the Subsidiary. At the Parent's direction and in its sole discretion, the Services may be provided by any affiliate or employee of the Parent or its affiliates, but excluding the Subsidiary and its employees.

- 2. <u>Fee for Services</u>. In exchange for the Services, the Subsidiary shall pay to the Parent, in accordance with the provisions of **Section 8**, a services fee in the amount set forth in Section II of <u>Exhibit A</u> hereto (the "Services Charge").
- 3. <u>Additional Services</u>. At any time during the term of this Agreement, the Subsidiary may request that the Parent provide additional services. Upon any such request, the parties will discuss in good faith, without obligation, appropriate amendments to the Services and the Services Charge set forth on <u>Exhibit A</u> to reflect such additional services and, if mutually agreed, amend this Agreement to reflect such amendments.
- 4. <u>Termination of Services</u>. Either the Subsidiary or the Parent may terminate all or any portion of the Services on one-hundred and eighty (180) days' prior written notice to the other. In the event a portion of the Services is terminated, the Services Charge shall be equitably amended to reflect such termination.
- Payment Advances. In the ordinary course of business and consistent with past practice, during the term of this Agreement the Parent shall make, or cause to be made at Parent's expense, payments on behalf of the Subsidiary (the "Advances") to third-party providers for (a) salary, wages, commissions, expense reimbursements and similar payroll payments for selected Subsidiary employees identified by the Subsidiary and approved by the Parent, in an amount determined by the Subsidiary (the "Advanced Payroll"), (b) any and all contributions by employees of the Subsidiary to the retirement savings plans or deferred compensation plans set forth in Section I of Exhibit C, as may be amended from time to time, and any and all required contributions by the Subsidiary, as employer of such employees, pursuant to the terms of such retirement savings plans or deferred compensation plan (collectively, the "Subsidiary 401(k) Contributions") and (c) the employee benefit plans set forth in Section II of Exhibit C, as may be amended from time to time (the "Subsidiary Plans"). At any time during the term of this Agreement, the Subsidiary may request that the Parent add or remove Subsidiary employees included in the Advanced Payroll or Subsidiary 401(k) Contributions or add or remove payments to third-party providers on behalf of the Subsidiary. Upon any such request, the parties will discuss in good faith, without obligation, appropriate amendments to this Section 5 and Exhibit C to reflect any such agreement on addition or removal of payment advances. Consistent with past practice and in accordance with the provisions of Section 8, the Subsidiary shall reimburse the Parent for any payments made by the Parent, or caused to be made by the Parent at the Parent's expense, related to the Advances, including the portion of administrative costs charged by third-party service providers for processing and delivering such payments, as determined by such third-party service providers (all such reimbursements, collectively, "Advance Reimbursements").
- 6. Parent Benefit Plans. During the term of this Agreement, the Parent shall permit participation in Parent Plans (the "Plan Participation") by current or former employees of the Subsidiary or its predecessors that meet the eligibility standards set forth in such Parent Plan (the "Company Employees"), as determined by the Parent in its sole discretion and consistent with past practice. Nothing in this **Section 6** is intended to, or shall be construed to, (a) create any third party beneficiary rights of any kind or nature, including, without limitation, the right of any

current or former Company Employee or other individual to seek to enforce any right to compensation or benefits, or any other right or privilege of employment with the Parent or the Subsidiary or (b) impose any continuing requirement on the Parent or the Subsidiary with respect to Company Employees, including, without limitation, any requirement to continue employment or maintain levels of compensation and benefits offered to any Company Employee. In exchange for participation by Company Employees in the Parent Plans, the Subsidiary shall pay to the Parent, in accordance with the provisions of **Section 8**, an amount (the "Benefit Plan Charge") equal to the sum of the Insured Plan Charges, the Self-Insured Plan Charges, the Parent Incentive Plan Charges and the Pension Plan Charges (each as defined in Exhibit B).

