

Note 6 – Property, Plant and Equipment (continued)

In November 2010, the Company entered into an agreement to sell the real estate related to its former manufacturing facility in Sao Paulo, Brazil. The carrying value of the real estate was \$4.0 million at December 31, 2011. The transfer of the property is expected to be completed in 2012 after the Company has completed soil remediation of the site and the groundwater remediation plan has been approved by the Brazil environmental authorities. Based on the terms of the agreement, the Company expects to receive approximately \$33.7 million, including interest, over an 18-month period, once title transfers, subject to fluctuations in foreign currency exchange rates.

NOTE 7 – GOODWILL AND OTHER INTANGIBLE ASSETS

The Company tests goodwill and indefinite-lived intangible assets for impairment at least annually. The Company performs its annual impairment test on the first day of the fourth quarter after the annual forecasting process is completed. Furthermore, goodwill and indefinite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Each interim period, management of the Company assesses whether or not an indicator of impairment is present that would necessitate that a goodwill impairment analysis be performed in an interim period other than during the fourth quarter.

The Company reviews goodwill for impairment at the reporting unit level. The Company's reporting units are the same as its reportable segments: Mobile Industries, Process Industries, Aerospace and Defense and Steel. The Company prepares its goodwill impairment analysis by comparing the estimated fair value of each reporting unit, using an income approach (a discounted cash flow model), as well as a market approach, with its carrying value.

During 2011, the Company adopted the provisions of ASU No. 2011-8, "Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment," which allows companies to assess qualitative factors to determine if goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test. Based on a review of various qualitative factors, management concluded that the goodwill for the Process Industries and Steel segments was not impaired and that two-step approach was not required to be performed for these reporting units. Based on a review of various qualitative factors, management concluded that the goodwill for the Aerospace and Defense segment would be tested under the two-step approach.

In 2011, 2010 and 2009, no goodwill impairment loss was recorded.

Changes in the carrying value of goodwill were as follows:

Year ended December 31, 2011:

| | Process Industries | Aerospace and Defense | Steel | Total |
|-------------------|--------------------|-----------------------|---------|----------|
| Beginning Balance | \$ 50.0 | \$ 162.3 | \$ 12.1 | \$ 224.4 |
| Acquisitions | 83.3 | – | – | 83.3 |
| Other | (0.8) | (0.2) | 0.5 | (0.5) |
| Ending Balance | \$ 132.5 | \$ 162.1 | \$ 12.6 | \$ 307.2 |

The change related to acquisitions in 2011 reflects the purchase price allocation of \$52.0 million for the Philadelphia Gear acquisition completed on July 1, 2011 and \$31.3 million for the Drives acquisition completed on October 3, 2011. All of the goodwill acquired in 2011 is tax-deductible and will be amortized over 15 years for tax purposes. "Other" primarily includes foreign currency translation adjustments for 2011.