

ENPRO INDUSTRIES, INC

Form 11-K

June 27, 2008

**Table of Contents**

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**Form 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

**For the fiscal year ended December 31, 2007**

**Commission file number: 001-31225**

**EnPro Industries, Inc.**

**Retirement Savings Plan for Hourly Employees**

5605 Carnegie Boulevard, Suite 500

Charlotte, North Carolina 28209

(Full title of the plan and the address of the plan)

**EnPro Industries, Inc.**

5605 Carnegie Boulevard, Suite 500

Charlotte, North Carolina 28209

(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

---

**Table of Contents**

**ENPRO INDUSTRIES, INC  
RETIREMENT SAVINGS PLAN  
FOR HOURLY EMPLOYEES**

Financial Statements and Supplemental  
Schedule for the Years Ended  
December 31, 2007 and 2006  
and Report of Independent Registered Public Accounting Firm

---

TABLE OF CONTENTS

	Pages
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	1
FINANCIAL STATEMENTS:	
<u>Statements of Net Assets Available for Benefits, as of December 31, 2007 and 2006</u>	2
<u>Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2007 and 2006</u>	3
<u>Notes to Financial Statements for the Years Ended December 31, 2007 and 2006</u>	4-9
SUPPLEMENTAL SCHEDULE:	
<u>Schedule H, line 4i - Schedule of Assets Held for Investment Purposes, December 31, 2007</u> <u>Exhibit 23.1</u>	10
NOTE: The accompanying financial statements have been prepared for the purpose of filing DOL Form 5500. Supplemental schedules required by Section 2520 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, other than the ones listed above, are omitted because of the absence of the conditions under which they are required.	

---

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Participants and Administrator of the  
Retirement Savings Plan for Hourly Employees  
and the EnPro Industries, Inc. Benefits Committee:

We have audited the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits of the EnPro Industries, Inc. Retirement Savings Plan for Hourly Employees (the Plan ) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held as of December 31, 2007 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ( ERISA ). The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2007 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Greer & Walker, LLP  
Charlotte, North Carolina  
June 27, 2008

**Table of Contents****ENPRO INDUSTRIES, INC.****RETIREMENT SAVINGS PLAN FOR HOURLY EMPLOYEES****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****DECEMBER 31, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
ASSETS:		
Investments, at fair value	\$ 43,217,453	\$ 40,049,548
Receivables:		
Participant contributions		95,516
Employer contributions		37,957
Total		133,473
Accrued income and other	18,843	23,126
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	43,236,296	40,206,147
Adjustment from fair value to contract value for interest in collective trust relating to fully benefit responsive investment contracts	(18,162)	81,127
NET ASSETS AVAILABLE FOR BENEFITS	\$ 43,218,134	\$ 40,287,274

See notes to financial statements.

2

**Table of Contents****ENPRO INDUSTRIES, INC.****RETIREMENT SAVINGS PLAN FOR HOURLY EMPLOYEES****STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>ADDITIONS:</b>		
Additions to net assets attributed to:		
Net appreciation:		
Net appreciation in fair value of investments	\$ 1,986,378	\$ 4,055,071
Interest and dividend income	195,865	169,634
Net appreciation in investments:	2,182,243	4,224,705
Contributions:		
Participants	2,752,494	2,633,896
Employer	1,087,183	1,051,891
Rollovers	311,682	213,423
Total contributions	4,151,359	3,899,210
Total additions	6,333,602	8,123,915
<b>DEDUCTIONS:</b>		
Deductions from net assets attributed to:		
Benefits paid to participants	3,206,369	4,050,163
Fees and commissions	96,637	61,643
Total deductions	3,303,006	4,111,806
<b>INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>3,030,596</b>	<b>4,012,109</b>
<b>TRANSFER OF ASSETS</b>	<b>(99,736)</b>	<b>(154,664)</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR</b>	<b>40,287,274</b>	<b>36,429,829</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR</b>	<b>\$ 43,218,134</b>	<b>\$ 40,287,274</b>

See notes to financial statements.