- 7. Termination and Withdrawal of Participation in Parent Plans. The Parent may, in its sole discretion and subject to any independent contractual obligations, at any time, amend, restate or eliminate any of the Parent Plans or, on one-hundred and eighty (180)days' prior written notice to the Subsidiary, revoke Company Employees' participation rights in a Parent Plan and amend Exhibit B to reflect any such changes. The Subsidiary may, on one-hundred and eighty (180) days' prior written notice to the Parent and subject to the specific withdrawal provisions set forth in Exhibit B, withdraw any or all Company Employees from participation in any or all Parent Plans. Notwithstanding the foregoing, any proposed withdrawal by the Subsidiary of any or all Company Employees' participation rights in a Parent Plan that is reasonably determined by the Parent to result in the termination or disqualification of any Parent Plan, shall not be permitted without the Parent's written consent.
- 8. <u>Invoices: Settlement Procedures.</u> Within fifteen (15) business days after each fiscal month-end during a calendar year, the Parent shall submit invoices to the Subsidiary that reflect any Services Charge, Advance Reimbursements and Benefit Plan Charges for such month, with reasonable detail of each, as well as any amount previously invoiced but not paid by the Subsidiary as of the invoice date. Prior to the January 31 following such calendar year (each, a "<u>Settlement Date</u>", <u>provided, however</u>, that in the event that such January 31 is not a business day, the Settlement Date will be the business day immediately preceding such January 31), the Parent shall provide to the Subsidiary a summary invoice of all Services Charges, Advance Reimbursements and Benefit Plan Charges for such calendar year (collectively, the "<u>Unpaid Charges</u>"). All Unpaid Charges shall be due and payable on the Settlement Date and the Parent will not charge any interest on any Unpaid Charges for any period prior to such Settlement Date. The Subsidiary shall pay the total amount of Unpaid Charges due and payable as of the Settlement Date in the following manner:
 - (a) *First*, by Garlock Sealing Technologies LLC ("<u>Garlock</u>") on behalf of the Subsidiary, through the settlement procedures set forth in Section 10 of that certain Services Agreement dated June 1, 2010 between the Parent and Garlock (to the extent such agreement remains in effect); and
 - (b) Second, in cash, in an amount equal to any Unpaid Charges that remain outstanding on such Settlement Date after applying the provisions of Section 8(a), if any.

To the extent any Unpaid Charges are advanced by Garlock on behalf of the Subsidiary pursuant to **Section 8(a)**, such intercompany advances shall be reflected as borrowings under the \$200,000,000 Revolving Note, dated as of September13, 1996, made by the Subsidiary to Garlock or, in the event such promissory note is no longer in effect or there is no availability thereunder, through such documentation as is acceptable to Garlock and Garrison.

9. <u>Limitation of Liability.</u>

- (a) Except as provided in **Section 10** below, the Parent and its affiliates (other than the Subsidiary), directors, managers, officers, employees, agents, successors or permitted assigns (each, a "Parent Party") shall not be liable to the Subsidiary or any affiliate, director, manager, officer, employee, agent, successor or permitted assign of the Subsidiary (each, a "Company Party") for any liabilities, claims, damages, losses or expenses, including, but not limited to, any special, indirect, incidental or consequential damages of a Company Party arising in connection with any Advanced Payroll, Subsidiary 401(k) Contributions or Subsidiary Plans.
- (b) THE LIABILITY OF THE PARENT UNDER THIS AGREEMENT RELATED TO THE PERFORMANCE OR NON-PERFORMANCE OF ANY SERVICE HEREUNDER, ANY ADVANCE AND ANY PLAN PARTICIPATION, INCLUDING, WITHOUT LIMITATION, LIABILITY OF THE PARENT FOR CLAIMS OF ANY KIND (WHETHER IN CONTRACT, INDEMNITY, TORT, STRICT LIABILITY, OR OTHERWISE) RELATED THERETO SHALL NOT EXCEED THE TOTAL AMOUNT PAID TO THE PARENT FOR SUCH SERVICE, ADVANCE REIMBURSEMENT OR BENEFIT PLAN CHARGE UNDER THIS AGREEMENT.

