

DRAFT OF: FEBRUARY 13, 1995

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WE REALIZE THAT SERVICE TO OUR CLIENTS IS MOST IMPORTANT. IF AT ANYTIME DURING YOUR PROJECT, YOU HAVE COMMENTS OR CONCERNS ABOUT OUR SERVICE, PLEASE CONTACT YOUR SALESPERSON OR DAN METZ, VICE PRESIDENT OF OPERATIONS, AT (216) 621-8384 AND WE WILL DO WHAT IS NECESSARY TO ACT UPON YOUR CONCERNS TO PROVIDE THE SERVICE YOU EXPECT.

THANK YOU.

-----  
CLEVELAND  
(216) 621-8384

Fax (216) 621-1132  
PITTSBURGH  
(412) 281-3838

Fax (412) 281-4546  
CINCINNATI  
(513) 621-8384

Fax (513) 621-2901  
COLUMBUS  
(614) 221-8384

Fax (614) 221-8427  
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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1994                      Commission File Number 1-1520

GENCORP INC.  
(Exact name of registrant as specified in its charter)

OHIO  
(State of Incorporation)

34-0244000  
(I.R.S. Employer Identification No.)

175 GHENT ROAD, FAIRLAWN, OHIO  
(Address of principal executive offices)

44333-3300  
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (216) 869-4200

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value 10 cents per share	New York and Chicago
8% Convertible Subordinated Debentures due August 1, 2002	New York and Chicago

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES /X/ NO / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of January 31, 1995, was \$401,142,268.

As of January 31, 1995, there were 32,312,737 outstanding shares of the Company's Common Stock, 10 cents par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 1995 Proxy Statement of GenCorp Inc. are incorporated into Part III of this Report.

3

GENCORP INC.

ANNUAL REPORT ON FORM 10-K  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 1994

TABLE OF CONTENTS

ITEM NUMBER		PAGE
PART I		
1	Business.....	1
2	Properties.....	4
3	Legal Proceedings.....	6
4	Submission of Matters to a Vote of Security Holders.....	6
	Executive Officers of the Registrant.....	7
PART II		
5	Market for Registrant's Common Equity and Related Stockholder Matters.....	8
6	Selected Financial Data.....	9
7	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	9
8	Consolidated Financial Statements and Supplementary Data.....	13
9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	13
PART III		
10	Directors and Executive Officers of the Registrant.....	38
11	Executive Compensation.....	38

12	Security Ownership of Certain Beneficial Owners and Management.....	38
13	Certain Relationships and Related Transactions.....	38

PART IV

14	Exhibits, Financial Statement Schedules and Reports on Form 8-K.....	38
	Signatures.....	39
	Index to Financial Statements and Financial Statement Schedules.....	GC-1
	Exhibit Index.....	i

4

PART I

ITEM 1. BUSINESS

GenCorp Inc. (hereinafter the "Company" or "GenCorp") was incorporated in Ohio in 1915 as The General Tire & Rubber Company. The Company's operations are grouped into three business segments: its automotive business, its polymer products business and its aerospace and defense business, Aerojet-General Corporation ("Aerojet"). The divisions of these segments engage in such diverse businesses as molded reinforced plastics, extruded and molded rubber products, vinyl-coated fabrics, vinyl woodgrain laminates, plastic films, plastic extrusions, decorative wallcoverings, single-ply roofing systems, tennis balls and racquetballs, styrene and butadiene based specialty latices, liquid and solid propulsion systems, and defense electronics. The Company currently employs approximately 12,970 persons. (Financial information relating to the Company's business segments appears on pages 32 through 34 of this report.)

During 1994, the Company streamlined operations and removed a layer of management by eliminating its Akron-based automotive and polymer products segment headquarters. The operating support activities performed by the two segments were absorbed by the Company's divisions or corporate headquarters. The Company also eliminated levels of management and certain administrative functions by reorganizing its research laboratories, engineering and technology staffs and facilities.

The Company and its businesses utilize the Corporate Technology Center in Akron, Ohio to develop new products and improve existing products and processes. The Center has a key role in the Company's technical activity and supports design and development efforts across the Company. The corporate technology staff is organized into seven Centers of Excellence with focused responsibility for analytical services, mechanical dynamic testing, advanced materials, engineering design and analysis, adhesives and coatings, structure composites engineering, and advanced manufacturing process engineering. A number of design and development centers focus on specific areas of various businesses and each plant has dedicated engineering services.

The Company licenses technology and owns patents, which expire at various times, relating to many of its products. The loss or expiration of any one or more of them would not materially affect the business of the Company or any of its segments. The important trademarks of the Company are registered in its major marketing areas.

Although GenCorp's business is not seasonal in the traditional sense, the aerospace and defense business' revenues and earnings have tended to concentrate to some degree in the fourth quarter of each year reflecting delivery schedules associated with that segment's mix of contracts, while the automotive business' revenues and earnings have tended to concentrate to some degree in the second and fourth quarters of the Company's fiscal year, generally as a consequence of seasonality in the automotive industry's build schedules and in response to customers' preparation for annual model changes.

Compliance with laws and regulations relating to the discharge of materials into the environment or the protection of the environment continues to affect many of the Company's operating facilities. A discussion of capital and noncapital environmental expenditures incurred in 1994 and forecasted for 1995 and 1996 for environmental compliance is included under the heading Environmental Matters on pages 12 and 13 of this report. Environmental matters discussed on pages 12 and 13 and in Note Q beginning on page 29 of this report are incorporated herein by reference.

AUTOMOTIVE

Revenues of the Company's automotive business are principally derived from the development, manufacture and sale of highly engineered polymer products

developed for the original equipment automotive market. Applications include extruded and molded rubber products for vehicle body and window sealing, molded reinforced plastic panels for automobile and light and heavy truck bodies and molded rubber products for vibration control.

The Vehicle Sealing Division is a leading producer and supplier of extruded and molded rubber products engineered to prevent air and moisture from penetrating windows, doors and other openings. This unit supplies

5

products to all of the major domestic automotive companies for use in a wide variety of vehicles including the General Motors full-size pickup truck, the Suburban, Tahoe and Yukon, the small pickup truck, Blazer and Jimmy, the Ford Ranger small pickup, the Ford Explorer and the General Motors Achieva, GrandAm and Skylark. During 1994 GenCorp acquired the remaining 75.5% equity interest in HENNIGES Elastomer- und Kunststofftechnik GmbH & Co. KG, and its related companies. (The Company had acquired an initial 24.5% interest in this German molded and extruded rubber products supplier in the third quarter of 1993.)

The Reinforced Plastics Division is one of the world's largest custom molders of reinforced plastic components for automobile and light and heavy truck bodies. Its state-of-the-art molding facility in Shelbyville, Indiana incorporates innovations in automated manufacturing and is designed for continuous flow manufacturing for the production of reinforced plastic body panels. The plant manufactures body panels for the General Motors Camaro/Firebird and Corvette and for the Chevrolet Lumina, Pontiac TransSport and Oldsmobile Silhouette front wheel drive all-purpose vehicles. General Motors has announced that production of the front wheel drive all-purpose vehicles at its Tarrytown plant will cease in 1996. The Shelbyville facility began producing body panels for the redesigned 1993 model General Motors Camaro/Firebird in the fall of 1992. Additional products manufactured by the Reinforced Plastics unit include roofs for the Chrysler Wrangler Jeep, hoods for the Lincoln Mark VIII, flareside fenders for the Ford F-series and Ranger pickup trucks and hoods for Volvo heavy trucks.

The Vibration Control Division produces and supplies molded rubber products which counteract the impact and disturbance of vibrations emanating from the power train and from road conditions. These products include bushings, engine and transmission mounts and suspension assemblies. This unit supplies products to all of the major domestic automotive companies as well as several foreign vehicle manufacturers. The Company's automotive business is the sole supplier of many products, including certain vibration control components for the General Motors Lumina, Grand Prix, Regal and Cutlass Supreme, the Chrysler Concord, Eagle Vision, Dodge Intrepid and Neon, the Toyota Camry, Corolla and Avalon, the Mazda MX6 and 626 and the Ford Probe.

The automotive businesses' products are sold directly to original equipment manufacturers or their fabricators. Automotive customers include the major domestic automobile manufacturers, the loss of one or more of which would have a material adverse effect on this segment. Sales to General Motors in 1994 were approximately sixteen percent of the Company's net sales.

The emergence of foreign vehicle manufacturing facilities in North America has significantly changed the original equipment market in recent years. While competition based upon price, quality, service, technology and reputation is intensifying with respect to all products marketed by this segment, a strengthening of the automotive market, the successful launch of new product programs and continued improvement in operating efficiencies contributed to improvements in sales and earnings in 1994. Raw materials required by this segment are generally in good supply.

#### POLYMER PRODUCTS

Revenues of the Company's polymer products business are generated through the manufacture and sale of specialty polymers and engineered plastics and elastomers for a variety of industrial, commercial and consumer markets. The polymer products business has a broad base of commercial and industrial customers, the loss of any one of which would not have a material adverse effect on the segment's business.

The Designed Plastics Division is a diverse manufacturer and supplier in three product areas. The division is a major producer of vinyl coated fabrics for the home furnishings and marine industries and for a variety of other industrial and commercial industries. The division is also a leading producer of

gaskets, seals, trim and magnetic rolls for the appliance, automotive and office equipment industries. In addition, the division designs and sells material systems for a wide range of commercial roofing applications.

The Plastic Films Division was formed with the acquisition of Reneer Films Corporation in 1993. The division is a leading manufacturer of vinyl woodgrain laminates for furniture and consumer electronics and double-polished clear vinyl films for the office products and stationery markets. The division also produces

2

6

decorative and engineered thermoplastic films for manufacturers of furniture, ceiling tiles, credit cards, aircraft interiors, and industrial equipment.

The Specialty Polymers Division produces and markets a comprehensive line of specialty latices used as coatings for paper, as binding agents for carpets and nonwoven fabrics and as tire cord adhesives. It also produces adhesives and in-mold coatings for automotive reinforced plastic applications. During the fourth quarter of 1994, the Company successfully completed a 50% capacity expansion of its Green Bay, Wisconsin latex plant. This facility, originally brought on-line in early 1993, began running near its initial maximum capacity within a year of its opening. The expanded facility continues to augment the division's business commitment to the coated paper and paperboard industry.

The Wallcovering Division designs, manufactures and markets a full line of decorative products for commercial and residential wallcovering applications.

Penn Racquet Sports is one of the world's largest manufacturers of tennis balls and racquetballs. Tennis and racquetball accessories are purchased for resale under the "Penn" trademark. Due to soft demand for tennis products, a second U.S. tennis ball manufacturing facility will not be reopened.

Methods of distribution utilized by the divisions of the polymer products business segment vary widely depending on the nature of the products and the industry or market served, with products being sold either directly or through distributors. PENN products are marketed worldwide. The Company has an agreement with Head Racquet Sports to distribute Penn(R) tennis balls in France, Italy, Germany, Austria and Switzerland.

Competition based upon price, quality, service, technology and reputation is intense with respect to virtually all products marketed by this business segment and, to a substantial degree, upon design and style in the wallcovering and most other coated fabrics and plastic film products. The Company believes that it continues to be a major competitor in the markets served by this segment, and that the raw materials required are generally available. To date, the Company has been successful in substantially offsetting the effects of higher raw material costs through productivity improvements, operating cost reductions and product pricing. However, high raw material costs continue to adversely affect each of this segment's businesses, a trend expected to continue into 1995.

#### AEROSPACE AND DEFENSE

Aerojet develops, manufactures and markets solid and liquid rocket propulsion systems, smart munitions systems, sensor surveillance systems, earth sensing systems and related defense products and services.

Aerojet has concentrated for the past several years on obtaining contracts that provide a balance between technology development and long-term production, as well as between defense and space programs. More recently, efforts have been expanded to include the pursuit of nondefense domestic and international market opportunities that take advantage of the segment's technologies, engineering and manufacturing expertise and capabilities. In this regard, Aerojet is involved in a series of joint defense-conversion technology initiatives including efforts with Pacific Gas and Electric to apply composite materials technology to liquid natural gas storage applications and a pilot project funded under the Clinton Administration's Technology Reinvestment Project program to assess and prototype ultralight insulating material technologies.

The aerospace and defense business' programs have included the Titan, Minuteman, Standard Missile, Advanced Solid Rocket Motor ("ASRM") and Delta propulsion programs; satellite surveillance sensor systems; the Sense and Destroy Armor (SADARM) program; earth sensing systems; TOW 2B armaments;

Combined Effects Munition systems; ground data processing systems; and medium caliber ammunition programs. Aerojet is also active in a variety of new development and advanced programs related to defense and space applications including satellite, launch, and armament systems. Aerojet believes that its experience in these areas will enable it to continue to participate in the future funding of these or similar programs. Most of the sales of this business are made directly or indirectly to agencies of the United States government pursuant to contracts or subcontracts which are subject to termination for convenience (with compensation) by the government in accordance with Federal Acquisition Regulations.

3

7

The Small ICBM program was terminated and new production under the Peacekeeper program was canceled during 1992. These two programs accounted for sales of approximately \$49 million in 1993. Close-out sales activity in 1994 was \$14 million.

Aerojet was a major subcontractor to Lockheed for the ASRM program. The program was officially terminated by NASA on October 27, 1993. During November 1994 Aerojet completed negotiation of a comprehensive termination settlement with NASA. Termination efforts accounted for \$68 million in sales in 1994.

Aerojet completed negotiations with Olin Corporation with respect to the sale of substantially all of its medium caliber ammunition and air dispensed munition systems business in the second quarter of 1994. These ordnance products accounted for sales of approximately \$63 million in 1994.

Aerojet's direct and indirect sales to the United States Government and its agencies (principally the Department of Defense) were approximately \$578 million in 1994, \$846 million in 1993 and \$982 million in 1992. Competition based upon price, technology, quality and service is intense for all products and services in this business segment and has increased with the decline in the national defense budget. There are several other major companies with the technology and capacity to produce most of the products manufactured and sold by Aerojet, and in some areas, the government has its own manufacturing capabilities. With the termination of the ASRM program and the sale of the ordnance business, Aerojet announced a major streamlining and restructuring effort in the fourth quarter of 1993 that was completed in mid 1994 and has also taken additional measures to reduce costs significantly in 1995. Aerojet believes it remains competitive in its markets.

Backlog orders in the aerospace and defense businesses are commonplace and significant. Aerojet's contract backlog was approximately \$1.1 billion at November 30, 1994, compared to \$1.4 billion at November 30, 1993. Funded backlog, which includes only the amount of those contracts for which money has been authorized by Congress, totaled approximately \$0.6 billion at November 30, 1994, compared with approximately \$0.7 billion at November 30, 1993. Raw materials required by this segment are generally in adequate supply.

## ITEM 2. PROPERTIES

Operating, manufacturing, research, design and/or marketing facilities of the Company and its businesses are set forth below.

Corporate Headquarters:  
GenCorp Inc.  
175 Ghent Road  
Fairlawn, Ohio 44333-3300  
216/869-4200

Corporate Technology Center  
2990 Gilchrist Road  
Akron, OH 44305-4489  
216/794-6300

Westward Look Resort  
Tucson, AZ

## AEROSPACE AND DEFENSE

Aerojet  
P.O. Box 13222  
Sacramento, CA 95813-6000  
916/355-1000

Azusa, CA  
Colorado Springs, CO  
Huntsville, AL  
Jonesboro, TN  
Los Angeles, CA  
Socorro, NM  
Washington, DC

AUTOMOTIVE

Farmington Hills, MI (marketing and sales)

Vehicle Sealing Division  
7221 Engle Road, Suite 240  
Fort Wayne, IN 46804-2233  
219/434-9700

Batesville, AR  
Berger, MO  
Marion, IN  
Wabash, IN  
Welland, Ontario, Canada  
HENNIGES, Rehburg, Germany and Ballina, Ireland

\* \* \* \* \*

Vibration Control Division  
6920 Pointe Inverness Way  
Suite 140  
Fort Wayne, IN 46804  
219/434-9800

Logansport, IN  
Peru, IN  
Wabash, IN

\* \* \* \* \*

Reinforced Plastics Division  
11711 North Meridian Street  
Suite 505  
Carmel, IN 46032  
317/580-2400

Ionia, MI  
Rushville, IN  
Shelbyville, IN

POLYMER PRODUCTS

Designed Plastics Division  
1722 Indian Woods Circle  
Suite A  
Maumee, OH 43537-4060  
419/891-1500

Columbus, MS  
Evansville, IN  
Fort Smith, AR  
Hackensack, NJ  
Paris, France

\* \* \* \* \*

Plastic Films Division  
Route 895 West, Hickory Drive  
Auburn, PA 17922-9611  
717/366-1051

Jeannette, PA  
Newcomerstown, OH

\* \* \* \* \*

Specialty Polymers Division  
165 S. Cleveland Avenue  
Mogadore, OH 44260-1593  
216/628-6550

Dalton, GA  
Green Bay, WI

\* \* \* \* \*

Wallcovering Division  
Three University Plaza, Suite 200  
Hackensack, NJ 07601-6219  
201/489-0100

Columbus, MS  
New York, NY  
Paris, France  
Pine Brook, NJ  
Salem, NH

\* \* \* \* \*

Penn Racquet Sports  
306 South 45th Avenue  
Phoenix, AZ 85043  
602/269-1492

Mullingar, Republic of Ireland  
Nurnberg, Germany

In addition, the Company and its businesses own and lease properties

(primarily machinery, warehouse and office facilities) in various sections of the country for use in the ordinary course of its business. Data appearing in Note P on page 29 of this report with respect to leased properties is incorporated herein by reference.

During 1994, the Company generally made effective use of its productive capacity. As discussed under the heading Polymer Products in this report, a 50% expansion of the new latex manufacturing facility in Green Bay, Wisconsin was completed in 1994, while a second U.S. tennis ball manufacturing facility will not be reopened. The Company believes that the quality and productive capacity of its properties are sufficient to maintain the Company's competitive position.

### ITEM 3. LEGAL PROCEEDINGS

Effective January 1, 1991, the Company modified its medical benefit plan for salaried employees who had retired. The modifications included increases to retiree-paid deductibles and co-payments, a Medicare "carve-out" provision and an increase in the maximum lifetime benefit. In January 1992, a group of salaried retirees filed a class action challenging the Company's right to implement the benefit plan changes, Dague, et al. v. GenCorp Inc., No. 5:91 CV 2617 (U.S.D.C., N.D. Ohio). On August 27, 1993, the District Court granted summary judgment for GenCorp, holding that the Company had consistently reserved its right within relevant plan documents to modify retiree medical benefits. The ruling rendered moot the retirees' motion for class certification. On August 24, 1993, the retirees appealed the District Court's decision to the U.S. Court of Appeals, where the matter is currently pending (No. 93-4070, U.S.C.A., 6th Cir.).

Information concerning legal proceedings relating to environmental matters which appears in Note Q beginning on page 29 of this report is incorporated herein by reference.

The U.S. Government frequently conducts investigations into allegedly illegal or unethical activity in the performance of defense contracts. Investigations of this nature are common to the aerospace and defense industries in which Aerojet participates; possible consequences may include civil and criminal fines and penalties, in some cases, double or treble damages, and suspension or debarment from future government contracting. Aerojet currently is subject to several U.S. Government investigations regarding business practices and cost classification from which legal or administrative proceedings could result. While it is not possible to predict with certainty the outcome of any such investigation, the Company does not believe, based upon the information available at this time, that final resolution of any such matter will have a material adverse effect on its consolidated financial condition or result in its suspension or termination as a government contractor.

The Company and its subsidiaries are presently engaged in other litigation, and additional litigation has been threatened. However, based upon information presently available, none of such other litigation is believed to constitute a "material pending legal proceeding" within the meaning of Item 103 of Regulation S-K (17 CFR Reg. 229.103) and the Instructions thereto.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the quarter ended November 30, 1994.