**Table of Contents**

**ENPRO INDUSTRIES, INC**  
**RETIREMENT SAVINGS PLAN FOR HOURLY EMPLOYEES**  
NOTES TO FINANCIAL STATEMENTS  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. DESCRIPTION OF PLAN

The following description of the Retirement Savings Plan for Hourly Employees of EnPro Industries, Inc. (the Plan ) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

**General** EnPro Industries, Inc. (the Company ) established the Plan to provide employees with a systematic means of savings and investing for the future. Regular full-time, hourly employees of the Company, as defined by the Plan document, are eligible to enroll on their date of hire. Deferrals begin on the first day of the month subsequent to enrollment. The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ( ERISA ).

**Hourly Trust** The Charles Schwab Trust Company (the Trustee or Schwab ) serves as trustee for the Plan. The Plan s assets are held in the Schwab Directed Employee Benefit Trust (the Hourly Trust ).

Assets of the Plan are allocated to participant accounts based on specific contributions made by each participant and respective matches made by the Company. Investment income (loss) is credited to each account based on appreciation (depreciation) of specific assets held in each participant account and any earnings thereon.

**Plan Contributions** Participants may contribute from 1% to 25% of their base pay by means of payroll deductions, subject to certain discrimination tests prescribed by the Internal Revenue Code and other limitations specified in the Plan. The Company matches either 50% or 100% of employee contributions of 3% to 6% of base pay payroll period. Effective June 1, 2007, the Company amended the Plan to add a Roth contribution feature.

Participants contributions are remitted by the Company to the Trustee at the end of each payroll cycle. Upon determination of participants contributions, the Company contributions are made to the Trustee in cash. The contributed cash is allocated to individual employee accounts and invested at the participants direction.

**Participant Accounts** Each participant s account is credited with the participant s contributions, allocations of the Company s matching contributions and investment gains or losses. Allocations of earnings and losses for each fund are based on the ratio of weighted average participant account balances to the total weighted average of all participant account balances. The benefit to which a participant is entitled is the vested benefit that can be provided from the participant s accounts.



**Table of Contents**

**Investment Options** Upon enrollment in the Plan, participants direct the investment of their contributions and Company contributions into various investment options offered by the Plan. Participants may direct their contributions into one or more mutual funds, a money market fund and a self-directed brokerage account.

**Vesting** Participants are immediately vested in their voluntary contributions, Company matching contributions, and actual earnings thereon. However, vesting in Company matching contributions is based on years of service. Prior to normal retirement age, a participant's interest in the matching contributions becomes 100% vested after three years of service.

**Distributions** Upon retirement, disability or death, a participant or beneficiary receives the entire amount credited to the participant's account in either a lump sum or, at the participant's election, in annual installments. Upon termination, other than by retirement, disability or death, a participant becomes eligible to receive the current value of the participant's vested account in a lump-sum. Distributions made from the EnPro Company Stock Fund are made, at the option of the participant, in either cash or shares.

**Participant Loans** Participants may borrow from their account balances with interest charged at a rate equal to the prime rate plus 1%, which remains in effect for the duration of the loan. Loan terms range from 1 to 5 years or up to 25 years for the purchase of a primary residence. The minimum loan is \$1,000 and the maximum loan is the lesser of \$50,000 less the highest outstanding loan balance during the one year period prior to the new loan application date, or 50% of the participant's account balance less any current outstanding loan balance. The loans are secured by the balance in the participant's account. Principal and interest are paid ratably through payroll deductions. Participants may only take out one loan during any 12 month period and may only have two loans outstanding at any time. As of December 31, 2007 and 2006, the Plan had loans receivable from participants with principal balances totaling \$2,721,875 and \$2,674,691, respectively, which are included with investments in the accompanying Statements of Net Assets Available for Benefits.