10. Indemnification.

- (a) Subject to the limitation in **Section 9(b)**, the Parent shall indemnify, defend and hold harmless each Company Party from and against all liabilities, claims, damages, losses and expenses (including, but not limited to, court costs and reasonable attorneys' fees), of any kind or nature caused by or arising in connection with the Parent's gross negligence or willful misconduct in its performance of this Agreement; unless such gross negligence or willful misconduct was caused by the acts or omissions of a Company Party. Notwithstanding the foregoing, the Parent shall not be liable for any special, indirect, incidental or consequential damages relating to such third party claims.
- (b) The Subsidiary shall indemnify, defend and hold harmless each Parent Party from and against all liabilities, claims, damages, losses and expenses (including, but not limited to, court costs and reasonable attorneys' fees), of any kind or nature caused by or arising in connection with the Subsidiary's gross negligence or willful misconduct in its performance of this Agreement; unless such failure is caused by the acts or omissions of a Parent Party. Notwithstanding the foregoing, the Subsidiary shall not be liable for any special, indirect, incidental or consequential damages relating to such claims.

- 11. <u>Information</u>. Each party hereto covenants and agrees to provide the other party with all information regarding itself and transactions under this Agreement as is required by such party to comply with all applicable federal, state, county and local laws, ordinances, regulations and codes, including, but not limited to, securities laws and regulations.
- 12. <u>Confidential Information</u>. Each party hereby covenants and agrees to hold in trust and maintain confidential, except as otherwise required by law, all Confidential Information relating to the other party or any of its subsidiaries. For the purposes of this Agreement, Confidential Information shall mean all information disclosed by a party to the other in connection with this Agreement whether orally, visually, in writing or in any other tangible form, and includes, but is not limited to, technical, economic and business data, know-how, flow sheets, drawings, business plans, computer information data bases, and the like. Without prejudice to the rights and remedies of any party to this Agreement, a party disclosing any Confidential Information shall be entitled to seek equitable relief by way of an injunction if the other party hereto breaches or threatens to breach any provision of this **Section 12**.
- 13. <u>Assignment</u>. Neither party may assign or transfer any of its rights or duties under this Agreement to any person or entity without the prior written consent of the other party.
- 14. <u>Notices</u>. Any notice, instruction, direction or demand under the terms of this Agreement required to be in writing will be duly given upon delivery, if delivered by hand, facsimile transmission or intercompany mail, or five (5) days after posting if sent by first class mail to the following addresses:

The Parent

EnPro Industries Inc 5605 Carnegie Blvd., Suite 500 Charlotte, North Carolina 282093100 Attention: Richard L. Magee

and

The Subsidiary

Garrison Litigation Management Group, Ltd. 120 East Avenue, suite 101 Rochester, New York 14604 Attention: Paul Grant

- 15. <u>Governing Law</u>. This Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina.
- 16. <u>Suspension</u>. The obligations of any party to perform any acts hereunder may be suspended if such performance is prevented by fires, strikes, embargoes, riot, invasion,

3002531v5 5

governmental interference, inability to secure goods or materials, or other circumstances outside the control of such party.

- 17. Severability. If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not render the entire Agreement invalid. Rather, the Agreement shall be construed as if not containing the particular invalid or unenforceable provision, and the rights and obligations of each party shall be construed and enforced accordingly.
- 18. Term; Termination; Rights Upon Termination. The term of this Agreement shall be from the Effective Date to December 31, 2015, unless terminated earlier pursuant to this Section 18, provided, however, that unless a party provides notice of intent to terminate this Agreement at least one-hundred and eighty (180) days prior to the expiration, this Agreement shall automatically renew for a successive one-year period. The Parent may terminate this Agreement in its sole discretion if, at the time of such election, the Parent no longer possesses, directly or indirectly, a majority of each class of equity of the Subsidiary. Upon expiration or termination of this Agreement or the termination of any of the Services, Advances or Plan Participation by either party, each party shall, upon request, forthwith return to the other party all reports, Confidential Information and any other information provided to the other party under this Agreement with respect to the terminated Services, Advances and/or Plan Participation. In addition, each party shall assist the other in the orderly termination of this Agreement and any of the Services, Advances and/or Plan Participation described herein. The termination or expiration of this Agreement shall not relieve any party of any obligations or liabilities accrued as of the effective date of the termination or expiration, and the Subsidiary shall pay, in accordance with Section 8, all Services Charges, Advance Reimbursements and Benefit Plan Charges as due.
- 19. <u>Amendment</u>. This Agreement may only be amended by a written agreement executed by each of the parties hereto; provided that any of the Exhibits attached hereto may be amended upon the delivery of a replacement Exhibit so designated and executed by the parties hereto.
- 20. <u>Termination of 1996 Agreement; Entire Agreement</u>. Coltec and the Subsidiary hereby consent to the termination of the 1996 Agreement effective as of June 1, 2010, and each waive any termination notice requirements contained therein; <u>provided; however</u>, that the provisions of Section 4 of the 1996 Agreement shall survive such termination. This Agreement, including the Exhibits, constitutes the entire agreement between the parties, and supersedes all prior agreements, representations, negotiations, statements or proposals related to the subject matter hereof.
- 21. <u>Counterparts</u>. This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement.