### EXECUTIVE OFFICERS OF THE REGISTRANT

The following information is given as of February 1, 1995, and except as otherwise indicated, each individual has held the same office during the preceding five-year period.

A. W. Reynolds, age 61: Chairman of the Board of Directors (since January 1987); formerly Chief Executive Officer (from August 1985 to July 1, 1994) and President and Chief Operating Officer of the Company (from September 1984 until August 1985).

J. B. Yasinsky, age 55: President and Chief Executive Officer (since July 1, 1994); formerly President and Chief Operating Officer (since November 1993);



previously Group President of Westinghouse Electric Corporation (since February 1993), President, Westinghouse Power Systems (from 1990 to 1993), Executive Vice President, Westinghouse, World Resources and Technology (from 1989 to 1990), and Executive Vice President, Westinghouse International (from 1987 to 1989).

W. E. Bachman, age 55: Executive Vice President of the Company (since July 15, 1994); formerly Vice President of the Company and President of the Company's polymer products business (since May 1993), Vice President -- Operations for the Company's polymer products business (since April 1993), President of the Company's Fabricated Plastics Unit (from 1988 to April 1993) and President of the Coated Fabrics Division (from 1987 to 1988).

M. L. Isles, age 49: Executive Vice President of the Company (since July 15, 1994); formerly Vice President of the Company and President of the Company's automotive business (since January 1988), previously President of the Company's former Engineered Elastomers Division.

R. I. Ramseier, age 58: Executive Vice President of the Company (since July 15, 1994) and President of Aerojet (since January 1989); also Vice President of the Company (from January 1989 to July 1994), formerly President of Aerojet TechSystems.

T. W. Arndt, age 43: Vice President of the Company (since August 1994), also President of the Company's Vibration Control Division (since 1990); formerly Vice President and Controller of the Company's automotive business.

D. M. Cound, age 63: Vice President -- Quality Management (since June 1992); formerly Vice President of Quality for the Company's automotive business (from 1988 to 1992) and Vice President of Quality for the Company's former Diversitech General Subsidiary (from 1985 to 1987).

E. R. Dye, age 53: Secretary (since September 1988) and Assistant General Counsel (since January 1987); formerly Assistant Secretary (from November 1986 until September 1988), Associate General Counsel (from September 1985 until January 1987) and Counsel prior to September 1985.

C. R. Ennis, age 62: Senior Vice President, Law and Environmental Affairs; General Counsel (since August 1994); formerly Vice President and General Counsel (since January 1986) (also Secretary from November 1986 to September 1988); previously Vice President and General Counsel, International Operations, for subsidiaries of Enserch Corporation.

G. J. Goberville, age 48: Vice President -- Human Resources (since January 1993); previously Vice President -- Human Resources of the Company's automotive business (since February 1988), Director of Compensation and Benefits of Aerojet (from 1985 until February 1988).

M. E. Hicks, age 36: Treasurer (since September 1994); formerly Director, Treasury for the Company (since 1989) and Manager, Cash and Banking (from 1988 to 1989).

R. A. Livigni, age 60: Vice President of Corporate Technology (since November 1994); formerly Vice President and Director of Research (since January 1988), and Associate Director -- Research.

F. J. Lucksinger, age 49: Vice President and Controller of the Company (since August 1993); formerly Vice President, Controller of Aerojet (Vice President since 1989 and Controller since 1987).

P. D. Mittiga, age 47: Vice President of the Company (since August 1994), also President of the Company's Plastic Films Division (since 1993); formerly President and Chief Executive Officer of Reneer Films Corporation (since 1989) and Marketing Manager of the Goodyear Tire & Rubber Company's Film Division (since 1986).

W. A. Smith, age 47: Vice President of the Company (since August 1994), also President of the Company's Vehicle Sealing Division (since 1990); formerly General Manager of the Company's Welland, Ontario vehicle sealing plant (since 1986 to 1990) and Vice President -- manufacturing (from 1985 to 1986).

P. A. Spanninger, age 51: Vice President, International of the Company

(since July 15, 1994); formerly Vice President, International of the Company's automotive business (since 1988) and previously Director of Technology and Venture Management for the Goodyear Tire & Rubber Company.

D. M. Steuert, age 46: Senior Vice President and Chief Financial Officer (since August 1994); formerly Vice President and Chief Financial Officer (since June 1990) and Treasurer (since May 1986), previously Vice President -- Finance and Planning (from May 1987 to June 1990) and Treasurer.

H. B. Thompson, age 57: Vice President of the Company (since August 1994), also President of the Company's Reinforced Plastics Division (since 1988); formerly Executive Vice President of the Reinforced Plastics Division (from 1987 to 1988).

J. W. Ward, age 52: Vice President of the Company (since August 1994), also President of the Company's Wallcovering Division (since 1989); formerly Vice President of contract sales/marketing of the Wallcovering Division (from 1986 to 1989).

G. R. Weida, age 47: Vice President of the Company (since August 1994), also President of Penn Racquet Sports (since 1991); formerly President of the Company's Plastic Films Division (from 1987 to 1991), and General Manager of the rigid plastics business (from 1986 to 1987).

D. I. Windham, age 49: Vice President of the Company (since August 1994), also President of the Company's Designed Plastics Division (since 1993); formerly Plant Manager of the Company's Columbus, Mississippi vinyl coated fabrics plant (from 1987 to 1993) and Technical Director (from 1980 to 1987).

R. Younts, age 39: Vice President -- Communications (since January 1995); previously Director of Communications (since July 1993) and various other communications positions with Aerojet (from December 1984 to July 1993).

M. W. Zima, age 57: Vice President of the Company (since August 1994), also President of the Company's Specialty Polymers Division (since 1991); formerly President and Chief Executive Officer of Uniroyal Engineered Products in Sarasota, Florida (from 1982 to 1991), and various management positions with General Electric (from 1968 to 1982).

The Company's executive officers generally hold terms of office of one year and/or until their successors are elected.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is listed on the New York and Chicago Stock Exchanges. At December 31, 1994, there were approximately 15,100 holders of record of the Company's common stock. During 1994, 1993 and 1992, the Company paid quarterly cash dividends on common stock of \$.15 per share. Information regarding the high and low quarterly sales prices of common stock for the past two years is contained in the Quarterly Financial Data (unaudited) which appears on page 35 of this report and is incorporated herein by reference.

Information concerning long-term debt, including restrictions and provisions relating to distributions and cash dividends on the Company's Common Stock, appears in Note L on page 27 of this report and is incorporated herein by reference.

8

12

### ITEM 6. SELECTED FINANCIAL DATA

Financial data required under this section appears on page 36 of this report and is incorporated herein by reference.

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Sales for GenCorp in 1994 totaled \$1.7 billion, 9 percent below the 1993 level. Segment operating profit decreased 11 percent to \$108 million, excluding the charge of \$80 million for segment unusual items, compared to \$121 million for 1993. Segment operating profit (see Note R) in 1994 including the charge for

segment unusual items was \$28 million.

Net income for 1994 excluding an after tax charge of \$50 million for unusual items and \$213 million for cumulative effect of accounting changes (see Note B and Note C, respectively) was \$37 million compared to \$43 million in 1993 or \$1.16 per share as compared to \$1.35 per share for primary earnings per share in 1993.

Including the charges for unusual items and the cumulative effect of accounting changes, the Company reported a net loss of (\$226) million for 1994 as compared to net income of \$43 million in 1993. On a fully diluted basis, earnings (loss) per share was a loss of (\$7.10) per share for 1994 as compared to earnings of \$1.24 per share in 1993.

Interest expense in 1994 was \$32 million compared to \$26 million in 1993 and \$37 million in 1992. Interest expense for 1994 increased primarily due to a higher level of average debt outstanding and higher interest rates compared to 1993. The decrease in interest expense from 1992 to 1993 resulted from lower interest rates and savings from the refinancing activities in 1992.

Other income and expense decreased \$9 million to an expense of \$4 million in 1994 from an income of \$5 million in 1993. The decrease was primarily due to the equity loss incurred at HENNIGES Elastomer- und Kunststofftechnik GmbH & Co. KG (HENNIGES), lower interest income and adjustments to non-operating reserves. Other income and expense increased \$9 million to an income of \$5 million in 1993 from an expense of \$4 million in 1992. The increase was due to the absence of costs associated with the 1992 refinancing effort, adjustments to non-operating reserves and other miscellaneous matters.

#### UNUSUAL ITEMS

As further discussed in Note B to the financial statements, in the fourth quarter of 1994 the Company recognized net unusual charges of \$83 million (\$50 million or \$1.56 per share after tax).

These charges included provisions for environmental remediation costs at Aerojet's Sacramento, California facility (see Note Q), environmental costs associated with other sites, warranty and litigation costs, asset valuation reserves, restructuring and other costs. These provisions are net of cash recoveries from insurers and a litigation settlement with an investment banking firm.

The impact of these unusual charges on the operating profit of the Company's business segments was \$68 million for Aerojet, \$4 million for Automotive and \$8 million for Polymer Products.

The unusual charges include a restructuring charge of \$12 million. This charge consists of \$5 million for restructuring the Company's corporate and segment headquarters and its research function and \$7 million for the Reinforced Plastics Division.

During 1994, the Company streamlined operations and removed a layer of management by eliminating its Akron-based automotive and polymer products segment headquarters. The operating support activities performed by the two segments were absorbed by the Company's divisions or corporate headquarters. The Company also eliminated levels of management and non-value added administrative functions by reorganizing its research laboratories, engineering and technology staffs and facilities. These actions resulted in the elimination of 65 open and filled positions and are expected to reduce annual costs by approximately \$10 million. All of the affected employees were notified of termination prior to November 30, 1994. The Company recognized a total restructuring charge of \$5 million including severance costs of \$4 million and costs of

exiting facilities of \$1 million. The Company paid \$1 million in severance benefits during 1994. The remaining net cash outflow from these actions is estimated to be \$3 million in 1995 and \$1 million thereafter.

Also during 1994, the Reinforced Plastics Division continued its program of aggressive pursuit of the heavy truck market to further diversify its product base. The Ionia, Michigan plant has been identified as the plant for conversion to a heavy truck operation. In connection with this conversion, the Company

recognized a \$7 million provision for the demolition of part of this facility. The provision included \$4 million for the write-off of related fixed assets and \$3 million for the cost of demolishing parts of the facilities in 1996. After the facilities are demolished, the Company anticipates annual savings of \$1 million.

During 1992, the Company recognized a \$22 million provision for a prior restructuring program within its Reinforced Plastics Division for rationalization of excess capacity at its plants. The reserve balance amounted to \$6 million, \$10 million and \$22 million at November 30, 1994, 1993 and 1992, respectively. The remaining reserve of \$6 million at November 30, 1994 includes \$4 million for the write-down of fixed assets and \$2 million for the cost of demolishing facilities in 1995.

#### BUSINESS ACQUISITIONS AND DIVESTITURES

During 1994, the Company enhanced its European automotive presence by acquiring the remaining 75.5 percent equity interest in HENNIGES, a German original equipment automotive supplier. This acquisition strengthens the Company's ability to compete in today's global automotive markets. Also during 1994, the Company sold its Aerojet Ordnance Division's medium caliber ammunition and air dispensed munition business to Olin Corporation in May 1994. (See Note D.)

Determining the future role of Aerojet in the corporation is a key part of the Company's strategy. The Company is continuing to discuss the possibility of divestiture with interested parties while at the same time evaluating alternatives such as joint ventures, strategic alliances or continued operation of Aerojet should efforts to divest not offer adequate shareholder value.

The sale of all or part of Aerojet would reduce the Company's exposure to recent wide variability in defense spending and would allow the Company to focus on its growing commercial businesses. Any divestiture would initially reduce sales and segment operating profit until the Company is able to redeploy assets to businesses generating equal or better returns. The Company is required to use the proceeds from any sale of all or part of Aerojet to reduce outstanding debt under the Company's credit facility. Further, this credit facility would be reduced permanently by the amount of the net cash proceeds from any sale. The reduction in debt and interest expense would improve the Company's financial condition.

#### FINANCIAL RESOURCES AND CAPITAL SPENDING

Cash flow provided from operating activities for fiscal 1994 was \$133 million compared to \$12 million in 1993. The improvement was primarily due to the decrease in working capital requirements. Working capital changes in 1993 included a \$63 million payment of tax liabilities related to prior years.

At November 30, 1994, the Company's total debt was \$385 million compared to \$439 million at the end of 1993. Debt decreased \$54 million during 1994 due to strong cash flow from operations, reduced capital expenditures, the sale of the ordnance business and recoveries from insurers and an investment banking firm (see Note B).

In June 1994, the Company extended its receivable financing program through December 1994 (see Note G). When the program expired on December 31, 1994, the Company used its existing borrowing capacity to repurchase outstanding receivables previously sold under this program and does not currently intend to enter into a new receivable financing program.

Capital expenditures were made principally for capacity expansion and asset replacement, cost reduction, safety and productivity improvements and environmental protection. Capital expenditure outlays in 1994 totaled \$63 million compared to \$67 million in 1993 and \$96 million in 1992.

Management believes that funds generated from operations and existing borrowing capacity are adequate to finance planned capital expenditures, company-sponsored research and development programs and dividend payments to shareholders.

Sales for the automotive business segment during fiscal 1994 totaled \$577 million, an increase of 12 percent over 1993 sales of \$514 million. Higher volume for key vehicle platforms and new program launches of GM's Blazer/Jimmy, Chrysler's Neon, Toyota's Avalon and Volvo's heavy truck contributed to the improvement.

Increased sales during 1994 resulted in segment operating profit of \$32 million excluding an unusual charge of \$4 million, an increase of \$11 million over 1993 operating profit of \$21 million. The Vibration Control and Reinforced Plastics Divisions showed significant earnings improvement due to increased sales volume and manufacturing efficiency gains. Operating profit for the automotive segment was negatively impacted by HENNIGES as the German automotive market remained weak.

During 1994, the Company acquired the remaining 75.5 percent equity interest in HENNIGES, the Company's German automotive supplier. Due to the increased ownership, near-term losses recognized by the Company are expected to be larger. With 100 percent ownership, the Company initiated an aggressive restructuring and cost reduction campaign to drive HENNIGES towards profitable performance at the earliest possible date. Despite the near-term challenges facing HENNIGES, the acquisition was an important part of the Company's long-term European automotive strategy. HENNIGES strengthens and enhances the Company's international presence, which is important to competing in today's global automotive markets and is critical to meeting the needs and requirements of customers in both Europe and North America.

#### Outlook

Sales growth in 1995 will be dependent on the level of domestic vehicle production. Operating profit growth in 1995 will be based on sales growth and continued cost reductions and productivity improvements.

#### 1993 Results

Sales in 1993 increased 18 percent to \$514 million from \$436 million in 1992. Segment operating profit in 1993 was \$21 million compared to \$9 million in 1992 which excluded a \$22 million unusual charge for restructuring Reinforced Plastics in 1992.

The significant increase in sales for 1993 was due to the continued recovery in domestic vehicle production and new program launches. The improvement in operating profit was the result of increased sales, cost reductions and improved productivity throughout the segment.

#### POLYMER PRODUCTS

Polymer Products again achieved record levels of sales and segment operating profit in 1994. Sales for 1994 were \$569 million, a 10 percent increase over 1993 sales of \$519 million. Sales growth in the Designed Plastics and Specialty Polymers Divisions along with the full year performance of Reneer in the Plastic Films Division contributed to the increase in segment sales. These sales increases more than offset the decline in sales at Penn Racquet Sports, attributable to softness in the world tennis market.

Segment operating profit in 1994 was \$51 million excluding an unusual charge of \$8 million, a 9 percent increase over \$47 million in 1993. The earnings improvement was led by the Specialty Polymers and Plastic Films Divisions. However, Penn Racquet Sports experienced lower earnings due to sales volume decline and Designed Plastics was negatively impacted by an increase in warranty expense and raw material prices.

#### Outlook

Due to improved market conditions, steady growth should continue for Polymer Products during 1995 as it maintains strong market positions in its businesses.

#### 1993 Results

Sales in 1993 were \$519 million, or 8 percent over 1992 sales of \$482

million. The Specialty Polymers, Wallcovering, Designed Plastics and Plastic Films Divisions experienced sales growth while sales at Penn Racquet Sports declined. Increased sales resulted from market penetration gains and the acquisition of Reneer Films.

Segment operating profit in 1993 was \$47 million, a 4 percent increase over \$45 million in 1992. The earnings improvement was achieved by gains in Designed Plastics, Plastic Films and Wallcovering.

#### AEROSPACE AND DEFENSE

Sales in 1994 for Aerojet were \$594 million, down 32 percent from 1993 sales of \$872 million. The decrease is due to the residual impact of the Peacekeeper program cancellation and the Advanced Solid Rocket Motor program termination, lower activity in the Sense and Destroy Armor and Tube-Fired Optically Tracked Wire programs and the sale of the Ordnance medium caliber ammunition and air dispensed munition businesses.

Aerojet's segment operating profit in 1994 was \$25 million, excluding an unusual charge of \$68 million for environmental matters at its Sacramento, California facility (see Note Q), a decline of 53 percent from \$53 million in 1993. The decrease in operating profit was due primarily to lower sales revenue and contract mix issues. During the first quarter of 1994, Aerojet took a \$17 million charge for costs associated with a meteorological sensor program, a tactical rocket propulsion program and the projected loss on disposal of a small business. These charges were partially offset by the settlement of Aerojet's claim for the early termination of the ASRM program which resulted in \$12 million of operating profit during the fourth quarter.

Contract backlog for Aerojet was \$1.1 billion at the end of 1994, compared to \$1.4 billion at the end of 1993 and \$1.3 billion in 1992. Funded backlog, which includes only the amount of those contracts for which money has been directly authorized by Congress, totaled \$0.6 billion at the end of 1994, down from \$0.7 billion at the end of 1993 and \$0.9 billion in 1992.

#### Outlook

1995 will continue to present Aerojet with challenges due to reductions in the defense budget, program restructuring and the effects of industry consolidations. To address these challenges, Aerojet completed a major streamlining and restructuring effort in 1994 that is intended to reduce future operating costs and improve operational efficiencies to allow for more effective competition and performance on current programs.

#### 1993 Results

Sales in 1993 were \$872 million, down 14 percent from 1992 sales of \$1,019 million. Sales declines at Aerojet's propulsion and defense electronics businesses accounted for the overall decrease.

Segment operating profit was \$53 million in 1993 compared to \$71 million in 1992, a decrease of 25 percent. The decline in operating profit was due primarily to the decline in sales and contract mix issues.

#### ENVIRONMENTAL MATTERS

GenCorp's policy is to conduct its businesses with due regard for the preservation and protection of the environment. The Company devotes a significant amount of resources and management attention to environmental matters and actively manages its ongoing processes to comply with extensive environmental laws and regulations. The Company is involved in the remediation of environmental conditions which resulted from previously accepted manufacturing and disposal practices that date back to the 1950s and 1960s at certain of its own plants. In addition, the Company has been designated a potentially responsible party, with other companies, at sites undergoing investigation and remediation.

In 1994, capital expenditures for projects related to the environment were approximately \$6 million, compared to \$7 million in 1993 and \$10 million in 1992. The Company currently forecasts that capital

expenditures for environmental projects will range between \$7 million and \$12 million in each of the next two years. During 1994, noncapital expenditures for environmental compliance and protection totaled \$33 million of which \$13 million was for recurring costs associated with managing hazardous substances and pollution abatement in ongoing operations and \$20 million was for investigation and remediation efforts at other sites. Similar noncapital expenditures were \$40 million and \$42 million in 1993 and 1992, respectively. It is presently expected that noncapital environmental expenditures will increase slightly for the next several years.

The nature of environmental investigation and cleanup activities often makes it difficult to determine the timing and amount of any estimated future costs that may be required for remedial measures. However, the Company reviews these matters and accrues for costs associated with the remediation of environmental pollution when it becomes probable that a liability has been incurred and its proportionate share of the amount can be reasonably estimated. The Company's Consolidated Balance Sheet at November 30, 1994 reflects accruals of \$282 million and amounts recoverable of \$132 million from third parties for remediation costs.