**Participant Investment Rollovers** Participants are allowed to transfer or rollover funds into the Plan from other qualified plans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

**Use of Accounting Estimates** The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

**Table of Contents**

**Investment Valuation and Income Recognition** At December 31, 2007 and 2006, the Plan's investments were held in the Hourly Trust, which is part of a collective trust administered by Schwab. Investments in common/collective trusts and mutual funds held in the Hourly Trust are stated at fair value. The asset value of the EnPro Company Stock Fund is derived from the value of EnPro's common stock. The net appreciation in the fair value of investments includes realized and unrealized gains and losses on the fair value of investments held by the Plan. Loans to participants are valued at their outstanding balance, which approximates fair value. Purchases and sales of investments are recorded on a settlement date basis. Interest income is accrued as it is earned and dividends are recorded as of the ex-dividend date. The Plan's interest in the collective trust is valued based on information reported by Schwab using the audited financial statements of the collective trust as of year end.

As described in Financial Accounting Standards Board Staff Position FSP, AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined Contribution Health and Welfare and Pension Plans (the FSP), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of net assets available for benefits for a defined contribution plan attributable to fully benefit responsive investment contracts because contract value is the amount that participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Management fees and operating expenses charged to the Plan for investments in mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of net appreciation in fair value of investments.

The change in net unrealized appreciation/depreciation of investments held from the beginning of the plan year to the end of the plan year is included with realized gains/losses as net investment income/loss reported in the accompanying Statements of Changes in Net Assets Available for Benefits.

**Contributions** Contributions from employees and the Company are recorded in the period in which the Company makes the payroll deductions from participant earnings.

**Distributions** Distributions are recorded when paid. At December 31, 2007 and 2006, there were no benefits processed and approved for payment, but not paid.

**Expenses** Certain of the Plan's administrative expenses are paid by the Company. Other expenses such as legal and accounting are paid from plan assets and deducted from participant accounts in accordance with the plan document.

**New Accounting Standard** In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*.

**Table of Contents**

This standard established a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007.

**3. INVESTMENTS**

The Plan's investment assets are held in trust and administered by Schwab. All investment information disclosed in the accompanying financial statements and supplemental schedules, including investments held, and net investment income and interest and dividends, was obtained or derived from information supplied to the plan administrator by Schwab for the years ended December 31, 2007 and 2006.

The fair values of investments that represented 5% or more of the Plan's net assets available for benefits as of December 31, 2007 and 2006, are as follows:

	<b>2007</b>	<b>2006</b>
Schwab Stable Value Fund	\$ 6,744,891	\$ 6,256,900
Laudus International Market Masters	*	\$ 2,229,878
Laudus International Market Masters Select	\$ 2,804,609	*
Oppenheimer Main St A	\$ 3,480,910	\$ 3,461,656
PIMCO Total Return	\$ 4,405,752	\$ 4,033,380
Schwab Institutional Select S&P 500	\$ 11,384,904	\$ 11,064,322
Participant Loans	\$ 2,721,875	\$ 2,674,691

\* Does not represent 5% or more of the Plan's net assets available in each investment for respective year.

Net appreciation (depreciation) in investments for the years ended December 31, 2007 and 2006, for the Hourly Trust, is as follows:

	<b>2007</b>	<b>2006</b>
Interest and dividends	\$ 1,945,001	\$ 1,240,625
Net appreciation (depreciation) of common stock	(77,010)	219,871
Net appreciation of common/collective trusts	445,904	558,802
Net appreciation (depreciation) of registered investment co's	(131,652)	2,205,407
Net appreciation in investments	\$ 2,182,243	\$ 4,224,705

**4. TRANSACTIONS WITH PARTIES-IN-INTEREST**

Certain Plan investments are shares of mutual funds managed by Schwab. Schwab is the Trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions.

The Plan also invests in shares of the Company. The Company is the plan sponsor and, therefore, these transactions qualify as party-in-interest transactions.

**Table of Contents**

Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. Certain administrative fees related to the administration of the Plan were paid by the Plan. Certain other third party administrator fees were paid by the Company on behalf of the Plan. These transactions also qualify as party-in-interest transactions.