Case 10-31607 Doc 8 Filed 06/05/10 Entered 06/05/10 11:25:07 Desc Main Document Page 47 of 55

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives.

	GARRISON LITIGATION MANAGEMENT GROUP, LTD.
	By: Name: Title:
	ENPRO INDUSTRIES, INC.
	By:
	COLTEC INDUSTRIES INC
•	By: Name: Title:
Acknowledged and agreed for purposes	
GARLOCK SEALING TECHNOLO	
By:	
Name:	
Title:	

Case 10-31607 Doc 8 Filed 06/05/10 Entered 06/05/10 11:25:07 Desc Main Document Page 48 of 55

EXHIBIT A

SERVICES

I. Services:

Payroll

Automobile leasing

Legal

Tax

Human Resources

Treasury

Accounting and other financial services

Coverage as an insured under EnPro Executive Liability Insurance

Coverage as an insured under EnPro Malpractice Insurance

II. Services Charge: \$100,000 per year

3002531v5

EXHIBIT B

PARENT PLANS

This Agreement is not intended to confer any rights in any of the plans set forth below for any employee. The parties acknowledge that certain locations participate in the plans set forth below to varying degrees. The Subsidiary acknowledges that it has received a copy of the terms, including determination of eligibility and calculation of premiums, claims and administrative costs, for each plan set forth below.

I. Insured Plans:

- A. The "Insured Plans" consist of the following plans offered by the Parent:
 - 1. UnitedHealthcare Vision Plan:
 - 2. Basic Life Insurance Policy administered by Sun Life Financial;
 - 3. Supplemental Life Insurance Policy administered by Sun Life Financial;
 - 4. Dependent Life Insurance Policy administered by Sun Life Financial;
 - 5. Long-Term Disability Policy administered by Sun Life Financial;
 - 6. Group Basic Accident Policy administered by OneBeacon Insurance Company;
 - 7. Group Voluntary Accident Policy administered by OneBeacon Insurance Company;
 - 8. Group Travel Accident Insurance Policy administered by OneBeacon Insurance Company; and
 - 9. Employee Assistance Plan administered by Aetna.
- B. <u>Determination of Charges for Participation in Insured Plans</u> For each Insured Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) the employee and employer portion of any premiums (including, but not limited to, any such premiums related to providing COBRA continuation coverage) attributable to the Company Employees' participation in such Insured Plan, as determined by the underwriter of such Insured Plan, (ii) the administrative cost attributable to the Company Employees, as determined by the administrator of such Insured Plan and (iii) any amounts payable by the Subsidiary pursuant to **Section I.C.** below (collectively, the "Insured Plan Charges").
- C. <u>Withdrawal from Insured Plan</u>. If the Subsidiary withdraws any or all Company Employees from any or all Insured Plans pursuant to **Section 7** of the Agreement, the Subsidiary shall continue to pay to Parent its share of the premiums and other costs, including costs of termination, for any policies covering such withdrawn Covered Employees in force on the date of the withdrawal notice until the date when such policies expire or are terminated.

