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Garlock Sealing Technologies Seeks Approval of Voluntary Severance Program for Certain Unionized Employees in Palmyra, New York

Last week, related companies [Garlock Sealing Technologies LLC](#), Garrison Litigation Management Group, Ltd. and The Anchor Packing Company asked the bankruptcy court in Charlotte, North Carolina to approve an "exit incentive" or voluntary severance program for certain unionized employees. The companies, which are affiliates of [EnPro Industries](#) (NYSE: NPO), are "the acknowledged global leader in high-performance fluid sealing products for the world's processing industries," including chemicals and petrochemicals, refining, pulp and paper, power generation, semiconductor, primary metals, food and pharmaceuticals, and mining and original equipment manufacturers.

The exit incentive being proposed, final documentation of which is apparently still being negotiated, would only be available to members of the International Association of Machinists and Aerospace Workers in Palmyra, New York who (1) are 55 years of age or older and (2) have worked for Garlock for 10 years or more. The incentive program would exclude officers and insiders of the companies. Employees who opt into the exit incentive program would receive a severance payment equal to one and a half weeks for every two (2) years of services. Participation in the program would also require approval by Garlock for each employee, it appears from the court filings.

According to the debtors, 71 employees currently meet the proposed eligibility requirements and they project that approximately 22 of those employees would opt to take the exit incentive and terminate their employment. Based upon that projection, Garlock estimates that the exit incentive payments would cost between \$300,000 and \$400,000; however, the company's annual wage and benefit expenses would be reduced by approximately \$600,000. The plan is being proposed not to permanently reduce Garlock's workforce, but instead to replace experienced, higher-paid employees with new employees who "(a) will receive lower hourly wages; (b) are not eligible for Garlock's defined benefit pension under the current plan and collective bargaining agreement provisions; and (c) will not receive certain special compensation benefits paid to more senior employees under collectively bargained provisions."

[A copy of the motion seeking approval of this new exit incentive plan can be accessed by clicking on this link.](#)

For access to all major pleadings filed in this case, please visit http://www.chapter11cases.com/Garlock-Sealing-Technologies-LLC_c_2582.html