The effect of resolution of environmental matters on results of operations cannot be predicted due to the uncertainty concerning both the amount and timing of future expenditures and future results of operations. However, management believes, on the basis of presently available information, that resolution of these matters will not materially affect the consolidated financial condition of the Company. The Company will continue its efforts to mitigate past and future costs through pursuit of claims for insurance coverage and continued investigation of new remediation alternatives and associated technologies. For additional discussion of environmental matters, refer to Note Q -- Contingencies.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information called for by this item is set forth beginning on the next page (page 14) of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes in accountants or disagreements with the Company's independent accountants on accounting and financial disclosure matters during the Company's two most recent fiscal years or during any period subsequent to the date of the Company's most recent financial statements.

GENCORP INC.

CONSOLIDATED STATEMENT OF INCOME

	YEARS ENDED NOVEMBER 30,		
	1994	1993	1992
	(DOLLARS IN MILLIONS, EXCEPT PER-SHARE DATA)		
NET SALES.....	\$1,740	\$1,905	\$1,937
COSTS AND EXPENSES			
Cost of products sold.....	1,391	1,562	1,587
Selling, general and administrative.....	179	178	171
Depreciation.....	73	74	79
Interest expense.....	32	26	37
Other (income) expense, net.....	4	(5)	4
Unusual items (Note B).....	83	--	22
	1,762	1,835	1,900
INCOME (LOSS) BEFORE INCOME TAXES.....	(22)	70	37
Income tax (benefit) provision (Note F).....	(9)	27	15

INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES.....	(13)	43	22
Cumulative effect of accounting changes (Note C).....	(213)	--	--
	-----	-----	-----
Net Income (Loss).....	\$ (226)	\$ 43	\$ 22
	=====	=====	=====
EARNINGS (LOSS) PER SHARE OF COMMON STOCK			
Primary:			
Before cumulative effect of accounting changes.....	\$ (.41)	\$ 1.35	\$ .70
Cumulative effect of accounting changes.....	(6.69)	--	--
	-----	-----	-----
Earnings (Loss) Per Share.....	\$ (7.10)	\$ 1.35	\$ .70
	=====	=====	=====
Fully Diluted:			
Before cumulative effect of accounting changes.....	\$ (.41)	\$ 1.24	\$ .70
Cumulative effect of accounting changes.....	(6.69)	--	--
	-----	-----	-----
Earnings (Loss) Per Share.....	\$ (7.10)	\$ 1.24	\$ .70
	=====	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

14

18

GENCORP INC.

CONSOLIDATED BALANCE SHEET

	AT NOVEMBER 30,	
	1994	1993
	(DOLLARS IN MILLIONS)	
CURRENT ASSETS		
Cash and equivalents.....	\$ 22	\$ 16
Marketable securities, at cost (approximates market).....	8	7
Accounts receivable (Note G).....	190	173
Inventories (Note H).....	158	199
Prepaid expenses.....	43	42
	-----	-----
Total Current Assets.....	421	437
Investments and other assets (Note J).....	468	233
Property, plant and equipment, at cost		
Land.....	40	35
Buildings and building equipment.....	310	303
Machinery and equipment.....	907	925
Construction in progress.....	37	36
	-----	-----
	1,294	1,299
Accumulated depreciation.....	(728)	(756)
	-----	-----
Net property, plant and equipment.....	566	543
	-----	-----
Total Assets.....	\$1,455	\$1,213
	=====	=====
CURRENT LIABILITIES		
Notes payable.....	\$ 7	\$ 23
Accounts payable -- trade.....	104	102
Income taxes (Note F).....	19	14
Accrued expenses (Note K).....	237	209
	-----	-----
Total Current Liabilities.....	367	348
Long-term debt (Note L).....	378	416
Postretirement benefits other than pensions (Note I).....	373	70
Other long-term liabilities (Note K).....	344	144
Contingencies (Note Q)		
SHAREHOLDERS' EQUITY (DEFICIT)		
Preference stock -- \$1.00 par value; 15 million shares		



authorized; none outstanding.....	--	--
Common stock -- \$.10 par value; 90 million shares authorized; 32.1 million shares outstanding.....	3	3
Other capital.....	5	1
Retained earnings (deficit).....	(16)	229
Cumulative translation adjustment.....	1	2
	-----	-----
Total Shareholders' Equity (Deficit).....	(7)	235
	-----	-----
Total Liabilities and Shareholders' Equity (Deficit)...	\$1,455	\$1,213
	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

15

19

GENCORP INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED NOVEMBER 30,		
	1994	1993	1992
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net Income (Loss).....	\$ (226)	\$ 43	\$ 22
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Cumulative effect of accounting changes.....	213	--	--
Provision for unusual items.....	114	--	22
Depreciation, amortization and loss on disposal of fixed assets.....	77	86	84
Changes in operating assets and liabilities			
Deferred income taxes.....	(30)	(5)	(22)
Accounts receivable.....	(11)	(13)	13
Inventories.....	35	5	(33)
Other current assets.....	(1)	5	12
Current liabilities.....	(12)	(93)	29
Other non-current assets.....	(31)	(14)	(7)
Other long-term liabilities.....	5	(2)	1
	-----	-----	-----
Net Cash Provided by Operating Activities.....	133	12	121
	-----	-----	-----
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Capital expenditures.....	(63)	(67)	(96)
Proceeds from asset dispositions.....	29	4	1
Acquisitions.....	(22)	(43)	--
Net (increase) decrease in marketable securities.....	(1)	--	14
	-----	-----	-----
Net Cash Used in Investing Activities.....	(57)	(106)	(81)
	-----	-----	-----
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Long-term debt incurred.....	341	360	416
Long-term debt paid.....	(379)	(288)	(427)
Proceeds from accounts receivable financing.....	--	10	--
Net short-term debt incurred (paid).....	(16)	22	--
Dividends.....	(19)	(19)	(19)
Other equity transactions.....	3	(2)	(3)
	-----	-----	-----
Net Cash Provided by (Used in) Financing Activities.....	(70)	83	(33)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	6	(11)	7
Cash and cash equivalents at beginning of year.....	16	27	20
	-----	-----	-----
Cash and Cash Equivalents at End of Year.....	\$ 22	\$ 16	\$ 27
	=====	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

## GENCORP INC.

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)

	COMMON STOCK		OTHER CAPITAL	RETAINED EARNINGS (DEFICIT)	CUMULATIVE TRANSLATION ADJUSTMENT
	SHARES	AMOUNT			
(DOLLARS IN MILLIONS)					
BALANCE AT NOVEMBER 30, 1991.....	31,729,776	\$3	\$1	\$ 202	\$ 7
Net income.....				22	
Currency translation adjustment.....					(3)
Cash dividends -- \$.60 per share.....				(19)	
Reacquired shares for incentive programs.....	(571)	--	--		
BALANCE AT NOVEMBER 30, 1992.....	31,729,205	3	1	205	4
Net income.....				43	
Currency translation adjustment.....					(2)
Cash dividends -- \$.60 per share.....				(19)	
Shares issued under incentive programs.....	811	--	--		
Reacquired shares for incentive programs.....	(158)	--	--		
BALANCE AT NOVEMBER 30, 1993.....	31,729,858	3	1	229	2
Net loss.....				(226)	
Currency translation adjustment.....					(1)
Cash dividends -- \$.60 per share.....				(19)	
Shares issued to employee saving plans.....	336,461	--	4		
Shares issued under incentive programs.....	8,881	--	--		
Reacquired shares for incentive programs.....	(18)	--	--		
BALANCE AT NOVEMBER 30, 1994.....	32,075,182	\$3	\$5	\$ (16)	\$ 1

&lt;FN&gt;

The accompanying notes to consolidated financial statements are an integral part of these statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION -- The consolidated financial statements of the Company include the accounts of the parent company and its majority-owned subsidiaries.

REVENUE RECOGNITION -- Generally, sales are recorded when products are shipped or services are rendered. Sales and income under most government fixed-price and fixed-price-incentive production type contracts are recorded as deliveries are made. For contracts where relatively few deliverable units are produced over a period of more than two years, revenue and income are recognized at the completion of measurable tasks rather than upon delivery of the individual units. Sales under cost reimbursement contracts are recorded as costs are incurred and include estimated earned fees in the proportion that costs incurred to date bear to total estimated costs. Certain government contracts contain cost or performance incentive provisions which provide for increased or decreased fees or profits based upon actual performance against established targets or other criteria. Penalties and cost incentives are considered in estimated sales and profit rates. Performance incentives are recorded when measurable or when awards are made and provisions for estimated losses on contracts are recorded when such losses become evident.

ENVIRONMENTAL COSTS -- The Company expenses, on a current basis, recurring costs associated with managing hazardous substances and pollution in ongoing operations. The Company also accrues for costs associated with the remediation of environmental pollution when it becomes probable that a liability has been incurred and its proportionate share of the amount can be reasonably estimated.

The Company recognizes amounts recoverable from insurance carriers, the U.S. government or other third parties, when the collection of such amounts becomes probable. Pursuant to U.S. government agreements or regulations, the Company will recover a substantial portion of its environmental costs through the establishment of prices of the Company's products and services sold to the U.S. government. With the exception of applicable amounts representing current assets and liabilities, recoverable amounts and accrued costs are included in other assets and other long term liabilities. Prior to 1994, the Company recorded environmental liabilities net of the probable future recoveries from third parties. Accordingly, the 1993 amounts have been reclassified on the Company's Consolidated Balance Sheet to conform to the 1994 presentation.

INVENTORIES -- Inventories are stated at the lower of cost or market. The automotive and polymer products business segments use the last-in, first-out method. The aerospace and defense business segment uses the average cost method. Foreign operations use the first-in, first-out method.

Work-in-process on fixed price contracts includes direct costs and overhead less the estimated average cost of deliveries. Appropriate general and administrative costs are allocated to government and certain other contracts.

PROPERTY, PLANT AND EQUIPMENT -- Refurbishment costs are capitalized in the property accounts whereas ordinary maintenance and repair costs are expensed as incurred. Depreciation for financial reporting is computed principally by accelerated methods for the aerospace and defense business segment and by the straight-line method for the remainder of the Company.

GOODWILL AND OTHER INTANGIBLE ASSETS -- The excess of purchase price over the value of net assets acquired is included in other assets and is amortized on a straight-line basis over a 40-year period or less.

INCOME TAXES -- Deferred income taxes are provided for temporary differences between financial statement and taxable income.

HEDGING INSTRUMENTS -- The Company periodically enters into interest rate swap agreements to manage interest rate exposure. The differential to be paid is accrued as interest rates change and is recognized over the life of the agreements. The notional amounts of swap agreements are matched with a related underlying liability and as such are not subject to lower of cost or market value accounting.

18

22

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

STATEMENT OF CASH FLOWS -- For the purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

EARNINGS PER SHARE -- Primary earnings per share of common stock is calculated by dividing net income by the weighted average number of common shares outstanding adjusted for the inclusion of stock options. For fully diluted earnings per share, net income and shares outstanding have also been adjusted as if the Company's \$115,000,000 8% Convertible Subordinated Debentures due August 1, 2002 had been converted. (See Note L for further information regarding the debentures.)

RECLASSIFICATIONS -- Certain reclassifications have been made to conform prior year's data to the current presentation.

#### NOTE B -- UNUSUAL ITEMS

In the fourth quarter of 1994, the Company recognized net unusual charges of \$83 million (\$50 million or \$1.56 per share after tax). These charges included provisions for environmental remediation costs at Aerojet's Sacramento, California facility of \$68 million, environmental costs associated with other sites of \$15 million, warranty costs related to discontinued products of \$6 million, estimated costs for pending litigation of \$5 million, write-downs of \$8 million of fixed assets and investments to net realizable value and restructuring charges of \$12 million. These provisions are net of \$31 million of cash collected during the fourth quarter of 1994 from insurers for recoveries of environmental costs incurred by the automotive and polymer products segments and a settlement of claims against an investment banking firm arising out of such

firm's participation in a 1987 unsolicited tender offer for GenCorp's stock.

NOTE C -- ACCOUNTING CHANGES

Effective December 1, 1993, the Company adopted the provisions of Statements of Financial Accounting Standards SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106), SFAS No. 109 "Accounting for Income Taxes" (SFAS 109) and SFAS No. 112 "Employers' Accounting for Postemployment Benefits" (SFAS 112).

SFAS 106 requires that the expected cost of providing postretirement health care and life insurance benefits be charged to expense during the years that the employees render service. Prior to 1994, the Company expensed the cost of these benefits for continuing operations as they were paid. Upon implementation of the standard, the Company elected immediate recognition of the transition obligation by taking a one-time charge against earnings.

SFAS 109 requires the use of the liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Prior to the adoption of SFAS 109, income tax expense was determined using the deferred tax method required by Accounting Principles Board Opinion No. 11 -- "Accounting For Income Taxes" (APB 11).

SFAS 112 requires the use of the accrual method of accounting for benefits payable to employees that leave the Company other than by reason of retirement. Implementation of this standard had an immaterial impact as most of these benefits were accounted for in accordance with SFAS 112 prior to December 1, 1993.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

The table below shows the components of the cumulative effect of the above accounting changes:

	AMOUNT	PER SHARE
	-----	-----
	(DOLLARS IN MILLIONS, EXCEPT PER-SHARE DATA)	
Other postretirement benefits, net of \$131 in taxes.....	\$ (196)	\$ (6.16)
Income taxes.....	(17)	(.53)
	-----	-----
Total.....	\$ (213)	\$ (6.69)
	=====	=====

The incremental impact of these changes in accounting methods decreased earnings for the year ended November 30, 1994 by approximately \$4 million.

NOTE D -- ACQUISITIONS AND DIVESTITURES

The Company purchased an initial 24.5 percent equity interest in HENNIGES in July 1993. During 1994, the Company completed its acquisition of HENNIGES through two additional purchases of 24.5 percent in July 1994 and 51 percent in September 1994. The combined purchase price of the remaining 75.5 percent equity interest was approximately \$22 million. The total acquisition cost for HENNIGES was approximately \$40 million. HENNIGES' principal business is the manufacture and distribution of engineered molded and extruded rubber products for the major German original equipment automotive manufacturers. The acquisition was accounted for as a purchase in accordance with Accounting Principles Board Opinion No. 16 and the investment was accounted for under the equity method until the Company acquired a majority equity interest. The financial statements of HENNIGES have been consolidated subsequent to such date. The acquisition resulted in goodwill of \$18 million which is being amortized over 35 years.

In May 1994, the Company sold its Aerojet Ordnance Division's medium caliber ammunition and air dispensed munition business to Olin Corporation for \$25 million which approximated net book value.

NOTE E -- RESEARCH AND DEVELOPMENT EXPENSE

Research and Development (R&D) expense was \$42 million in 1994, \$45 million in 1993 and \$36 million in 1992. R&D expense includes the costs of technical activities that are useful in developing new products, services, processes or techniques, as well as those expenses that may significantly improve existing products or processes.

Additional R&D expenditures which are funded under government contracts totaled \$72 million in 1994, \$112 million in 1993 and \$166 million in 1992.

NOTE F -- INCOME TAXES

Effective December 1, 1993, the Company adopted SFAS No. 109 "Accounting for Income Taxes" (SFAS 109). The recognition and measurement of deferred tax assets and liabilities differs significantly under SFAS 109 and APB 11. Under SFAS 109, the liability method is used in accounting for income taxes, whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Under APB 11, income tax expense is determined using the deferred method. Deferred tax expense is based on items of income and expense that are reported in different years in the financial statements and tax returns and are measured at the tax rate in effect in the year the difference originated. As permitted under the new Statement, prior years' financial statements have not been restated. The cumulative effect of adopting this Statement as of December 1, 1993 was \$17 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

The income tax (benefit) provision consists of the following:

	YEARS ENDED NOVEMBER 30,		
	1994	1993	1992
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
CURRENT TAXES			
U.S. federal.....	\$11	\$16	\$15
State and local.....	1	6	4
Foreign.....	6	8	6
	-----	-----	-----
	18	30	25
DEFERRED TAXES			
U.S. federal.....	(21)	--	(9)
State and local.....	(6)	(3)	(1)
	-----	-----	-----
	(27)	(3)	(10)
	-----	-----	-----
Income tax (benefit) provision.....	\$ (9)	\$27	\$15
	=====	=====	=====

The change in deferred income taxes under APB 11 reflects the tax effects of the following items recognized as revenue or expense in different years for tax and financial statement purposes:

	YEARS ENDED NOVEMBER 30,	
	-----	-----
	1993	1992

	----	----
	(DOLLARS IN MILLIONS)	
Accrued estimated costs.....	\$ 7	\$ (7)
Long-term contract method.....	(4)	--
Depreciation.....	--	(7)
Pension.....	4	2
State NOLs and tax credit carryforwards.....	1	3
Other.....	(11)	(1)
	----	----
Total.....	\$ (3)	\$ (10)
	=====	=====

The difference between the statutory federal income tax rate and the effective tax rate is attributable to the following:

	YEARS ENDED NOVEMBER 30,		
	1994	1993	1992
	-----	-----	-----
Statutory income tax rate.....	(35.0)%	34.9%	34.0%
State and local income taxes, net of federal income tax benefit.....	(5.0)	4.2	10.7
Change in tax rate on deferred tax reversals.....	--	.4	.8
Earnings of subsidiaries taxed at other than U.S. statutory rate.....	(8.1)	2.0	1.7
Adjustment to estimated income tax accruals.....	14.0	--	--
Other, net.....	(5.9)	(3.0)	(6.1)
	-----	-----	-----
Effective income tax rate.....	(40.0)%	38.5%	41.1%
	=====	=====	=====

21

25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

The table below is a summary of the significant components of the Company's deferred tax assets and liabilities as of November 30, 1994:

	ASSETS	LIABILITIES
	-----	-----
	(DOLLARS IN MILLIONS)	
Accrued estimated costs.....	\$107	\$ --
Long-term contract method.....	--	11
Depreciation.....	--	52
Pension.....	--	38
State NOLs and tax credit carryforwards.....	18	--
Other postretirement/employment benefits.....	169	--
	-----	-----
Total.....	\$294	\$ 101
	=====	=====

The balance sheet reflects deferred income taxes of \$35 million and \$37 million in prepaid expenses at November 30, 1994 and 1993, respectively. Included in other long-term assets for 1994 and 1993 are deferred income taxes of \$158 million and \$13 million, respectively. The majority of state net operating losses (NOLs) and tax credit carryforwards have an indefinite carryforward period with the remaining portion expiring in years through 2007. Pretax income of foreign subsidiaries was \$24 million in 1994, \$18 million in 1993 and \$25 million in 1992. Cash paid during the year for income taxes was \$23 million in 1994, \$79 million in 1993 and \$25 million in 1992.

NOTE G -- ACCOUNTS RECEIVABLE

In June 1994, the Company extended its receivable financing program through

December 1994. Under the agreement, new receivables were sold as collections reduced previously sold receivables. Accounts receivable as shown in the Company's Consolidated Balance Sheet are net of \$60 million for 1994 and 1993 representing the interests in receivables sold under this agreement. When this program expired on December 31, 1994, the Company used its existing borrowing capacity to repurchase outstanding receivables previously sold under this agreement. The Company does not currently intend to enter into a new receivable financing program.

Unbilled receivables of \$10 million and \$9 million at November 30, 1994 and 1993, respectively, relating to long-term government contracts are included in accounts receivable from the U.S. government. Such amounts are billed either upon delivery of completed units or settlement of contracts. The unbilled receivables amount at November 30, 1994 includes \$4 million expected to be collected in fiscal year 1995, and \$6 million expected to be collected in subsequent years.

