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 as well as a market approach, with its carrying value.

During 2011, the Company adopted the provisions of Accounting Standards Update (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 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. The Mobile Industries segment does not have goodwill.

The income approach requires several assumptions including future sales growth, EBIT (earnings before interest and taxes) margins and capital expenditures. The Company's four reporting units each provide their forecast of results for the next three years. These forecasts are the basis for the information used in the discounted cash flow model. The discounted cash flow model also requires the use of a discount rate and a terminal revenue growth rate (the revenue growth rate for the period beyond the three years forecasted by the reporting units), as well as projections of future operating margins (for the period beyond the forecasted three years). During the fourth quarter of 2011, the Company used a discount rate for the Aerospace and Defense reporting unit of 12% and a terminal revenue growth rate of 3%.

The market approach requires several assumptions including sales multiples and EBITDA (earnings before interest, taxes, depreciation and amortization) multiples for comparable companies that operate in the same markets as the Company's reporting units. During the fourth quarter of 2011, the Company used sales multiples for the Aerospace and Defense reporting unit of 1.3 and EBITDA multiples of 10.5.

As a result of the goodwill impairment analysis performed during the fourth quarter of 2011, the Company recognized no goodwill impairment charges for the year ended December 31, 2011. As of December 31, 2011, the Company had $307.2 million of goodwill on its Consolidated Balance Sheet, of which $162.1 million was attributable to the Aerospace and Defense segment. See Note 7 – Goodwill and Other Intangible Assets in the Notes to Consolidated Financial Statements for the carrying amount of goodwill by segment. The fair value of this reporting unit was $506.8 million compared to a carrying value of $456.8 million. A 120 basis point increase in the discount rate would have resulted in the Aerospace and Defense segment failing step one of the goodwill impairment analysis, which would have required the completion of step two of the goodwill impairment analysis to arrive at a potential goodwill impairment loss. A 1,300 basis point decrease in the projected cash flows would have resulted in the Aerospace and Defense segment failing step one of the goodwill impairment analysis, which would have required the completion of step two of the goodwill impairment analysis to arrive at a potential goodwill impairment loss.

In 2011, the income approach for the Aerospace and Defense segment was weighted by 70% and the market approach was weighted by 30% in arriving at fair value. This is a change from 2010 when the income approach and the market approach were weighted equally in arriving at fair value. The 70/30 weighting was selected to give consideration for the fact that the metrics for the last twelve months for Aerospace and Defense segment were not reflective of expected performance and the discounted-cash flow model provided a more normalized view of future operating conditions for the Aerospace and Defense segment. Had the Company used a 50/50 weighting, the Company would still have passed step one of the goodwill impairment test for the Aerospace and Defense segment for the year ended December 31, 2011.

Restructuring costs:

The Company's policy is to recognize restructuring costs in accordance with Accounting Standards Codification (ASC) 420, "Exit or Disposal Cost Obligations," and ASC 712, "Compensation and Non-retirement Post-Employment Benefits." Detailed contemporaneous documentation is maintained and updated to ensure that accruals are properly supported. If management determines that there is a change in estimate, the accruals are adjusted to reflect this change.