II. Self-Insured Plans:

- A. The "Self-Insured Plans" consist of the following plans offered by the Parent:
 - 1. Aetna Choice POS II Plan 90 administered by Aetna CDHP;
 - 2. Aetna Choice POS II Plan 80 administered by Aetna CDHP; and

3002531v5 C-1

- 3. Passive PPO Dental Plan administered by Aetna Life Insurance Company.
- B. <u>Determination of Charges for Participation in Self-Insured Plans</u> for each Self-Insured Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) the actual claims reimbursed to, or paid on behalf of, the Company Employees under such Self-Insured Plan, as determined by the administrator of such Self-Insured Plan, (ii) the administrative costs attributable to the Company Employees, as determined by the administrator of such Self-Insured Plan and (iii) any amounts payable by the Subsidiary pursuant to **Section II.C.** below (collectively, the "<u>Self-Insured Plan Charges</u>").
- C. Withdrawal from Self-Insured Plan. If the Subsidiary withdraws any or all Company Employees from any or all Self-Insured Plans pursuant to Section 7 of the Agreement, the Subsidiary shall continue to pay to Parent for any actual claims paid to such withdrawn Covered Employees and the related claim administration costs for any claims arising from events occurring before the effective date of the withdrawal of such withdrawn Covered Employees from such Self-Insured Plans.

III. Parent Incentive Plans:

- A. The Parent Incentive Plans consist of the following plans offered by the Parent:
 - 1. EnPro Industries, Inc. Management Annual Performance Plan;
 - 2. EnPro Industries, Inc. Long-Term Incentive Plan; and
 - 3. EnPro Industries, Inc. 2002 Equity Compensation Plan.
- B. <u>Determination of Charges for Participation in Parent Incentive Plans</u> For each Parent Incentive Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) either the accrued expense related to the Company Employees' participation in such Parent Incentive Plan or the amount of the award granted by the Parent to a Company Employee under such Parent Incentive Plan, in each case as determined by the Parent in the ordinary course of business and consistent with past practice pursuant the terms of such Parent Incentive Plan and (ii) any amounts payable by the Subsidiary pursuant to **Section III.C.** below (collectively, the "<u>Parent Incentive Plan Charges</u>").
- C. <u>Withdrawal from Parent Incentive Plan</u>. If the Subsidiary withdraws any or all Company Employees from any or all Parent Incentive Plans pursuant to **Section 7** of the Agreement, the Subsidiary shall continue to pay Parent for any accrued expense related to such withdrawn Covered Employees under such Parent Incentive Plan.

IV. Pension Plans:

- A. The Pension Plans consist of the following plans offered by the Parent:
 - 1. Retirement Plan for Employees of EnPro Industries, Inc.; and
 - 2. EnPro Industries Inc. Defined Benefit Restoration Plan.

- B. <u>Determination of Charges for Participation in Pension Plans</u> for each Pension Plan, the Subsidiary shall pay to the Parent an amount equal to the sum of (i) the accrued expense related to the Company Employees' participation in such Pension Plan, as determined by the third-party actuary for such Pension Plan, (ii) the administrative, trustee and investment management costs attributable to the Company Employees' participation in such Pension Plan, as determined by the administrator, trustee or investment manager of such Pension Plan and (iii) any amounts payable by the Subsidiary pursuant to **Section IV.C.** below (collectively, the "<u>Pension Plan Charges</u>").
- C. <u>Withdrawal from Pension Plan</u>. Any withdrawals by Subsidiary of Company Employees from any Pension Plan pursuant to **Section 7** of the Agreement must be done in accordance the terms of such Pension Plan. The Subsidiary shall pay Parent for any and all costs incurred by Parent with respect to any such proposed or actual withdrawal of Company Employees from a Pension Plan.

EXHIBIT C

PAYMENT ADVANCES

I. Retirement Savings Plans:

- 1. EnPro Industries, Inc. Retirement Savings Plan for Hourly Employees, as adopted by the Subsidiary;
- 2. EnPro Industries, Inc. Retirement Savings Plan for Salaried Employees, as adopted by the Subsidiary; and
- 3. EnPro Industries, Inc. Deferred Compensation Plan.

II. Subsidiary Plans:

- 1. Blue Choice 25 HMO (Active Group 15996-001) administered by Excellus Blue Cross Blue Shield;
- 2. MVP Basix HMO (Active Group C04623-0701) administered by MVP Health Care.
- 3. Garlock Sealing Technologies Comprehensive Medical Plan and Prescription Drug Benefits administered by HealthSCOPE Benefits Inc.;
- 4. Garlock Sealing Technologies Medicare Supplement Benefits and Pharmacy Benefits administered by HealthSCOPE Benefits Inc.; and
- 5. New York State Short-Term Disability Policy.