At year end, the amount of commercial and U.S. government receivables was \$111 million and \$79 million for 1994 and \$95 million and \$78 million for 1993, respectively. Included in the 1994 and 1993 U.S. government receivable is \$7 million for environmental remediation (see Note Q).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE H -- INVENTORIES

Components of inventories are as follows:

	AT NOVEMBER 30,	
	1994	1993
	(DOLLARS IN MILLIONS)	
Raw materials and supplies.....	\$ 51	\$ 44
Work-in-process.....	14	15
Finished products.....	67	57
	-----	-----
Approximate replacement cost of inventories.....	132	116
Reserves, primarily LIFO.....	(42)	(35)
Long-term contracts at average cost.....	206	262
Progress payments.....	(138)	(144)
	-----	-----
Total inventories.....	\$ 158	\$ 199
	=====	=====

Aerojet's inventories applicable to government and other contracts include general and administrative costs. The total of such costs incurred in 1994 and 1993 was \$108 million and \$127 million, respectively, and the amounts in inventory at the end of those years are estimated at \$36 million and \$27 million, respectively. These estimates are based on costs being removed from inventories on a basis proportional to the amounts of each cost element projected through completion of the contract.

Inventories using the LIFO method represented 74 percent of consolidated inventories at replacement cost at November 30, 1994 and 1993.

At November 30, 1994, Aerojet's contract accounting positions reflect the expected recovery of approximately \$48 million in pending claims on numerous contracts with the U.S. government. These claims are in varying stages of negotiation, and relate principally to contracts terminated or cancelled at the customer's convenience, or requests for price adjustments related to customer caused issues. Management believes that the resolution of these claims, in the aggregate, will not have a material effect on the consolidated financial condition of the Company.

NOTE I -- EMPLOYEE BENEFIT PLANS

Pension Plans

The Company has a number of defined benefit pension plans which cover substantially all salaried and hourly employees. Normal retirement age generally is 65, but certain plan provisions allow for earlier retirement. The Company's funding policy is consistent with the funding requirements of federal law. The pension plans provide for pension benefits, the amounts of which are calculated under formulas principally based on average earnings and length of service for salaried employees and under negotiated non-wage based formulas for hourly employees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

The components of net pension costs (income) are as follows:

	YEARS ENDED NOVEMBER 30,		
	1994	1993	1992
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
Service cost -- benefits earned during the period.....	\$ 21	\$ 20	\$ 22
Interest cost on projected benefit obligation.....	118	111	106
Actual return on assets.....	13	(231)	(170)
Net amortization and deferral.....	(161)	93	38
	-----	-----	-----
Net pension costs (income).....	\$ (9)	\$ (7)	\$ (4)
	=====	=====	=====

The assumptions used in calculating the present value of the accrued defined benefit pension plan benefits and pension cost at November 30, 1994, 1993 and 1992 and for the years then ended were determined in consultation with the Company's actuary. Excluding a variable annuity program with an interest assumption of 8 percent and assets at November 30, 1994 of \$682 million, the weighted average expected rate of return on plan assets for all plans was 9 percent for all years presented. The assumed weighted average discount rate was 8 percent and the assumed weighted average rate of increase in salaried compensation levels was 5 percent in all years presented. Benefits under the hourly plans are not based on wages. Therefore, no benefit escalation assumption beyond negotiated increases is provided. During 1993, the Company modified its turnover assumption to reflect past and anticipated future experience. This change decreased 1993 pension cost by \$5 million. There was no material impact on the projected benefit obligation. The majority of the Company's plan assets are invested in short-term investments, listed stocks and bonds.

The following table presents the funded status of the plans:

	AT NOVEMBER 30,	
	1994	1993
	-----	-----
	(DOLLARS IN MILLIONS)	
Plan assets at fair value.....	\$1,647	\$1,757
	-----	-----
Actuarial present value of plan benefits:		
Vested.....	\$1,405	\$1,398
Non-vested.....	51	73
	-----	-----
Accumulated benefit obligation.....	1,456	1,471
Effect of projected salary increases.....	50	49
	-----	-----
Projected benefit obligation.....	\$1,506	\$1,520
	-----	-----
Overfunded plans.....	\$ 141	\$ 237
Unamortized balances:		



Transition assets.....	(35)	(39)
Plan amendments.....	31	26
Experience gains.....	(28)	(126)
Minimum funding liability.....	(7)	--
	-----	-----
Prepaid pension cost (included in investments and other assets).....	\$ 102	\$ 98
	=====	=====

The Company also sponsors a number of defined contribution pension plans. Participation in these plans is available to substantially all salaried employees and to certain groups of hourly employees. Company contributions to these plans are based on either a percentage of employee contributions or on a specified amount per hour based on the provisions of each plan. The cost of these plans was \$12 million in 1994, \$14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

million in 1993 and \$15 million in 1992. Beginning in August 1994, the Company funded the contribution to the salaried plan with GenCorp common stock.

Health Care Plans

In addition to providing pension benefits, the Company currently provides certain health care and life insurance benefits to most retired employees in the United States with varied coverage by employee groups. The health care plans generally provide for cost sharing in the form of employee contributions, deductibles and coinsurance between the Company and its retirees. Retirees in certain other countries are provided similar benefits by plans sponsored by their governments.

Effective December 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106). This Statement requires accrual of the expected cost of providing postretirement benefits during employees' active service lives. The Company's previous practice was to record the cost of these benefits as claims were paid except for liabilities established for certain previously discontinued businesses. The Company elected to recognize immediately the transition obligation, measured as of December 1, 1993, as the cumulative effect of an accounting change. This resulted in a one-time charge of \$196 million (after a reduction for income taxes of \$131 million), which does not include amounts accrued in prior years for previously divested businesses.

The table below sets forth the components of the net periodic postretirement benefit cost and the accumulated postretirement benefit obligation for postretirement benefits other than pensions:

NET PERIODIC POSTRETIREMENT BENEFIT COST

	YEAR ENDED
	NOVEMBER 30, 1994
	-----
	(DOLLARS IN
	MILLIONS)
Service cost.....	\$ 5
Interest cost.....	31
	-----
Total cost.....	\$ 36
	=====

ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION

AT NOVEMBER 30, 1994  
-----  
(DOLLARS IN

MILLIONS)

Retirees.....	\$294
Fully eligible active plan participants.....	52
Other active plan participants.....	60
	-----
Total benefit obligation.....	\$406
	=====

The accumulated postretirement benefit obligation includes the impact of the cost-sharing program announced to employees and retirees on October 4, 1993. The program established limits on the average amount the Company pays annually to provide future retiree medical coverage. The Company believes that it has the legal right to implement this cost-sharing program and has recently prevailed in a lawsuit before the U.S. District Court challenging the Company's right to modify retiree medical benefits as changed in 1991. This ruling is under appeal to the U.S. Court of Appeals for the Sixth Circuit. While the Company expects to prevail on appeal, an adverse ruling could affect the future cost of providing retiree health benefits.

The accumulated postretirement benefit obligation and related benefit cost are determined by the application of relevant actuarial assumptions. The Company utilized an 8 percent discount rate and anticipates its health care cost trend rate will decline from 12 percent in 1994 to 6 percent in 2003, after which the trend

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

rate is expected to stabilize. The effect of a one percentage point increase in the assumed health care cost trend rate for each future year would increase the accumulated postretirement benefit obligation at November 30, 1994 by \$10 million and increase the aggregate of the service and interest cost components of net periodic postretirement health care benefit cost by \$1 million.

The cost of retiree health care and life insurance benefits in 1993 and 1992 amounted to \$30 million and \$29 million, respectively.

NOTE J -- INVESTMENTS AND OTHER ASSETS

The components of investments and other assets are as follows:

	AT NOVEMBER 30,	
	1994	1993
	----	----
	(DOLLARS IN MILLIONS)	
Recoverable from U.S. government and third parties for environmental remediation.....	\$125	\$ 42
Deferred taxes.....	158	13
Prepaid pension.....	102	93
Other.....	83	85
	----	----
Total investments and other assets.....	\$468	\$233
	=====	=====

NOTE K -- ACCRUED EXPENSES AND OTHER LONG-TERM LIABILITIES

The components of accrued expenses are as follows:

	AT NOVEMBER 30,	
	1994	1993
	----	----
	(DOLLARS IN	

	MILLIONS)	
Payable for goods, services and rights.....	\$ 98	\$ 98
Accrued compensation and employee benefits.....	85	60
Environmental reserves.....	27	28
Restructuring and other reserves.....	10	6
Other.....	17	17
	----	----
Total accrued expenses.....	\$237	\$209
	=====	=====

The components of other long-term liabilities are as follows:

	AT NOVEMBER 30,	
	-----	-----
	1994	1993
	----	----
	(DOLLARS IN MILLIONS)	
Environmental reserves.....	\$255	\$ 97
Other.....	89	47
	----	----
Total other long-term liabilities.....	\$344	\$144
	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE L -- LONG-TERM DEBT AND CREDIT LINES

Long-term debt and credit lines consist of the following:

	AT NOVEMBER 30,	
	-----	-----
	1994	1993
	----	----
	(DOLLARS IN MILLIONS)	
Revolving loans.....	\$240	\$300
8% Unsecured convertible subordinated debentures maturing 2002.....	115	115
Other.....	25	3
	----	----
Total debt.....	380	418
Less amounts due within one year.....	(2)	(2)
	----	----
Total long-term debt and credit lines.....	\$378	\$416
	=====	=====

In April 1992, the Company converted all previously outstanding revolving loans into a three-year \$450 million unsecured revolving credit facility (Facility). In April 1994, banks with commitments totaling \$440 million extended the maturity date of the Facility for one year to April 1996. It is extendable for up to one additional year at the option of the Company and with the approval of the participating banks. The amount of the Facility was reduced by \$5 million as a result of the assumption of the long-term debt of HENNIGES. As of November 30, 1994, unused revolving lines of credit totaled \$205 million. The Company pays commitment fees of 3/8 of one percent on the unused balance. Interest rates are variable, primarily based on LIBOR, and are currently at an average rate of 6.4 percent.

The Facility contains various debt restrictions and provisions relating to net worth and interest coverage ratios. The Company is required to maintain consolidated net worth of not less than \$243 million, excluding the impact of the new accounting standards and the unusual items taken in the fourth quarter

pursuant to an amendment to the Facility. Excluding the impact of these items, the Company had net worth of \$257 million at November 30, 1994 and was in compliance with the amended agreement. This agreement requires the Company to use any net proceeds from the sale of all or part of Aerojet to reduce the outstanding debt. Further, the Facility will be reduced permanently by the amount of the net cash proceeds.

The Company has interest rate swap agreements covering a notional amount of \$75 million, which expire in 1995. The semi-annual settlement rates for these agreements are calculated as a spread between a fixed annual rate of 9.54 percent and the six-month floating LIBOR rate.

The \$115 million 8% Convertible Subordinated Debentures due August 1, 2002 (Debentures) are redeemable at the option of the Company, in whole or in part, at any time on or after August 10, 1996. The Debentures are convertible at any time prior to maturity, unless previously redeemed, into shares of common stock at a conversion price of \$16.065 per share (equivalent to a conversion rate of approximately 62.247 shares of Common Stock per \$1,000 principal amount of Debentures) subject to adjustment in certain circumstances. The market value of the Debentures was \$105 million at November 30, 1994.

At November 30, 1994, the Company had unsecured, uncommitted lines of credit with several banks for short-term borrowings aggregating \$36 million, of which \$9 million was outstanding. Borrowings under such lines generally bear interest at money market rates and are payable on demand. The Company also had outstanding letters of credit totaling \$29 million at November 30, 1994.

The maturities of other debt are \$5 million annually through 1999.

Cash paid during the year for interest was \$31 million in 1994, \$28 million in 1993 and \$33 million in 1992.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

NOTE M -- DISCONTINUED OPERATIONS

The balance sheet includes various current and long-term reserves relating to operations discontinued in prior years. Those reserves include estimates for postretirement benefits (General Tire), environmental matters (Lawrence, MA and Muskegon, MI ) and other accrued liabilities (RKO General).

Discontinued operations reserves consist of the following:

	AT NOVEMBER 30,	
	----- 1994	----- 1993
	(DOLLARS IN MILLIONS)	
Accrued expenses.....	\$ 24	\$ 30
Postretirement benefits other than pension.....	60	62
Other long-term liabilities.....	50	45
	----	----
Total discontinued operations reserves.....	\$134	\$137
	====	====

NOTE N -- PREFERRED SHARE PURCHASE RIGHTS

In 1987, the Directors declared a dividend of one Preferred Share Purchase Right (Right) on each outstanding share of common stock, payable to shareholders of record on February 27, 1987. Rights outstanding at November 30, 1994 and 1993 were 32,075,182 and 31,729,858, respectively. The Shareholder Rights Plan, as amended effective December 1987, provides that under certain circumstances each Right will entitle shareholders to buy one one-hundredth of a share of a new Series A Cumulative Preference Stock at an exercise price of \$100. The Rights will be exercisable only if a person or group acquires 20 percent or more of GenCorp's common stock or announces a tender or exchange offer that will result

in such person or group acquiring 30 percent or more of the common stock. GenCorp will be entitled to redeem the Rights at two cents per Right at any time until ten days after a 20 percent position has been acquired (unless the Board elects to extend such time period, which in no event may exceed thirty days). If the Company is involved in certain transactions after the Rights become exercisable, a holder of Rights (other than Rights beneficially owned by a shareholder who has acquired 20 percent or more of GenCorp's common stock, which Rights become void) is entitled to buy a number of the acquiring company's common shares, or GenCorp's common stock, as the case may be, having a market value of twice the exercise price of each Right. A potential dilutive effect may exist upon the exercise of the Rights. The Rights will expire February 18, 1997. Until a Right is exercised, the holder will have no rights as a stockholder of the Company including, without limitation, the right to vote as a stockholder or to receive dividends.

At November 30, 1994, 575,000 shares of \$1 par value Series A Cumulative Preference Stock were reserved for issuance upon exercise of Preferred Share Purchase Rights.

NOTE O -- STOCK-BASED COMPENSATION PLANS

The GenCorp Inc. 1993 Stock Option Plan provides for an aggregate of 2,500,000 shares of the Company's common stock to be purchased pursuant to stock options or to be subject to stock appreciation rights (SARs) which may be granted to selected officers and key employees at prices equal to the market value of a share of common stock on the date of grant. The options are exercisable in 25 percent increments at six months, one year, two years and three years from date of grant. No stock appreciation rights have been granted. None of the options were exercisable prior to March 10, 1994.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

Information regarding this option plan is as follows:

	NUMBER OF OPTION SHARES	
	1994	1993
Outstanding, beginning of fiscal year.....	496,075	--
Granted at \$16.00 to \$16.625 per share.....	--	501,575
Granted at \$12.625 to \$13.75 per share.....	1,169,650	--
Forfeited shares.....	(86,575)	(5,500)
Outstanding, November 30.....	1,579,150	496,075
Exercisable, November 30.....	220,135	--
Available for grant, November 30.....	920,850	2,003,925

The Stock Incentive Compensation Plan (SIC Plan) adopted in 1983 is based on a formula which values incentive awards payable in cash or stock based upon changes in the market value of the Company's common stock. The SIC Plan is compensatory, and compensation expense was \$2 million in 1994, \$5 million in 1993 and \$3 million in 1992. The liability for accrued stock incentive compensation was \$15 million at both November 30, 1994 and 1993. Pursuant to the SIC Plan, no awards may be granted after March 1, 1993 and the Company granted no incentive unit shares during 1994 or 1993 and 443,000 incentive unit shares during 1992.

NOTE P -- LEASE COMMITMENTS

The Company and its subsidiaries lease certain manufacturing plant facilities, machinery and equipment and office buildings under long-term, noncancelable leases. The leases generally provide for renewal options ranging from five to ten years and require the Company to pay for utilities, insurance, taxes and maintenance. Rent expense was \$10 million in 1994, \$14 million in 1993 and \$15 million in 1992. Future minimum commitments at November 30, 1994 for

existing operating leases were \$27 million with annual amounts declining from \$9 million in 1995 to \$3 million in 1998. The Company's current obligation for leases after 1998 is \$3 million.

NOTE Q -- CONTINGENCIES

ENVIRONMENTAL MATTERS

Sacramento, California -- In June 1989, the United States District Court for the Eastern District of California approved entry of a Partial Consent Decree (Decree) which partially settled environmental litigation initiated against Aerojet and its inactive subsidiary, Cordova Chemical Company, by the State of California and the United States Environmental Protection Agency (EPA) as a result of the release of chemicals at Aerojet's Sacramento, California facility prior to 1980.

The Decree requires Aerojet to conduct a Remedial Investigation/Feasibility Study (RI/FS) of the Sacramento site and prepare an RI/FS report on specific environmental conditions present at the site and alternatives available to remedy such conditions. The Decree does not require Aerojet to perform final remedial measures at the site. Additionally, Aerojet is required to pay for certain costs associated with ongoing government oversight of Aerojet's compliance with the Decree.

In September 1993, Aerojet reached a settlement with the United States government on its claim to recover a portion of environmental remediation costs incurred after June 1989. Aerojet recovered approximately \$18 million under this settlement for costs incurred from July 1989 through November 1992. The settlement also provides that 65 percent of covered costs incurred after November 1992, net of insurance recoveries, will be added to the pricing of government contracts. As a part of the settlement, Aerojet agreed to

29

33

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

release its claim under the "Superfund" law against the United States in federal district court for recovery of costs covered by the settlement.

Aerojet has substantially completed its site characterization efforts under the Decree to determine the nature and extent of contamination at the Sacramento facility and has identified the remediation technologies that will likely be deployed to remedy such contamination. During the fourth quarter of 1994, Aerojet completed its estimate of remediation costs at its Sacramento facility and based on currently available facts, existing technology and presently enacted laws and regulations, recorded a net \$68 million charge. These remediation costs are principally for design, construction and enhancement of groundwater and soil treatment facilities, ongoing project management and regulatory oversight, and are expected to be incurred over a period of approximately 20 years. This estimate will be subject to changes as work progresses and additional experience is gained.

At November 30, 1994, Aerojet had a reserve of \$210 million for costs to complete the RI/FS and remediate the site and has recognized \$123 million for probable future recoveries under existing settlement agreements with the United States government.

Legal proceedings to obtain reimbursements of environmental costs from insurers are continuing; however, Aerojet presently cannot estimate the recovery that may be obtained under any policy.

Lawrence, Massachusetts -- The Company has completed a study of remediation alternatives for its closed Lawrence, Massachusetts facility, which was contaminated with PCBs, and has begun site remediation and off-site disposal of debris. The Company has a reserve of \$33 million for the decontamination and the long-term operating and maintenance costs of this site. The reserve represents the Company's best estimate for the remaining remediation cost. The study indicated that the future remediation cost could range as high as \$56 million depending on the results of future testing and the ultimate remediation alternatives undertaken at the site. The time frame for remediation is currently estimated to range from 5 to 9 years.

Muskegon, Michigan -- Aerojet and its two inactive Cordova Chemical

subsidiaries (Cordova) have been involved in litigation regarding a former Cordova facility in Muskegon, Michigan where the EPA has conducted an RI/FS under the superfund law. The United States District Court for the Western District of Michigan previously ruled that Aerojet and Cordova were liable under the superfund law with a former owner/operator of the facility for remediation at the site. Separately, the State of Michigan Court of Claims previously ruled that the State of Michigan is obligated to indemnify Cordova for remediation costs which it incurs at the site. These rulings have been appealed to the Sixth Circuit United States Court of Appeals and the Michigan Court of Appeals, respectively. Aerojet and Cordova expect to prevail on these appeals. On a related matter, in May 1993 the EPA terminated, without resolution, two orders issued in 1990 and 1991 to Cordova and other parties to perform site and groundwater remediation.

The EPA has hired an independent contractor to construct a groundwater treatment facility at the site. Construction is expected to be completed in July 1995. Final remediation costs for groundwater and soils cannot presently be determined, but could range from \$50 million to \$100 million, depending on the remediation methods ultimately required. Furthermore, the Company believes that most of the remediation costs will be paid by the former owner/operator and that its \$14 million reserve will be adequate to cover the Company's costs and expenses associated with this matter. Included in investments and other assets is \$9 million to be recovered from insurance companies.