**5. TAX STATUS**

The Plan has received a determination letter from the Internal Revenue Service dated August 28, 2003 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan was amended since receiving the determination letter. Plan management believes the Plan is currently designed and operated in compliance with the applicable requirements of the Code. Therefore, no provision for income tax has been included in the Plan's financial statements.

**6. PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. However, no such action may deprive any participant or beneficiary under the Plan of any vested right.

**7. RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

**8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Net assets available for benefits per the accompanying financial statements at fair value		\$ 40,206,147
Net assets available for benefits per the accompanying financial statements at contract value	\$ 43,218,134	
Adjustment from fair value to contract value for fully benefit responsive investment contracts	18,162	81,127
Rounding		(3)
Net assets available for benefits per the Form 5500	\$ 43,236,296	\$ 40,287,271

**Table of Contents**

The following is a reconciliation of the change in net assets available for benefits per the financial statements to the Form 5500 for the years ended December 31, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Change in net assets available for benefits per the accompanying financial statements including transfers	\$ 3,030,596	\$ 3,857,445
Plus adjustment from fair value to contract value for fully benefit responsive investment contracts	18,162	
Rounding	3	(3)
Change in net assets available for benefits per the Form 5500	\$ 3,048,761	\$ 3,857,442

9

---

**Table of Contents****ENPRO INDUSTRIES, INC.****RETIREMENT SAVINGS PLAN FOR HOURLY EMPLOYEES**

SCHEDULE H, LINE 4i SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AS OF DECEMBER 31, 2007

EIN: 01-0573945 PLAN NUMBER: 005

(a)	(b)	(c)	(d)
Party-in-interest	Identity of issuer, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Current Value
*	Schwab U.S. Treasury Money Fund	Money Market	\$ 3,515
*	EnPro Company Stock Fund	Common stock	832,347
*	Schwab Managed Retirement 2010 CL III	Common/collective trust	753,801
*	Schwab Managed Retirement 2020 CL III	Common/collective trust	1,747,327
*	Schwab Managed Retirement 2030 CL III	Common/collective trust	1,048,120
*	Schwab Managed Retirement 2040 CL III	Common/collective trust	387,318
*	Schwab Managed Retirement 2050 CL III	Common/collective trust	7,820
*	Schwab Stable Value Fund	Common/collective trust	6,744,891
	Personal Choice Retirement Account	Self directed brokerage account	226,929
	American Beacon Small Cap Value Plan	Registered investment company	1,189,515
	Dodge & Cox Stock Fund	Registered investment company	1,577,010
	Growth Fund of America A	Registered investment company	863,806
	JP Morgan Mid Cap Value	Registered investment company	799,130
	Laudus International Market Masters Int 1 Select	Registered investment company	2,804,609
	Oppenheimer Main St A	Registered investment company	3,480,910
	PIMCO Total Return	Registered investment company	4,405,752
*	Schwab Institutional Select S&P 500	Registered investment company	11,384,904
	T Rowe Price Mid-Cap Growth	Registered investment company	858,098
	Van Kampen Equity and Income	Registered investment company	1,184,692
	Vanguard Explorer	Registered investment company	195,084
	Participant loans	Interest rates ranging from 5.50% to 10.50%	2,721,875
			\$ 43,217,453

\* Party-in-interest transaction, not a prohibited transaction.

See report of independent registered public accounting firm.





**Table of Contents**

**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, EnPro Industries, Inc., as Plan Administrator, has duly caused this annual report to be signed on behalf of the Plan by the undersigned hereunto duly authorized.

ENPRO INDUSTRIES, INC. RETIREMENT  
SAVINGS PLAN FOR HOURLY  
EMPLOYEES

By: ENPRO INDUSTRIES, INC., Plan  
Administrator

By: /s/ Robert McKinney  
Robert McKinney  
Vice President, Human Resources

Date: June 27, 2008

11

---

**Table of Contents**

**EXHIBIT INDEX**

Exhibit No.	Document
23.1	Consent of Greer & Walker, LLP