Toledo, Ohio -- In 1992, the Company signed a Consent Decree with the State of Ohio relative to the remediation of PCBs at its formerly owned Toledo, Ohio facility. A remediation plan for the removal of the PCBs under the Consent Decree was approved by the State in May 1994. Remediation is expected to be completed in 1995. The Company believes that its established reserves of \$4 million will be adequate to cover all future costs and expenses associated with this matter.

San Gabriel Valley Basin, California -- Aerojet, through its Azusa facility, is one of a large number of potentially responsible parties (PRPs) in the portion of the San Gabriel Valley Superfund Site known as the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

Baldwin Park Operable Unit (BPOU). Regulatory action is proceeding on two tracks: specific site investigation and cleanup supervised by the California Regional Water Quality Control Board under delegation from the EPA, and regional groundwater remediation, under the direct control of the EPA.

Aerojet is conducting an investigation of its current and historical properties in Azusa pursuant to a work plan negotiated with the Regional Board and EPA. The EPA issued a Record of Decision (ROD) on March 31, 1994 for a groundwater remediation plan for the BPOU, estimated to cost \$47 million in non-recurring costs and \$4 to \$5 million in annual operating expense. Aerojet and other PRPs are participating in an effort by the San Gabriel Valley Water Quality Authority to develop an alternative "consensus" plan in which certain water supply entities would integrate the EPA remedial requirements into a water supply project. If implemented, the consensus plan could serve to reduce the cost of the EPA remedial project to the PRPs. Negotiations concerning allocation of potential remediation costs among PRPs and other parties are expected to continue in 1995.

Aerojet's San Gabriel Valley cost exposure cannot be estimated at this time. However, management believes, on the basis of presently available information, that resolution of this matter will not materially affect the consolidated financial condition of the Company. Among the factors considered by management are: the number of other viable PRPs in the BPOU; the potential for cost sharing with water supply interests; data indicating that the principal groundwater contamination is upgradient of Aerojet's property; and the fact that, to date, Aerojet's San Gabriel Valley costs are being recovered from the government in the pricing of Aerojet's contracts. Additionally, Aerojet has filed suit against its insurers for recovery of such costs.

Other Sites -- The Company is also currently involved, together with other companies, in 21 other Superfund sites on the National Priority List under the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) and 16 other non-Superfund sites. In many instances, the Company's

liability and its proportionate share of costs has not been determined largely due to uncertainties as to the nature and extent of site conditions, the Company's involvement and potential recoveries from insurance and other sources. While government agencies frequently claim potentially responsible parties are jointly and severally liable at such sites, in the Company's experience, interim and final allocations of liability costs are generally made based on relative contributions of waste.

Such other Superfund sites include Stringfellow (California); Organic Chemical (Michigan); Summit National (Ohio); Hardage/Criner (Oklahoma); Industrial Excess (Ohio); and Solvent Recovery Service of New England (Connecticut). Other non-Superfund sites include Westbury (New York); Four County Landfill (Indiana); and Delta Chemical (Pennsylvania). The Company's final allocated share of investigation and remediation costs at a number of these sites has not yet been determined. Based on the Company's previous experience, its allocated share has frequently been minimal, in many instances less than 1 percent. The Company has reserves of approximately \$21 million as of November 30, 1994 which it believes are sufficient to cover its best estimate of its share of the environmental remediation costs at these other sites.

#### ENVIRONMENTAL SUMMARY

In regard to the sites discussed above, management believes, on the basis of presently available information, that resolution of these matters will not materially affect the consolidated financial condition of the Company. The effect of resolution of these matters on results of operations cannot be predicted due to the uncertainty concerning both the amount and timing of future expenditures and future results of operations.

#### OTHER LEGAL MATTERS

The Company and its subsidiaries are subject to various legal actions, governmental investigations, and proceedings relating to a wide range of matters in addition to those discussed above. In the opinion of management, after reviewing the information which is currently available with respect to such matters and consulting with the Company's counsel, any liability which may ultimately be incurred with respect to these additional matters will not materially affect the consolidated financial condition of the Company. The effect of

31

35

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

resolution of these matters on results of operations cannot be predicted because any such effect depends on both future results of operations and the amount and timing of the resolution of such matters.

#### NOTE R -- BUSINESS SEGMENT INFORMATION

The automotive business segment designs and produces original equipment components and systems for the domestic, transplant and foreign automotive industries in Vehicle Sealing, Vibration Control and Reinforced Plastics. Specifically, these products include extruded rubber for vehicle body and window sealing, molded rubber for vibration control components and reinforced plastic body panels for passenger cars and trucks.

The polymer products business segment manufactures specialty polymers and engineered plastics for consumers and industry. The segment is a leading producer of polymer-based products and operates five businesses: Designed Plastics, Plastic Films, Wallcovering, Penn Racquet Sports and Specialty Polymers. The principal markets include the paper industry, residential and commercial construction and the sporting goods industry, as well as varied consumer and industrial markets that demand a broad range of thermoplastic products.

The aerospace and defense business segment designs, develops and manufactures propulsion systems and electronic sensors for the Department of Defense and National Aeronautics and Space Administration. Its businesses are Propulsion and Electronic Systems.

GenCorp sales in 1994, 1993 and 1992 to the United States government and its agencies (principally the Department of Defense) totaled \$578 million, \$847



million and \$984 million, respectively, and were generated almost entirely by the aerospace and defense business segment. Sales to General Motors, primarily by the automotive business segment, of \$281 million in 1994, \$250 million in 1993 and \$218 million in 1992 were at least 10 percent of the Company's net sales. Intersegment sales were not material.

Segment operating profit represents net sales less applicable costs, expenses and provision for restructuring and unusual items relating to operations. Segment operating profit excludes corporate income and expenses, provisions for unusual items, interest expense and income taxes.

In the fourth quarter of 1994, the Company recognized net unusual charges of \$83 million, of which \$80 million related to the Company's three business segments as follows:

(DOLLARS IN MILLIONS)	AEROSPACE AND DEFENSE	AUTOMOTIVE	POLYMER PRODUCTS
Environmental.....	\$68	\$2	\$6
Warranty costs.....	--	--	5
Asset write-downs.....	--	--	3
Restructuring charges.....	--	7	--
Recoveries from insurers.....	--	(5)	(6)
	--	--	--
Total unusual items.....	\$68	\$4	\$8
	====	====	====

The 1992 unusual item of \$22 million, approximately \$14 million after tax, or \$.45 per share, related to costs associated with restructuring the Reinforced Plastics Division within the automotive segment.

Identifiable assets are those assets that are used by the business segments and exclude corporate assets consisting principally of cash and marketable securities, certain investments and headquarters' fixed assets. Prior to 1993, the Company recorded environmental liabilities net of probable future recoveries from third parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

GEOGRAPHIC SEGMENTS

GenCorp's operations are located primarily in Canada, Europe and the United States. Inter-area sales are not significant to the total revenue of any geographic area. Unusual items included in operating profit were \$80 million in 1994 and \$22 million in 1992 for United States operations.

	YEARS ENDED NOVEMBER 30,		
	1994	1993	1992
	(DOLLARS IN MILLIONS)		
NET SALES			
Canada.....	\$ 81	\$ 72	\$ 61
Europe.....	33	15	19
United States.....	1,523	1,729	1,787
United States export sales.....	103	89	70
	-----	-----	-----
	\$1,740	\$1,905	\$1,937
	=====	=====	=====
SEGMENT OPERATING PROFIT			
Canada.....	\$ 14	\$ 12	\$ 11
Europe.....	2	2	2
United States.....	92	107	112
Unusual items.....	(80)	--	(22)
	-----	-----	-----
	\$ 28	\$ 121	\$ 103

	=====	=====	=====
IDENTIFIABLE ASSETS			
Canada.....	\$ 32	\$ 32	\$ 24
Europe.....	119	11	14
United States.....	1,150	1,047	935
	-----	-----	-----
	1,301	1,090	973
	-----	-----	-----
Corporate assets.....	154	123	158
	-----	-----	-----
Total assets.....	\$1,455	\$1,213	\$1,131
	=====	=====	=====

33

37

GENCORP INC.

BUSINESS SEGMENT INFORMATION

	YEARS ENDED NOVEMBER 30,		
	-----	-----	-----
	1994	1993	1992
	-----	-----	-----
	(DOLLARS IN MILLIONS)		
NET SALES			
Aerospace and defense.....	\$ 594	\$ 872	\$1,019
Automotive.....	577	514	436
Polymer products.....	569	519	482
	-----	-----	-----
	\$1,740	\$1,905	\$1,937
	=====	=====	=====
SEGMENT OPERATING PROFIT			
Aerospace and defense.....	\$ 25	\$ 53	\$ 71
Automotive.....	32	21	9
Polymer products.....	51	47	45
Unusual items.....	(80)	--	(22)
	-----	-----	-----
Segment Operating Profit.....	28	121	103
Interest expense.....	(32)	(26)	(37)
Corporate other (income) expense, net.....	4	--	(3)
Corporate expenses.....	(19)	(25)	(26)
Unusual items.....	(3)	--	--
	-----	-----	-----
Income (Loss) Before Income Taxes.....	\$ (22)	\$ 70	\$ 37
	=====	=====	=====
ASSETS			
Aerospace and defense.....	\$ 605	\$ 538	\$ 498
Automotive.....	375	270	243
Polymer products.....	321	282	232
	-----	-----	-----
Identifiable Assets.....	1,301	1,090	973
Marketable securities, cash and other corporate assets.....	154	123	158
	-----	-----	-----
Total Assets.....	\$1,455	\$1,213	\$1,131
	=====	=====	=====
CAPITAL EXPENDITURES			
Aerospace and defense.....	\$ 18	\$ 20	\$ 29
Automotive.....	23	28	27
Polymer products.....	21	18	39
Corporate.....	1	1	1
	-----	-----	-----
	\$ 63	\$ 67	\$ 96
	=====	=====	=====
DEPRECIATION			
Aerospace and defense.....	\$ 34	\$ 40	\$ 47
Automotive.....	21	19	19
Polymer products.....	16	13	10
Corporate.....	2	2	3
	-----	-----	-----
	\$ 73	\$ 74	\$ 79
	=====	=====	=====
EMPLOYEES			
Aerospace and defense.....	3,390	4,670	5,980

Automotive.....	6,260	5,260	4,730
Polymer products.....	2,850	2,930	2,680
Corporate.....	470	440	460
	-----	-----	-----
	12,970	13,300	13,850
	=====	=====	=====

34

38

GENCORP INC.

QUARTERLY FINANCIAL DATA (UNAUDITED)

	THREE MONTHS ENDED			
	FEBRUARY 28	MAY 31	AUGUST 31	NOVEMBER 30
-----				
(DOLLARS IN MILLIONS, EXCEPT FOR PER-SHARE AMOUNTS)				
-----				
1994				
Net sales.....	\$ 401.7	\$ 467.7	\$ 374.4	\$ 495.7
	-----	-----	-----	-----
Gross profit.....	\$ 46.6	\$ 80.1	\$ 64.0	\$ 23.6
	-----	-----	-----	-----
Unusual items.....	--	--	--	\$ (82.9)
	-----	-----	-----	-----
Income (Loss) before income taxes.....	\$ (5.3)	\$ 23.7	\$ 10.6	\$ (50.7)
	-----	-----	-----	-----
Income (Loss) before cumulative effect of accounting changes.....	\$ (3.2)	\$ 14.2	\$ 6.4	\$ (30.4)
	-----	-----	-----	-----
Net income (loss).....	\$ (216.0)	\$ 14.2	\$ 6.4	\$ (30.4)
	-----	-----	-----	-----
-----				
Earnings (Loss) per share of common stock				
Primary:				
Before cumulative effect of accounting changes.....	\$ (.10)	\$ .45	\$ .20	\$ (.95)
Cumulative effect of accounting changes.....	(6.71)	--	--	--
	-----	-----	-----	-----
Earnings (Loss) per share.....	\$ (6.81)	\$ .45	\$ .20	\$ (.95)
	-----	-----	-----	-----
Fully diluted:				
Before cumulative effect of accounting changes.....	\$ (.10)	\$ .40	\$ .20	\$ (.95)
Cumulative effect of accounting changes.....	(6.71)	--	--	--
	-----	-----	-----	-----
Earnings (Loss) per share.....	\$ (6.81)	\$ .40	\$ .20	\$ (.95)
	-----	-----	-----	-----
-----				
The sum of the quarterly E.P.S. amounts may not equal the annual amount due to changes in the number of shares outstanding during the year.				
Common stock price range -- high.....	16 3/8	15 1/2	14 1/2	14 3/8
-- low.....	13 1/4	12	11 1/2	10
	-----	-----	-----	-----

	THREE MONTHS ENDED			
	FEBRUARY 28	MAY 31	AUGUST 31	NOVEMBER 30
-----				
(DOLLARS IN MILLIONS, EXCEPT FOR PER-SHARE AMOUNTS)				
-----				
1993				
Net sales.....	\$ 401.5	\$ 492.3	\$ 482.1	\$ 529.2
	-----	-----	-----	-----
Gross profit.....	\$ 58.9	\$ 79.0	\$ 63.2	\$ 73.4
	-----	-----	-----	-----
Income before income taxes.....	\$ 10.2	\$ 29.6	\$ 12.9	\$ 16.9
	-----	-----	-----	-----
Net income.....	\$ 6.1	\$ 17.8	\$ 7.7	\$ 11.2
	-----	-----	-----	-----
-----				
Earnings per share of common stock				
Primary.....	\$ .19	\$ .56	\$ .25	\$ .35
Fully diluted.....	\$ .19	\$ .49	\$ .24	\$ .32
	-----	-----	-----	-----
Common stock price range -- high.....	13 1/8	13 3/8	17 3/8	17
-- low.....	10 1/8	11 5/8	12 3/8	13 7/8
	-----	-----	-----	-----

CAPITAL STOCK

The common stock is listed on the New York and Chicago Stock Exchanges. At

November 30, 1994 and December 31, 1994, there were approximately 15,100 holders of record of the Company's common stock. During 1994, 1993 and 1992, the Company paid quarterly cash dividends on common stock of \$.15 per share.

35

39

GENCORP INC.

SUMMARY OF SELECTED FINANCIAL DATA

	YEARS ENDED NOVEMBER 30,						
	1994	1993	1992	1991	1990	1989	1988
	(DOLLARS IN MILLIONS, EXCEPT PER-SHARE AND RATIO DATA)						
<b>NET SALES</b>							
Aerospace and defense.....	\$ 594	\$ 872	\$1,019	\$1,142	\$ 878	\$1,034	\$1,056
Automotive.....	577	514	436	368	436	433	358
Polymer products.....	569	519	482	483	461	471	477
	<u>\$1,740</u>	<u>\$1,905</u>	<u>\$1,937</u>	<u>\$1,993</u>	<u>\$1,775</u>	<u>\$1,938</u>	<u>\$1,891</u>
<b>SEGMENT OPERATING PROFIT</b>							
Aerospace and defense.....	\$ 25	\$ 53	\$ 71	\$ 75	\$ 65	\$ 92	\$ 93
Automotive.....	32	21	9	(5)	23	10	28
Polymer products.....	51	47	45	41	37	39	39
Unusual items.....	(80)	-	(22)	-	29	(52)	(12)
	<u>\$ 28</u>	<u>\$ 121</u>	<u>\$ 103</u>	<u>\$ 111</u>	<u>\$ 154</u>	<u>\$ 89</u>	<u>\$ 148</u>
<b>OPERATIONS</b>							
Income (Loss) from continuing operations.....	\$ (13)	\$ 43	\$ 22	\$ 32	\$ 51	\$ 8	\$ 55
Income from discontinued operations.....	-	-	-	-	12	202	12
Cumulative effect of accounting changes.....	(213)	-	-	-	-	-	3
Net Income (Loss).....	<u>\$ (226)</u>	<u>\$ 43</u>	<u>\$ 22</u>	<u>\$ 32</u>	<u>\$ 63</u>	<u>\$ 210</u>	<u>\$ 70</u>
<b>EARNINGS (LOSS) PER SHARE OF COMMON STOCK</b>							
Income (Loss) from continuing operations.....	\$ (.41)	\$ 1.35	\$ .70	\$ 1.00	\$ 1.60	\$ .25	\$ 1.72
Income from discontinued operations.....	-	-	-	-	.39	6.36	.37
Cumulative effect of accounting changes.....	(6.69)	-	-	-	-	-	.10
Net income (loss) (primary).....	<u>\$(7.10)</u>	<u>\$ 1.35</u>	<u>\$ .70</u>	<u>\$ 1.00</u>	<u>\$ 1.99</u>	<u>\$ 6.61</u>	<u>\$ 2.19</u>
Net income (loss) (fully diluted)....	<u>\$(7.10)</u>	<u>\$ 1.24</u>	<u>\$ .70</u>	<u>\$ 1.00</u>	<u>\$ 1.99</u>	<u>\$ 6.61</u>	<u>\$ 2.19</u>
Cash dividends paid.....	<u>\$ .60</u>	<u>\$ .60</u>	<u>\$ .60</u>	<u>\$ .60</u>	<u>\$ .60</u>	<u>\$ .60</u>	<u>\$ .60</u>
<b>OPERATING RATIOS (CONTINUING OPERATIONS)</b>							
Return on average assets employed....	1.2%	9.3%	7.3%	9.4%	11.6%	5.9%	12.7%
Assets employed turnover.....	2.3x	2.6x	2.7x	2.9x	2.3x	2.3x	2.7x
Income (Loss) from continuing operations to net sales.....	(.7)%	2.3%	1.1%	1.6%	2.9%	.4%	2.9%
<b>GENERAL</b>							
Capital expenditures.....	\$ 63	\$ 67	\$ 96	\$ 93	\$ 79	\$ 111	\$ 122
Depreciation.....	73	74	79	77	74	70	63
Total assets*.....	1,455	1,213	1,131	1,113	1,078	1,270	1,230
Long-term debt.....	378	416	344	355	345	496	674

\*Prior to 1993, the Company recorded environmental liabilities net of probable future recoveries from third parties.

36

40

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of GenCorp Inc.:

We have audited the accompanying consolidated balance sheets of GenCorp Inc. as of November 30, 1994 and 1993, and the related consolidated statements of income, shareholders' equity (deficit), and cash flows for each of the three years in the period ended November 30, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an

opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as 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 consolidated financial position of GenCorp Inc. at November 30, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 30, 1994, in conformity with generally accepted accounting principles.

As discussed in Note C to the consolidated financial statements, in 1994 the Company changed its method of accounting for postretirement benefits other than pensions, income taxes and postemployment benefits.

ERNST & YOUNG LLP

Akron, Ohio  
January 17, 1995

37

41

### PART III

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to nominees who will stand for election as a director of the Company at the March 29, 1995 Annual Meeting of Shareholders is set forth on page 3 of the Company's 1995 Proxy Statement and is incorporated herein by reference. Information with respect to directors of the Company whose terms extend beyond the March 29, 1995 Annual Meeting of Shareholders is set forth on pages 3 and 4 of the Company's 1995 Proxy Statement and is incorporated herein by reference.

Also, see Executive Officers of the Registrant on pages 7 and 8 of this report.

#### ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is set forth on pages 8 through 19 of the Company's 1995 Proxy Statement and is incorporated herein by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding the security ownership of certain beneficial owners and management is set forth on pages 5 and 6 of the Company's 1995 Proxy Statement and is incorporated herein by reference.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain transactions and employment arrangements with management is set forth on pages 14 through 16 of the Company's 1995 Proxy Statement and is incorporated herein by reference.

### PART IV

#### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

##### (a) (1) and (2) FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

A list of financial statements and financial statement schedules is set forth in a separate section of this report beginning on page GC-1.

##### (a) (3) LISTING OF EXHIBITS

An index of exhibits begins on page -i- of this report.

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended November 30, 1994.

(c) EXHIBITS

The response to this portion of Item 14 is set forth in a separate section of this report immediately following the Exhibit Index.

(d) FINANCIAL STATEMENT SCHEDULES

All financial statement schedules have been omitted because they are inapplicable, not required by the instructions or the information is included in the consolidated financial statements or notes thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENCORP INC.

February 14, 1995

By /s/ C. R. ENNIS  
C. R. Ennis, Senior Vice  
President, Law and  
Environmental Affairs; General  
Counsel

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ J. B. YASINSKY ----- J. B. Yasinsky	President and Chief Executive Officer; Director	February 14, 1995
/s/ D. M. STEUERT ----- D. M. Steuert	Senior Vice President and Chief Financial Officer	February 14, 1995
/s/ F. J. LUCKSINGER ----- F. J. Lucksinger	Vice President and Controller	February 14, 1995
* ----- A. W. Reynolds	Chairman of the Board	February 14, 1995
* ----- R. K. Jaedicke	Director	February 14, 1995
* ----- P. X. Kelley	Director	February 14, 1995
* ----- R. D. Kunisch	Director	February 14, 1995
* ----- J. Lafontant-Mankarious	Director	February 14, 1995

\* ----- Director February 14, 1995  
 J. M. Osterhoff

\* ----- Director February 14, 1995  
 P. J. Phoenix

\* ----- Director February 14, 1995  
 R. B. Pipes

\* ----- Director February 14, 1995  
 J. R. Stover  
 \*Signed by the undersigned as  
 attorney-in-fact and agent for the  
 Directors indicated.

/s/ E. R. DYE February 14, 1995  
 -----  
 E. R. Dye

ANNUAL REPORT ON FORM 10-K  
 ITEM 14(a) (1) (2) AND (3), (c) AND (d)  
 LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES  
 EXHIBIT INDEX  
 CERTAIN EXHIBITS  
 FISCAL YEAR ENDED NOVEMBER 30, 1994  
 GENCORP INC.  
 FAIRLAWN, OHIO 44333-3300

GENCORP INC.

ITEM 14(a) (1) AND (2)  
 INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

	PAGE NUMBER ---
(1) FINANCIAL STATEMENTS:	
The following consolidated financial statements of GenCorp Inc. are included in Item 8:	
Consolidated Statement of Income for the years ended November 30, 1994, 1993 and 1992.....	14
Consolidated Balance Sheet at November 30, 1994 and 1993.....	15
Consolidated Statement of Cash Flows for the years ended November 30, 1994, 1993 and 1992.....	16
Consolidated Statement of Shareholders' Equity (Deficit) for the years ended November 30, 1994, 1993 and 1992.....	17
Notes to Consolidated Financial Statements.....	18

(2) FINANCIAL STATEMENT SCHEDULES:

All consolidated financial statement schedules are omitted because they are inapplicable, not required by the instructions or the information is included in the consolidated financial statements or notes thereto.

CONSENT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors

GenCorp Inc.

We consent to the incorporation by reference in the Prospectuses constituting part of GenCorp Inc.'s Registration Statements No. 33-61928, 33-28056 and 2-98730 on Form S-8, Post Effective Amendment No. 1 to Registration Statements No. 2-80440 and 2-83133 on Form S-8, and Post Effective Amendment No. 4 to Registration Statement No. 2-66840 on Form S-8 of our report dated January 17, 1995, with respect to the consolidated financial statements of GenCorp Inc. included in this Annual Report (Form 10-K) for the year ended November 30, 1994.

ERNST & YOUNG LLP

Akron, Ohio  
February 14, 1995

GC-2

46

EXHIBIT INDEX

TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
3.	<p>ARTICLES OF INCORPORATION AND BY-LAWS</p> <p>The Amended Articles of Incorporation of GenCorp Inc., as amended as of December 7, 1987, were filed as Exhibit A to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1988 (File No. 1-1520), and are incorporated herein by reference. (17 pages)</p> <p>The Code of Regulations of GenCorp Inc., as amended November 25, 1987, were filed as Exhibit B to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1988 (File No. 1-1520), and are incorporated herein by reference. (16 pages)</p>	
4.	<p>INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES</p> <p>Amended and Restated Rights Agreement (with exhibits) dated as of December 7, 1987 between GenCorp Inc. and Morgan Shareholder Services Trust Company as Rights Agent was filed as Exhibit D to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1987 (File No. 1-1520), and is incorporated herein by reference. (86 pages)</p> <p>Information relating to the Company's long-term debt is set forth in Note L of this report, which information is incorporated herein by reference. The Indenture, dated as of July 1, 1992, between GenCorp and the Bank of New York as trustee relating to the Company's \$115,000,000 8% Convertible Subordinated Debentures due August 1, 2002 and the form of Debenture were filed as Exhibits A and B to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1992 (File No. 1-1520), and are incorporated herein by reference. (107 pages)</p> <p>Instruments defining the rights of holders of other long-term debt are not filed herewith since no such single debt item exceeds 10 percent of consolidated assets. The Company agrees, however, to furnish a copy of any such agreement or instrument to the Commission upon request.</p>	
10.	<p>MATERIAL CONTRACTS</p> <p>10.(iii)(A) MANAGEMENT CONTRACTS, COMPENSATORY PLANS OR ARRANGEMENTS</p> <p>An Employment Agreement dated August 4, 1984 between the Company and A. W. Reynolds, Chairman and Chief Executive Officer and a Director of the Company, was filed as Exhibit A to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1984 (File No. 1-1520), and is incorporated herein by reference. (3 pages)</p> <p>Transition and Consulting Agreement dated June 29, 1994, as amended October 19, 1994 between the Company and A. William Reynolds. (8 pages)</p> <p>An Employment Agreement dated October 15, 1993 between the Company and J. B. Yasinsky, President and Chief Operating Officer of the Company, was filed as Exhibit A to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1993 (File No. 1-1520), and is incorporated herein by reference. (4 pages)</p> <p>An Employment Agreement dated November 9, 1994 between Aerojet-General Corporation and Roger I. Ramseier, Executive Vice President of the Company and President of Aerojet-General Corporation. (23 pages)</p>	<p>A</p> <p>B</p>



TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
	<p>A Retention Agreement dated November 9, 1994 between the Company and Roger I. Ramseier, Executive Vice President of the Company and President of Aerojet-General Corporation. (23 pages)</p> <p>Form of Severance Agreement granted to executive officers of the Company to provide for payment of an amount equal to 125 percent of base salary multiplied by a factor of 3 if their employment should terminate for any reason other than death, disability, willful misconduct or retirement within three years after a change in control, as such term is defined in such agreement was filed as Exhibit A to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1990 (File No. 1-1520), and is incorporated herein by reference. (12 pages)</p> <p>Benefits Restoration Plan for Salaried Employees of GenCorp Inc. and Certain Subsidiary Companies as amended and restated effective December 1, 1986, was filed as Exhibit G to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1987 (File No. 1-1520), and is incorporated herein by reference. (6 pages)</p> <p>The Stock Incentive Compensation Plan of GenCorp Inc. (as amended effective October 1, 1985) was filed as Exhibit B to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1985 (File No. 1-1520), and is incorporated herein by reference. (21 pages)</p> <p>Amendment to the GenCorp Inc. and Participating Subsidiaries Stock Incentive Compensation Plan, effective as of April 5, 1987, was filed as Exhibit H to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1987 (File No. 1-1520), and is incorporated herein by reference. (6 pages)</p> <p>Information relating to the Deferred Bonus Plan of GenCorp Inc. is contained in Post-Effective Amendment No. 1 to Form S-8 Registration Statement No. 2-83133 dated April 18, 1986 and is incorporated herein by reference. (16 pages)</p> <p>Amendment to the Deferred Bonus Plan of GenCorp Inc. effective as of April 5, 1987, was filed as Exhibit I to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1987 (File No. 1-1520), and is incorporated herein by reference. (3 pages)</p> <p>GenCorp Inc. Deferred Compensation Plan for Nonemployee Directors effective January 1, 1992 was filed as Exhibit A to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1991 (File No. 1-1520) and is incorporated herein by reference. (18 pages)</p> <p>GenCorp Inc. Long-Term Incentive Program effective January 27, 1993 and as amended March 31, 1993. (20 pages)</p> <p>GenCorp Inc. 1993 Stock Option Plan effective March 31, 1993 was filed as Exhibit 4.1 to Form S-8 Registration Statement No. 33-61928 dated April 30, 1993 and is incorporated herein by reference. (11 pages)</p> <p>Form of Restricted Stock Agreement between the Company and Nonemployee Directors providing for payment of part of Directors' compensation for service on the Board of Directors in Company stock. (4 pages)</p>	C
11.	STATEMENT RE COMPUTATION OF PER SHARE EARNINGS (1 page)	F

ii

TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
21.	SUBSIDIARIES OF THE REGISTRANT Listing of Subsidiaries (1 page)	G
23.	CONSENTS OF EXPERTS Consent of Ernst & Young LLP is contained on page GC-2 of this Form 10-K and is incorporated herein by reference.	
24.	POWER OF ATTORNEY Powers of Attorney executed by A. W. Reynolds, R. K. Jaedicke, P. X.	H

Kelley, R. D. Kunisch, J. Lafontant-Mankarious, J. M. Osterhoff, R. B. Pipes, P. J. Phoenix, and J. R. Stover, Directors of the Company. (9 pages)

27. FINANCIAL DATA SCHEDULE

(Filed for EDGAR only)

The Company will supply copies of any of the foregoing exhibits to any shareholder upon receipt of a written request addressed to GenCorp Inc., 175 Ghent Road, Fairlawn, Ohio 44333-3300 -- Attention: Secretary, and payment of \$1 per page to help defray the costs of handling, copying and return postage.

EXHIBIT A

TRANSITION AND CONSULTING AGREEMENT

AGREEMENT, dated 29 June 1994, between GENCORP INC. ("GenCorp"), an Ohio corporation whose headquarter offices are located at 175 Ghent Road, Fairlawn, Ohio 44333-3303, and A. WILLIAM REYNOLDS, an individual residing at Old Mill Road, Gates Mills, Ohio 44044.

You have notified GenCorp that you have decided to retire and terminate your status as an employee of GenCorp as of October 1, 1994, and thereafter, you will be willing to continue to perform certain services on behalf of GenCorp in the capacities and during the periods specified below. Accordingly, the purpose of this Agreement is to record the terms and conditions applicable to (a) the transition of your employment and relationships with GenCorp and (b) your performance of services as a consultant to GenCorp.

1. Status and Services As An Employee

(a) From the date hereof and until July 1, 1994, you will continue to serve as Chairman of the Board ("Chairman"), Chief Executive Officer ("CEO") and a Director of GenCorp and, in such capacities, will continue to perform all duties that you heretofore have performed in these capacities. Effective as of July 1, 1994, you will cease to be the CEO of GenCorp.

(b) During the period commencing on July 1, 1994 and ending on September 30, 1994, you will serve as the Chairman and a Director of GenCorp and continue your status as an employee of GenCorp. You will perform all duties that you heretofore have performed in these capacities. Effective as of October 1, 1994, you will retire from your employment and cease to be an employee of GenCorp.

(c) During the periods specified in Sections 1(a) and 1(b) above, your employment will be governed by the provisions of your current employment agreement with GenCorp, except as otherwise expressly provided herein.

2. Status and Services As A Consultant

(a) During the period commencing on October 1, 1994 and continuing until March 29, 1995, you will serve as Chairman and as a Director of GenCorp but will not be an employee of GenCorp. During such period, you will perform the duties which the Chairman customarily has performed and, additionally, be available at reasonable times to consult with the Directors, the President and CEO and other executive officers of GenCorp about matters related to the conduct of GenCorp's business. Effective as of March 29, 1995, you will cease to serve as the Chairman and a Director of GenCorp unless you and the Directors otherwise agree.

(b) During the period commencing on March 29, 1995 and ending on June 30, 1998, you will be available at reasonable times to (i) consult with the Directors, Chairman, CEO, President and/or other executive officers of GenCorp about matters related to the conduct of GenCorp's business and (ii) undertake to perform services which any of them request you to perform in connection with the conduct of GenCorp's business.

(c) During the periods specified in Sections 2(a) and (b), your role and services as an officer of and a consultant to GenCorp will be governed by this Agreement.

### 3. Compensation

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(a) Until you retire on October 1, 1994, GenCorp will continue to pay to you the annual salary which the Directors last established for your position in semi-monthly installments of \$28,333.34 each. Additionally, you will be eligible for consideration in early 1995 for payment of a year-end incentive amount in respect of fiscal year 1994 in accordance with GenCorp's established policy and practices.

(b) Commencing on October 1, 1994 and on the first business day of each succeeding nine calendar months (i.e., through June, 1995), GenCorp

3

A. W. Reynolds  
Transition & Consulting Agreement  
29 June 1994  
Page 3

will pay you a consulting fee in the amount of \$56,666.68 per month. Additionally, on July 1, 1995, GenCorp will pay to you a one-time lump-sum amount of \$40,000.00.

(c) On and after July 1, 1995 and until July 1, 1998, GenCorp will pay you a daily consulting fee of \$2,000.00 per day (or pro rata part thereof for a partial day) for any consulting services which you perform at the request of GenCorp, any of its Directors or the Chairman and Chief Executive Officer of GenCorp.

### 4. Pension and Other Benefits

-----

(a) Upon your retirement, your pension benefits will be payable as provided and in the amounts specified below:

(i) Commencing on October 1, 1994, you will be eligible to receive your pension benefit under the Pension Plan For Salaried Employees of GenCorp Inc. and Certain Subsidiary Companies ("Pension Plan") and GenCorp will arrange for payment of your pension benefit under the Pension Plan in accordance with your election of payment in the form of a 50 percent joint and survivor annuity. This amount will be \$29,228.00 per year.

(ii) Also commencing on October 1, 1994, GenCorp will begin payment of (i) the pension benefit which you are entitled to receive under the Benefits Restoration Plan (i.e., \$106,960.00 per year) and (ii) the supplemental pension benefit due to you under paragraph 8 of the letter agreement, dated August 8, 1984, between you and GenCorp (i.e., \$244,421.00 per year), a total of \$351,381.00 per year. The foregoing amount reflects (i) the decision of the Compensation Committee to accord you nine additional months of service (i.e., October 1994 through June 1995), (ii) your election of payment in the form of a 50 percent joint and survivor annuity, and (iii) the reduction made in respect of the pension benefit which you are eligible to receive

4

A. W. Reynolds  
Transition & Consulting Agreement  
29 June 1994  
Page 4

under the pension plans of TRW Inc., based on your decision to receive same commencing as of October 1, 1994 (i.e., \$58,962.00 per year).

(b) You will be eligible to participate in and will be covered by the GenCorp Retiree Medical Plan ("Medical Plan") in accordance with and subject to all provisions thereof, including without limitation GenCorp's right to amend, modify and/or terminate the Medical Plan with or without notice thereof.

(c) GenCorp will pay or reimburse to you in accordance with its current policy and practices a portion of the fees charged by The Ayco Corporation for personal financial consulting services rendered to you in respect of calendar years 1994, 1995 and 1996 to the extent that such fees do not exceed

\$7,500.00 per year.

(d) Nothing herein will be deemed to limit or otherwise effect any right that you may have after your retirement under any other employee benefit plan of GenCorp.

5. Reimbursement of Business Expenses  
-----

(a) During the period commencing on July 1, 1994 and ending on September 30, 1994, GenCorp will pay or reimburse to you any reasonable business expenses (including, but not limited to, travel, lodging and meals) which you incur in performing your duties as CEO and an employee of GenCorp in accordance with GenCorp's established policies and practices.

(b) After September 30, 1994, and while you serve as a consultant, GenCorp will pay or reimburse to you any reasonable business expenses (including, but not limited to, travel, lodging and meals) which you incur in performing services requested or otherwise authorized by GenCorp as herein provided. GenCorp will pay or reimburse you for such expenses promptly

5

A. W. Reynolds  
Transition & Consulting Agreement  
29 June 1994  
Page 5

(but within 30 days) after you submit receipts or other evidence showing the amount of each such expense.

(c) You will pay all taxes, if any, which are assessed in connection with any payment which GenCorp makes to you, directly or indirectly, for or in connection with any services that you perform after your retirement and as a consultant.

6. Offices and Office Facilities  
-----

(a) On about July 1, 1994, GenCorp will make available at a satellite office facility in the Cleveland metropolitan area an office for your exclusive use until you retire and become a consultant as provided in Section 2(a). Thereafter and until October 31, 1998, you will share use of the office with any Director, executive employee or other consultant of GenCorp, who may be assigned to perform work at the satellite office facility.

(b) GenCorp will provide at the office all furniture, fixtures, equipment, supplies and services reasonably required in connection with operation of a business office, including (a) for your use a personal computer, software and printer of the type (or reasonable equivalent thereof) currently located in your office and (b) for use by a secretary or administrative assistant at the office a personal computer, software and printer of the type (or reasonable equivalent thereof) currently used by your secretary.

7. Confidential Information  
-----

You will hold in confidence and will not disclose to any third person or use for your personal benefit any confidential information or trade secret which GenCorp has disclosed to you in connection with this Agreement. As used herein, "confidential information" and "trade secrets" mean any and all information of GenCorp and/or any of its subsidiaries, which is not generally available to third persons and relates to the products, customers, pricing, terms of sale, manufacturing processes, research and development or any

6

A. W. Reynolds  
Transition & Consulting Agreement  
29 June 1994  
Page 6

other aspect of the business of GenCorp and/or any of its subsidiaries.

8. Noncompetition  
-----

During the term hereof, you will not perform, directly or indirectly, any consulting or other services for or on behalf of any company or person that makes or sells any product or service in competition with any product or service sold by GenCorp or any of its subsidiaries without the prior written consent of GenCorp's CEO which will not be unreasonably withheld.

9. Status and Authority  
-----

After your retirement, you will perform all consulting services as an independent contractor and not as an employee of GenCorp. Nothing herein will be deemed to authorize you to act as GenCorp's agent or legal representative after your retirement.

10. Assignment  
-----

(a) This Agreement will be deemed to require you to perform personal services. Accordingly, you may not assign any right, delegate any duty, or otherwise transfer any interest hereunder, whether by operation of law or otherwise, without GenCorp's prior written consent.

(b) GenCorp may not assign any right, delegate any duty or otherwise transfer my interest hereunder, except to a successor corporation.

11. Term  
-----

This Agreement will remain in effect until the earlier of the following events: (i) October 31, 1998, (ii) your death or disability which substantially impairs your ability to perform services hereunder, or (iii) you elect to terminate performance of services as a consultant. Notwithstanding the preceding sentence, if this Agreement is terminated for any reason, your

7  
A. W. Reynolds  
Transition & Consulting Agreement  
29 June 1994  
Page 7

and/or your spouse's right to (i) the pension benefit specified in paragraph 4(a)(i) will continue to be governed by the Pension Plan, (ii) the additional pension benefit specified in paragraph 4(a)(ii) will continue as if it were payable under the provisions of the Pension Plan applicable to payment of the pension benefit thereunder, and (iii) health care benefits will be governed by the Medical Plan as provided in paragraph 4(b).

12. Agreement  
-----

This Agreement amends and supplements the letter agreements, dated August 8, 1984 and September 7, 1984, between you and GenCorp.

GenCorp Inc.

by: \_\_\_\_\_

\_\_\_\_\_  
A. William Reynolds

awragree

Mr. A. William Reynolds  
1696 Georgetown Road, Unit F  
Hudson, OH 44236

Re: Transition and Consulting Agreement dated as of 29 June 1994

Dear Bill:

This will confirm our agreement that the monthly consulting fee (i.e., \$56,666.68) payable to you during the ten-month period specified in Section 3(b) of the above-referenced Agreement is to be reduced by an amount equal to the aggregate monthly pension benefits payable to you (i.e., \$36,360.92) and, consequently, the amount of such monthly consulting fee payable to you under Section 3(b) is and will be \$20,035.76.

Please indicate your agreement to the foregoing by signing and remitting to the undersigned one of the duplicate original copies of this letter.

GenCorp Inc.

by: \_\_\_\_\_  
Gary J. Goberville

Agreed this \_\_\_ day of October, 1994

\_\_\_\_\_  
A. William Reynolds

9

EXHIBIT B  
EMPLOYMENT AGREEMENT

AGREEMENT, dated 9 November 1994, between AEROJET-GENERAL CORPORATION ("Aerojet"), an Ohio corporation having offices at Highway 50 and Aerojet Road, Rancho Cordova, California 95670, a wholly-owned subsidiary of GENCORP INC ("GenCorp") and Roger I. Ramseier, an individual residing at 9475 King Road, Loomis, CA 95650.

1. Recitals  
-----

1.1 STRATEGIC REVIEW: GenCorp is conducting a review of Aerojet's operations to determine the strategic options respecting the Aerojet's future business prospects and operations, which options may include the sale of all or some of its operations.

1.2 KEY EMPLOYEE: Aerojet has determined that you are a key employee of Aerojet and are expected to make a major contribution to the successful operation and profitability of Aerojet.

1.3 RETENTION OF SERVICES: Aerojet wishes to induce you and other key employees to remain in Aerojet's employ during the strategic review mentioned above and any subsequent period during which GenCorp and/or Aerojet are engaged in negotiations for the sale of Aerojet and/or its operations, thereby assuring to Aerojet continuity of its management and your support and assistance in connection with any such sale, and assuring to you continuity of your employment, as hereinafter provided.

Therefore, in consideration of the mutual provisions hereof, you and Aerojet agree as follows:

10

- 2 -

2. Definitions

-----

2.1 DEFINED TERMS: As used herein, each of the following terms whose initial letter is capitalized will have the meaning corresponding thereto as shown below:

(a) COMPARABLE EMPLOYMENT: Employment in any capacity, whether as an employee, consultant, independent contractor, leased employee or otherwise, which is broadly within the career scope indicated by your present and previous training and positions and for which the annualized cash compensation for services rendered (including salary, bonus, fees and contractual payments of any kind) is not less than 85% of the sum of (i) your base salary in effect as of the Termination Date, as determined in accordance with Aerojet's normal compensation practices for executive employees, and (ii) the year-end payment which Aerojet paid to you in respect of its last full fiscal year preceding the Termination Date.

(b) FIXED PERIOD: The period commencing 9 November 1994 and ending on the earliest of (i) 31 October 1995, (ii) the occurrence of a Termination Event, or (iii) an announcement by GenCorp's Chief Executive Officer that GenCorp has ceased further consideration of any sale of Aerojet or its operations.

(c) PROTECTED PERIOD: The period of three consecutive years (i.e., 1,095 consecutive days) which commences on the Termination Date.

(d) SEPARATION PAY AND BENEFITS: The payments specified in Article 5 and the benefits specified in Section 5.5 and Article 6.

(e) SUCCESSOR EMPLOYER: Any person or legal entity that directly, or indirectly through another person or legal entity, buys or otherwise acquires either (i) from GenCorp all or substantially all of the shares of Aerojet's capital stock or (ii) from Aerojet all

11

- 3 -

or substantially all of Aerojet's business assets or all or substantially all of the business assets associated with Aerojet's electronic or propulsion operations, pursuant to an agreement with GenCorp and/or Aerojet and approved by GenCorp's and/or Aerojet's directors.

(f) TERMINATION DATE: The date during the Fixed Period which Aerojet specifies for the discontinuance of your employment duties.

(g) TERMINATION EVENT: GenCorp's and/or Aerojet's execution of a legally binding and final agreement, which is approved by the directors of GenCorp and/or Aerojet and obligates (i) GenCorp to sell to another person or legal entity all or substantially all of the shares of Aerojet's capital stock or (ii) Aerojet to sell or otherwise transfer to another person or legal entity (a) all or substantially all of its business assets or (b) all or substantially all of the business assets associated with its electronic or propulsion operations.

2.2 GENERAL: In addition to the foregoing defined terms, "you" and "your" as used herein denote the employee who is a party to this Agreement, the singular form of any term used herein includes the plural form and, unless noted otherwise, "Article" or "Section" refers to an Article or Section of this Agreement.

### 3. Term of Employment

-----

3.1 FIXED PERIOD: During the Fixed Period, Aerojet will continue to employ you in your present position or in a comparable position, as determined solely by Aerojet, and you will continue to perform all duties related to and required by such position as well as provide support and assistance in connection with any negotiations for a sale of Aerojet and/or its operations, an orderly transition following any such sale and the implementation and administration of any sale agreements. Subject to Article 4, your employment during the Fixed

12

- 4 -



Period may be terminated by you and/or Aerojet at any time, with or without cause, by notice to the other party.

3.2 SUBSEQUENT TERM: Aerojet may continue to employ you subsequent to the Fixed Period. If your employment by Aerojet continues after the Fixed Period, such period of employment will be indefinite in duration and may be terminated by you and/or Aerojet at any time, with or without cause, by notice to the other party, subject to the terms of any separate Retention Agreement between you and GenCorp.

#### 4. Eligibility for Separation Pay and Benefits

-----

4.1 ELIGIBILITY CONDITIONS: Subject to the provisions of Sections 4.2 and 4.3, you will be eligible to receive Separation Pay and Benefits during the Protected Period if Aerojet terminates your employment during the Fixed Period for any reason, except a reason specified in Section 4.3.

4.2 ADDITIONAL ELIGIBILITY CONDITIONS: To be eligible to receive the Separation Pay and Benefits during the Protected Period, you also must satisfy each of the following conditions during the Fixed Period:

(a) Until the Termination Date, you (i) continue to perform your duties diligently and loyally in the best interests of Aerojet and GenCorp, and (ii) provide support and assistance to Aerojet and GenCorp in connection with any negotiations for the sale of Aerojet and/or its operations;

(b) You execute a Settlement Agreement and Release in substantially the form attached hereto as Exhibit A, when your employment with Aerojet terminates; and

(c) Upon Aerojet's request, you execute and deliver to Aerojet one or more certificates substantially in the form attached hereto as Exhibit B.

13

- 5 -

4.3 EXCLUSIONS: Other provisions hereof notwithstanding, you will not be eligible to receive any Separation Pay and Benefits during any portion of the Protected Period subsequent to any of the following events:

(a) You decline an offer of Comparable Employment by GenCorp or a Successor Employer, which employment would commence within 90 days of the Termination Date;

(b) You accept an offer of employment (whether as an employee, consultant, independent contractor, leased employee or otherwise) by GenCorp or a Successor Employer at any time during the Protected Period, whether or not such employment is Comparable Employment; provided that, if you accept an employment offer by a Successor Employer but such employment is involuntarily terminated by the Successor Employer within the Protected Period, you will be eligible to receive a portion of the Separation Pay in accordance with Section 5.2;

(c) You voluntarily retire, resign or otherwise terminate your employment with Aerojet, GenCorp or a Successor Employer during or at the end of the Fixed Period, whether due to death, disability or any other reason; or

(d) Aerojet terminates your employment "for cause", as determined in accordance with Section 5.2 of the Aerojet Involuntary Separation Pay Plan, or due to your breach of a fiduciary duty to Aerojet and/or GenCorp.

#### 5. Separation Pay and Outplacement Assistance

-----

5.1 SEPARATION PAY AND OUTPLACEMENT ASSISTANCE: If you satisfy the requirements of Section 4.1 and 4.2 and are not ineligible due to any reason specified in Section 4.3, Aerojet will pay and provide to you during the Protected Period the Separation Pay specified in Section 5.2 and outplacement assistance specified in Section 5.4.

5.2 COMPUTATION OF SEPARATION PAY: Your Separation Pay will be an amount equal to (i) three times the sum of (A) your base salary in effect on the Termination Date, as determined in accordance with Aerojet's normal compensation practices for executive employees, and (B) the year-end payment which Aerojet paid to you in respect of Aerojet's fiscal year ended 30 November 1993, (ii) less the sum of the following:

(a) the amount of any separation, severance and/or termination pay to which you are entitled due to the termination of your employment under (A) any other individual employment, separation or severance agreement between you, Aerojet, GenCorp and/or a Successor Employer and/or (B) any plan, policy or practice of Aerojet, GenCorp and/or a Successor Employer, which provides compensation upon termination of employment, and

(b) the amount of any compensation paid to you by Aerojet, GenCorp and/or a Successor Employer for services rendered during the Protected Period, whatever the form of such compensation may be.

Notwithstanding the foregoing, if you accept an employment offer by a Successor Employer but such employment is involuntarily terminated by the Successor Employer within the Protected Period, the amount of your Separation Pay shall not exceed (i) the amount determined above without any reduction pursuant to Section 5.2(b), (ii) multiplied by a fraction the numerator of which is the number of months remaining in the Protected Period and the denominator of which is 36.

### 5.3 TIME OF PAYMENT

(a) Aerojet will pay your Separation Pay (subject to normal withholdings) to you during the Protected Period at the times that regular base salary payments are payable in accordance with Aerojet's payroll schedule for executive level employees, in equal installments determined by dividing the amount of your Separation Pay determined under Section 5.2 by the number of

pay periods remaining in the Protected Period after the Termination Date, subject to Aerojet's right to accelerate payment thereof at any time and for any reason.

(b) If you become eligible to receive Separation Pay as provided in Article 4 and thereafter are hired in any capacity (as an employee, consultant, independent contractor, leased employee or otherwise) by Aerojet, GenCorp or a Successor Employer during the Protected Period, payment of Separation Pay hereunder will cease.

(c) If you die during the Protected Period after you become eligible to receive but prior to receiving all Separation Pay for which you are eligible hereunder, Aerojet will pay to your spouse or estate a lump sum equal to the amount of Separation Pay not paid prior to your death.

5.4 EXECUTIVE OUTPLACEMENT ASSISTANCE: If you satisfy the requirements of Article 4 and become eligible to receive Separation Pay under Section 5.1, Aerojet will pay or reimburse to you the expense of outplacement assistance during the Protected Period, in an amount not to exceed fifteen percent (15%) of your base salary in effect at the Termination Date. However, Aerojet's obligation under the preceding sentence shall be offset and reduced by any outplacement assistance provided by any Successor Employer.

## 6. Separation Benefits

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6.1 SEPARATION BENEFITS: If you satisfy the requirements of Section 4.1 and Section 4.2 and are not ineligible for any reason specified in Section 4.3, then notwithstanding your acceptance of an employment offer by a Successor Employer, Aerojet will provide to you the Separation Benefits described in this Article 6:

6.2 Medical and Dental Benefits

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(a) Subject to Section 6.2(b), you and your eligible dependents may participate during the Protected Period in the GenCorp Medical Plan and the Aerojet Dental Plan ("Health Plans"), subject to all terms and conditions thereof (including without limitation all contributions, co-payments and deductibles), in effect during the Protected Period.

(b) Coverage under the Health Plans for you and your eligible dependents will be secondary to any medical and dental benefit plan or program provided to you by any other employer, whether or not that employer is a Successor Employer. For this purpose, you and your eligible dependents will be deemed to participate in and be covered by any such medical or dental benefit plan or program whenever such participation and/or benefits are available to you, whether as an active employee, retiree or eligible dependent thereof. However, you will not be deemed to participate in such other plan or program solely because such participation is available to you pursuant to ERISA Section 601 et. seq. ("COBRA").

(c) If you are employed by a Successor Employer, contributions which you otherwise would be required to make under the Health Plans may be suspended at your request, and your coverage under the Health Plans will be suspended during such period. Thereafter, if your employment is involuntarily terminated by a Successor Employer within the Protected Period, you may, upon paying to Aerojet any required contributions under the Health Plans, resume your participation in the Health Plans for the remainder of the Protected Period.

(d) The extended periods of participation in the Health Plans provided in accordance with Section 6.2(a) include, and are not in addition to, any period of extended participation which may be provided under the terms of the Health Plans. At the end of any such period of extended participation, you may elect to

17

continue participation for a period of eighteen months under the terms of conditions of the Health Plans and pursuant to COBRA.

6.3 GENCORP STOCK OPTION PLAN. Subject to approval by the Compensation Committee of GenCorp's Board of Directors, any unexercised portion of any Option granted to you under the GenCorp Stock Option Plan prior to a Termination Date will remain in effect during the original term of the Option and will be or become exercisable pursuant to the schedule set forth in Section 3 of the Option and in accordance with the original terms of the Option, and any provision requiring you to hold GenCorp shares issued pursuant to your exercise of rights under such Options will be waived.

6.4 FINANCIAL PLANNING. If you currently are participating in Aerojet's financial planning and/or tax assistance program, Aerojet will pay or reimburse to you the cost of comparable financial planning and/or tax assistance during the Protected Period.

6.5 LIFE INSURANCE: During the Protected Period, Aerojet will provide to you under its group life insurance program term life insurance coverage equivalent to that available to you and in force, as of the Termination Date, subject to your payment of all required contributions and related taxes. This Section 6.5 is not intended to, and does not, provide any extended insurance coverage under the group universal life insurance program, which is not funded by Aerojet or GenCorp and requires you to pay all applicable insurance premiums and/or contributions.

7. Termination of Employment

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7.1 DATE OF TERMINATION: Except as provided in Sections 6.2, 6.3 and 6.5, or the terms of any employee benefit plan of Aerojet and/or GenCorp, your participation as an active employee in any employee benefit plan of Aerojet or GenCorp will cease on your Termination Date. Any Separation Pay paid to you hereunder shall not be included in your earnings or compensation for purposes of determining the amount of any benefit payable to you under any retirement

plan, savings plan or other employee benefit plan of Aerojet

18

- 10 -

and/or GenCorp. Similarly, no part of any Protected Period subsequent to your Termination Date shall be counted or included in your service for purposes of determining your benefits under any such plan unless you are employed by GenCorp during such period.

7.2 YEAR-END PAYMENTS: Notwithstanding any other provisions of this Agreement, you will be eligible to receive a year-end payment under Aerojet's executive compensation program as follows: (1) For each fiscal year which ends prior to your Termination Date, the full amount of such year-end payment, and (2) for any partial fiscal year during which your employment terminates, a portion of the year-end payment otherwise determined for that fiscal year, which will be pro-rated based upon the percentage of that fiscal year during which you were employed hereunder. The amount of any such year-end payment will be subject to GenCorp's approval in accordance with past practice and will be paid (subject to normal tax withholding) at the time year-end payments normally are paid by Aerojet. If you die prior to receiving any such year-end payment, the amount thereof will be paid to your spouse or estate.

#### 8. Miscellaneous

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8.1 ASSIGNMENT: This Agreement requires you to perform personal services. Accordingly, you may not assign any right, delegate any duty, or otherwise transfer any interest hereunder, whether by operation of law or otherwise.

8.2 OTHER CONTRACTUAL RIGHTS: The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish your existing rights, or rights which would accrue solely as a result of the passage of time, under any other employment agreement or other contract, plan or arrangement with Aerojet which was in existence on the date of this Agreement and which had been approved by GenCorp.

8.3 BINDING AGREEMENT: This Agreement shall inure to the benefit of and be enforceable by your personal or legal representative, executor, administrators, heirs, distributees and legatees.

19

- 11 -

8.4 MITIGATION OF DAMAGES: During the Protected Period, you will have no duty to mitigate damages to be entitled to any payment or benefits to which you are eligible under Articles 5 and 6, nor shall the amount of any payment or benefits provided under Articles 5 and 6 be reduced by any compensation earned by you as the result of (i) employment by any employer, except Aerojet, GenCorp or a Successor Employer, or (ii) self-employment as a consultant, independent contractor or otherwise, from any source, except Aerojet, GenCorp or a Successor Employer.

8.5 GOVERNING LAW: The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California, without giving effect to the principles of conflict of laws of such State.

8.6 SETTLEMENT OF DISPUTES: In the event you disagree with Aerojet's interpretation of any provision of this Agreement, you may refer such disagreement to GenCorp's Chief Executive Officer for review and decision. If you disagree with the decision by GenCorp's Chief Executive Officer, such disagreement shall thereafter be settled in Akron, Ohio by arbitration in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association, before an arbitrator who is licensed to practice law in the State of Ohio. Neither Aerojet nor you will initiate or prosecute any lawsuit in any way related to the interpretation of this Agreement. You and Aerojet will share equally the fees and expenses of the arbitrator, and you will pay any additional expenses which you choose to incur on your own behalf in connection with any such arbitration. Aerojet will pay its own expenses.

8.7 NOTICES: For the purpose of this Agreement, all communications provided for herein shall be in writing and shall be deemed to have been duly

given when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as indicated below or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of change of address shall be effective only upon receipt.

20

- 12 -

If to Aerojet: Aerojet-General Corporation  
P. O. Box 13222  
Sacramento, CA 95813-6000

If to you: Roger I. Ramseier  
9475 King Road  
Loomis, CA 95650

8.8 TERMINATION: This Agreement will terminate automatically upon an announcement by the Chief Executive Officer of GenCorp that GenCorp has ceased further consideration of any sale of Aerojet or its operations.

Executed this \_\_\_\_ day of \_\_\_\_\_, 1994.

AEROJET-GENERAL CORPORATION

by: \_\_\_\_\_

EMPLOYEE

\_\_\_\_\_  
Signature of Employee

GenCorp Inc. hereby agrees to perform the obligations of Aerojet under this Agreement in accordance with its terms.

GenCorp Inc.

By: \_\_\_\_\_

21

EXHIBIT A

SETTLEMENT AGREEMENT AND RELEASE  
-----

This SETTLEMENT AGREEMENT AND RELEASE ("Agreement") between AEROJET-GENERAL CORPORATION. ("Company") and \_\_\_\_\_ ("Employee") has been concluded in connection with the involuntary termination of Employee's employment with the Company.

In consideration of the mutual provisions hereof, the Company and Employee agree as follows:

ONE: Benefits.  
-----

The Company will pay the Employee the separation pay and benefits ("benefits") to which the Employee, by entering into this Agreement, has become entitled under the Employment Agreement entered into between the Employee and the Company effective \_\_\_\_\_, 1994 ("Employment Agreement"). The Employee agrees that these benefits are more than the Company is required to pay under its normal policies and procedures.

TWO: Date of Payment.  
-----

Payment of benefits conditioned on this Agreement will be made at the time or times called for in the Employment Agreement, but in no event before this Agreement becomes irrevocable under Section Nine.

22

- 2 -

THREE: Complete Release:

-----

(a) RELEASE: The Employee irrevocably and unconditionally releases all the claims described in subsection (b) that the Employee may now have (or which may arise before the Employee's employment with the Company ends) against the following persons or entities (the "Releasees"): The Company, all related companies and all of the Company's or such related companies' predecessors and successors; and, with respect to each such entity, all of its past and present employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs) and any other persons acting by, through, under or in concert with any of the persons or entities listed in this subsection.

(b) CLAIMS RELEASED: Except as provided in subsection (d), the claims released include all claims, promises, debts, causes of action or similar rights of any type or nature the Employee has or had which in any way relate to (1) the Employee's employment with the Company, or the termination of that employment, such as claims for compensation, bonuses, commissions, lost wages or unused accrued vacation or sick pay, (2) the design or administration of any employee benefit program or the Employee's entitlement to benefits under any such program, (3) any rights the Employee has to severance or similar benefits under any program, policy or procedure of the Company, except as provided in the Employment Agreement, (4) any rights the Employee may have to the continued receipt of health or life insurance-type benefits, except as provided in the Employment Agreement, (5) any claims to attorneys fees or other indemnities, and (6) any other claims or demands the Employee may on any basis have. The claims released, for example, may have arisen under any of the following statutes or common law doctrines.

ANTI-DISCRIMINATION STATUTES, such as the Age Discrimination in Employment Act and Executive Order 11141, which prohibit age discrimination in employment; Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866 and Executive Order

23

- 3 -

11246, which prohibit discrimination based on race, color, national origin, religion or sex; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act and Section 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination against the disabled; the California Fair Employment and Housing Act, which prohibits discrimination in employment based on race, color, national origin, ancestry, physical or mental disability, medical condition, marital status, sex or age; and any other federal, state or local laws or regulations prohibiting employment discrimination.

FEDERAL EMPLOYMENT STATUTES, such as the WARN Act, which requires that advance notice be given of certain work force reductions; the Employee Retirement Income Security Act of 1974, which, among other things, protects pension or health plan benefits; and the Fair Labor Standards Act of 1938, which regulates wage and hour matters.

OTHER LAWS, such as any federal, state or local laws providing workers compensation benefits, restricting an employer's right to terminate employees or otherwise regulating employment; any federal, state or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; California Labor Code Section 200 ET SEQ., relating to salary, commission, compensation, benefits and other matters; the California Workers' Compensation Act; the California Unemployment Insurance Code; any applicable California Industrial Welfare Commission Order; and any other federal, state or local laws, whether based on statute,

regulation or common law, providing recourse for alleged wrongful discharge, physical or personal injury, emotional distress, fraud, negligent misrepresentation, libel, slander, defamation and similar or related claims.

(c) RELEASE EXTENDS TO BOTH KNOWN AND UNKNOWN CLAIMS: This release covers both claims that the Employee knows about and those he or she may not know about. The Employee expressly waives all rights afforded by any statute (such as Section 1542 of the Civil Code of the State of California) which limits the effect of a release

24

- 4 -

with respect to unknown claims. The Employee understands the significance of his or her release of unknown claims and his or her waiver of statutory protection against a release of unknown claims (such as under Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

(d) CLAIMS NOT RELEASED: This Agreement does not release (1) Any rights or claims that arise under the Age Discrimination in Employment Act after this Agreement was signed; or (2) the Employee's right to enforce this Agreement; or (3) the Employee's rights to benefits under the Retention Agreement or the Employee's rights, if any, to unpaid salary, pension and COBRA health benefits under the Company's standard compensation and benefits programs applicable to the Employee, except to the extent the Employee's claim was rejected or denied, either as to the Employee or as to other similarly situated employees, before this Agreement became effective.

(e) OWNERSHIP OF CLAIMS: The Employee represents that the Employee has not assigned or transferred, or purported to assign or transfer, all or any part of any claim released by this Agreement.

FOUR: Employee's Promises.  
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In addition to the release of claims provided for in Section Three, the Employee also agrees to the following:

(a) EMPLOYMENT TO TERMINATE: The Employee acknowledges that his or her employment with the Company has ended or will end on \_\_\_\_\_, \_\_\_\_\_, and it will not be resumed again at any

25

- 5 -

time in the future. The Employee understands that the Employee's employment with the Company and all related companies will never be resumed again at any time in the future.

(b) NO PURSUIT OF RELEASED CLAIMS: The Employee promises never to file or prosecute a lawsuit or other complaint or charge asserting any claims that are released by the Agreement. The Employee represents that the Employee has not filed or caused to be filed any lawsuit, complaint or charge with respect to any claim this Agreement releases. The Employee further agrees to request any government agency or other body assuming jurisdiction of any complaint or charge relating to a released claim to withdraw from or dismiss the matter with prejudice.

(c) COMPANY PROPERTY TO BE RETURNED: The Employee promises that, on or before the Employee's last day of work, the Employee will return to the Company all files, memoranda, documents, records, copies of the foregoing, credit cards, keys and any other Company property in the Employee's possession or control.

(d) EMPLOYEE NOT TO HARM THE COMPANY: The Employee agrees not to incur any expenses or obligations or liabilities on behalf of the Company and agrees not to criticize, denigrate or otherwise disparage the Company or any

other Releasees.

(e) COOPERATION REQUIRED: The Employee agrees that, to the extent and in the manner requested by the Company, the Employee will fully cooperate with the Company and assist the Company in effecting a smooth transition of the Employee's responsibilities.

FIVE: Non-Admission of Liability.  
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The Company does not believe or admit that it or any other Releasee has done anything wrong. The Employee agrees that this Agreement shall not be admissible in any court or other forum for any purpose other than the enforcement of its terms.

26

- 6 -

SIX: Consequences of Employee's Violation of Promises.  
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(a) GENERAL CONSEQUENCES: If the Employee breaks any of the Employee's promises in this Agreement, for example, by filing or prosecuting a lawsuit or charge based on claims that the Employee has released, or if any representation made by the Employee in this Agreement was false when made, the Employee (1) shall forfeit all right to future benefits under this Agreement, (2) must repay all benefits previously received, upon the Company's demand, and (3) must pay reasonable attorneys' fees and all other costs incurred as a result of the Employee's breach or false representation, such as the cost of defending any suit brought with respect to a released claim by the Employee or other owner of a released claim.

(b) CHALLENGES TO VALIDITY: Should the Employee attempt to challenge the enforceability of this Agreement, the Employee shall initially tender to the payor, by certified checks delivered to the Company, all amounts received pursuant to this Agreement, plus interest and invite the Company to cancel this Agreement. In the event the Company accepts this offer, this Agreement shall be canceled. In the event the Company does not accept this offer, the Company shall so notify the Employee and the amount tendered by the Employee shall be placed in an interest-bearing account pending a determination of the enforceability of this Agreement. If the Agreement is determined to be enforceable, the amount in the account shall be repaid to the Employee; if this Agreement is not enforceable, the amount in the account shall be retained by the Company or its designee.

SEVEN: Period for Consideration of Agreement.  
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The Employee acknowledges that the Employee was given a period of at least forty-five days to review and consider this Agreement before signing it. The Employee further acknowledges that the Employee (1) took advantage of this period to consider this Agreement before signing it, (2) carefully read this Agreement, (3) fully understands it and is entering into it voluntarily.

27

- 7 -

EIGHT: Encouragement to Consult with Attorney.  
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The Employee acknowledges that the Company strongly encouraged the Employee to discuss this Agreement with an attorney (at the Employee's own expense) before signing this Agreement and that, to the extent the Employee deemed it appropriate, the Employee did so.

NINE: Effective Date of Agreement.  
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The Employee may revoke this Agreement within seven days after the Employee signs it. The last day on which this Agreement can be revoked is called the "Last Revocation Day." Revocation shall be made by delivering a written notice of revocation to Terry L. Cochran, Vice President, Human Resources, at Aerojet Headquarters, P.O. Box 13222, Sacramento, CA 95813-6000,



no later than the close of business on the Last Revocation Day. If the Employee revokes this Agreement, it shall not become effective and the Employee will not receive the amounts or benefits described in Section One. If the Employee does not revoke this Agreement, it shall become effective on the day after the Last Revocation Day.

TEN: Severability.  
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The provisions of this Agreement are severable. If any part of it is found to be unenforceable, all other provisions shall remain fully valid and enforceable.

ELEVEN: Governing Laws.  
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The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California, without giving effect to the principles of conflict of laws of such State.

28

TWELVE: Nature, Effect and Interpretation of this Agreement.  
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(a) ENTIRE AGREEMENT: This is the entire Agreement between the Employee and the Company; it may not be modified or cancelled in any manner except by a writing signed by both the Company and the Employee. The Company has made no promises to the Employee other than those in this Agreement. It is not necessary that the Company sign this Agreement for it to become binding upon the Company and the Employee. It shall be binding on the Company when it becomes irrevocable pursuant to Section Nine.

(b) SUCCESSORS AND ASSIGNEES: This Agreement shall bind the Employee's heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of all Releasees and their respective heirs, administrators, representatives, executors, successors and assigns.

(c) INTERPRETATION: This Agreement shall be construed as a whole according to its fair meaning, and not strictly for or against any of the parties. Unless the context indicates otherwise, the term "or" shall be deemed to include the term "and" and the singular or plural number shall be deemed to include the other. Paragraph headings used in this Agreement are intended solely for convenience of reference and shall not be used in the interpretation of any of this Agreement.

(d) IMPLEMENTATION: The Company and the Employee both agree that, without the receipt of further consideration, they will sign and deliver any documents and do anything else that is necessary in the future to make the provisions of this Agreement effective.

29

PLEASE READ THIS AGREEMENT CAREFULLY AND CONSULT A LAWYER IF YOU HAVE ANY QUESTIONS OR CONCERNS. IT CONTAINS A RELEASE OF ALL CLAIMS, PRESENT OR FUTURE, WHETHER KNOWN OR UNKNOWN.

Executed at \_\_\_\_\_, \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

EMPLOYEE

\_\_\_\_\_

Signature of Employee

AEROJET-GENERAL CORPORATION

By: \_\_\_\_\_

30

EXHIBIT B

CERTIFICATE

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I, \_\_\_\_\_ the \_\_\_\_\_ of AEROJET-GENERAL CORPORATION do hereby certify to \_\_\_\_\_ as follows:

1. In my capacity described above, I am responsible for management of the \_\_\_\_\_ function.
2. I have received and am familiar with the representations and warranties contained in Section \_\_\_\_ of the \_\_\_\_\_ Agreement to be entered into between \_\_\_\_\_ and \_\_\_\_\_ ("Purchase Agreement").
3. I have participated in the preparation of parts \_\_\_\_ of the Disclosure Statement to be delivered to \_\_\_\_\_ as part of the Purchase Agreement.
4. In preparing the Disclosure Statement I have made reasonable inquiries of knowledgeable persons and reviewed relevant documentation and other materials.
5. I believe that the representations and warranties contained in Section \_\_\_\_ of the Purchase Agreement and Schedule \_\_\_\_ of the Disclosure Statement are accurate and complete in all material respects.

I understand that \_\_\_\_\_ intends to rely on this Certificate in connection with the execution of the Purchase Agreement and delivery of the Purchase Agreement and Disclosure Statement to \_\_\_\_\_.

31

- 2 -

IN WITNESS WHEREOF, I have executed this Certificate this \_\_\_\_ day of \_\_\_\_\_, 199\_.

\_\_\_\_\_  
Name

WITNESSES:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

32

RETENTION AGREEMENT

AGREEMENT, dated 9 November 1994, between GENCORP INC. ("GenCorp"), an Ohio corporation having offices at 175 Ghent Road, Fairlawn, Ohio 44333-3300, and Roger I. Ramseier, an individual residing at 9475 King Road, Loomis, CA 95650 and currently employed by GenCorp's wholly-owned subsidiary, Aerojet-General Corporation ("Aerojet").

1. Recitals

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1.1 STRATEGIC REVIEW: GenCorp is conducting a review of Aerojet's operations to determine the strategic options respecting Aerojet's future business prospects and operations, which options may include the sale of all or some of its operations.

1.2 KEY EMPLOYEE: GenCorp has determined that you are a key employee of Aerojet and are expected to make a major contribution to the successful operation and profitability of Aerojet.

1.3 RETENTION OF SERVICES: GenCorp wishes to induce you and other key employees to remain in Aerojet's employ during the strategic review mentioned above and any subsequent period during which GenCorp and/or Aerojet are engaged in negotiations for the sale of the Aerojet and/or its operations, thereby assuring to Aerojet continuity of its management and your support and assistance in connection with any such sale, and assuring to you continuity of your employment, as hereinafter provided.

Therefore, in consideration of the mutual provisions hereof, you and GenCorp agree as follows:

33

- 2 -

2. Definitions

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2.1 DEFINED TERMS: As used herein, each of the following terms whose initial letter is capitalized will have the meaning corresponding thereto as shown below:

(a) COMPARABLE EMPLOYMENT: Employment in any capacity, whether as an employee, consultant, independent contractor, leased employee or otherwise, which is broadly within the career scope indicated by your present and previous training and positions and for which the annualized cash compensation for services rendered (including salary, bonus, fees and contractual payments of any kind) is not less than 85% of the sum of (i) your base salary in effect as of a Termination Event, as determined in accordance with Aerojet's normal compensation practices for executive employees, and (ii) the year-end payment which Aerojet paid to you in respect of its last full fiscal year preceding a Termination Event.

(b) PROTECTED PERIOD: The period of three consecutive years (i.e., 1,095 consecutive days) commencing on the day that a Termination Event occurs but not later than the earlier of (i) 1 November 1995, or (ii) an announcement by GenCorp's Chief Executive Officer that GenCorp has ceased further consideration of any sale of Aerojet or its operations.

(c) RETENTION PAY AND BENEFITS: The payments specified in Article 4 and the benefits specified in Section 4.5 and Article 5.

(d) SUCCESSOR EMPLOYER: Any person or legal entity that directly, or indirectly through another person or legal entity, buys or otherwise acquires either (i) from GenCorp all or substantially all of the shares of Aerojet's capital stock or (ii) from Aerojet all or substantially all of Aerojet's business assets or all or substantially all of the business assets associated with Aerojet's electronic or propulsion operations, pursuant to an agreement with GenCorp and/or Aerojet and approved by GenCorp's directors.

(e) **TERMINATION DATE:** The date which is specified by Aerojet, GenCorp or a Successor Employer for the discontinuance of your employment duties on its behalf.

(f) **TERMINATION EVENT:** GenCorp's and/or Aerojet's execution of a legally binding and final agreement, which is approved by GenCorp's and/or Aerojet's directors and obligates (i) GenCorp to sell to another person or legal entity all or substantially all of the shares of Aerojet's capital stock or (ii) Aerojet to sell or otherwise transfer to another person or legal entity (a) all or substantially all of its business assets or (b) all or substantially all of the business assets associated with its electronic or propulsion operations.

2.2 **GENERAL:** In addition to the foregoing defined terms, "you" and "your" as used herein denote the employee who is a party to this Agreement, the singular form of any term used herein includes the plural form and, unless noted otherwise, "Article" or "Section" refers to an Article or Section of this Agreement.

### 3. Eligibility for Retention Pay and Benefits

-----

3.1 **ELIGIBILITY CONDITIONS:** Subject to the provisions of Sections 3.2 and 3.3, you will be eligible to receive Retention Pay and Benefits if:

(a) Aerojet terminates your employment during the Protected Period and, at that time, you are not employed by and/or have not been offered Comparable Employment by GenCorp or a Successor Employer;

(b) GenCorp or a Successor Employer employs you after Aerojet terminates your employment during the Protected Period and, thereafter, terminates your employment during the Protected Period; or

(c) You elect to terminate your employment with Aerojet during the Protected Period because Aerojet changes the terms of

your employment and, thereafter, the terms of your employment with Aerojet do not constitute Comparable Employment.

3.2 **ADDITIONAL ELIGIBILITY CONDITIONS:** To be eligible to receive Retention Pay and Benefits, you also must satisfy each of the following conditions:

(a) Throughout the period of your employment with Aerojet and/or GenCorp, you (i) continue to perform your duties diligently and loyally in the best interests of GenCorp and Aerojet, (ii) provide support and assistance in connection with any negotiations for a sale of Aerojet and/or its operations, and (iii) use all reasonable efforts to administer, implement and otherwise carry out any agreement for or related to the sale of the shares of Aerojet's capital stock or any of Aerojet's assets in a manner which will enable GenCorp and/or Aerojet to obtain in connection therewith the maximum economic consideration and value consistent with the terms of such agreement.

(b) You execute a Settlement Agreement and Release in substantially the form attached hereto as Exhibit A, when your employment with Aerojet, GenCorp and/or a Successor Employer terminates, as GenCorp may elect; and;

(c) Upon request by GenCorp or Aerojet, you execute and deliver to GenCorp or Aerojet, as GenCorp may direct, one or more certificates substantially in the form attached hereto as Exhibit B.

3.3 **EXCLUSIONS:** Other provisions hereof notwithstanding, you will not be eligible to receive any Retention Pay and/or Benefits during the portion of the Protected Period subsequent to any of the following events:

(a) You decline an offer of Comparable Employment by GenCorp or a Successor Employer, which employment would commence within 90 days of the Termination Date;

(b) You accept an offer of employment (whether as an employee, consultant, independent contractor, leased employee or otherwise) by GenCorp or a Successor Employer at any time during the Protected Period, whether or not such employment is Comparable Employment; provided that, if you accept an employment offer by a Successor Employer but such employment is involuntarily terminated by the Successor Employer within the Protected Period, you will be eligible to receive a portion of the Retention Pay in accordance with Section 4.2;

(c) You voluntarily retire, resign or otherwise terminate your employment with Aerojet, GenCorp or a Successor Employer, whether due to death, disability or any other reason, except the reason specified in Section 3.1(c); or

(d) Aerojet and/or any Successor Employer terminates your employment "for cause", as determined in accordance with Section 5.2 of the Aerojet Involuntary Separation Pay Plan, or due to your breach of a fiduciary duty to GenCorp, Aerojet and/or a Successor Employer.

#### 4. Retention Pay and Outplacement Assistance

-----

4.1 RETENTION PAY AND OUTPLACEMENT ASSISTANCE: If you satisfy the requirements of Section 3.1 and Section 3.2 and are not ineligible for any reason specified in Section 3.3, GenCorp will pay and provide to you during the portion of the Protected Period remaining after the Termination Date the Retention Pay specified in Section 4.2 and the outplacement assistance described in Section 4.4.

4.2 COMPUTATION OF RETENTION PAY: Your Retention Pay will be an amount equal to (i) three times the sum of (A) your base salary in effect on the date of the Termination Event, as determined in accordance with Aerojet's or GenCorp's (as applicable) normal compensation practices for executive employees, and (B) the year-end payment which Aerojet paid to you in respect of Aerojet's fiscal year ended 30 November 1993, (ii) less the sum of the following:

37

(a) the amount of any separation, severance and/or termination pay to which you are entitled due to the termination of your employment under (A) any other individual employment, separation or severance agreement between you and Aerojet, GenCorp and/or a Successor Employer and/or (B) any plan, policy or practice of Aerojet, GenCorp and/or a Successor Employer, which provides compensation upon termination of employment, and

(b) the amount of any compensation paid to you by Aerojet, GenCorp and/or a Successor Employer for services rendered during the Protected Period, whatever the form of such compensation may be.

Notwithstanding the foregoing, if you accept an employment offer by a Successor Employer but such employment is involuntarily terminated by the Successor Employer within the Protected Period, the amount of your Retention Pay shall not exceed (i) the amount determined above without any reduction pursuant to Section 4.2(b), (ii) multiplied by a fraction the numerator of which is the number of months remaining in the Protected Period and the denominator of which is 36.

#### 4.3 Time of Payment

-----

(a) GenCorp will pay your Retention Pay (subject to normal withholdings) to you during the Protected Period at the times that regular base salary payments are payable in accordance with GenCorp's payroll schedule for corporate headquarters employees, in equal installments determined by dividing the amount of your Retention Pay determined under Section 4.2 by the number of pay periods remaining in the Protected Period after the Termination Date, subject to GenCorp's right to accelerate payment

thereof at any time and for any reason.

(b) If you become eligible to receive Retention Pay as provided in Article 3 and thereafter are hired in any capacity (as

38

- 7 -

an employee, consultant, independent contractor, leased employee or otherwise) by Aerojet, GenCorp or a Successor Employer during the Protected Period, payment of Retention Pay hereunder will cease.

(c) If you die during the Protected Period after you become eligible to receive but prior to receiving all Retention Pay for which you are eligible hereunder, GenCorp will pay to your spouse or estate a lump sum equal to the amount of Retention Pay not paid prior to your death.

4.4 EXECUTIVE OUTPLACEMENT ASSISTANCE: If you satisfy the requirements of Article 3 and become eligible to receive Retention Pay under Section 4.1, GenCorp will pay or reimburse to you the expense of outplacement assistance during the Protected Period, in an amount not to exceed fifteen percent (15%) of your base salary in effect at the Termination Event. However, GenCorp's obligation under the preceding sentence shall be offset and reduced by any outplacement assistance which Aerojet and/or any Successor Employer provides to you.

#### 5. Retention Benefits

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5.1 RETENTION BENEFITS: If you satisfy the requirements of Section 3.1 and Section 3.2 and are not ineligible for any reason specified in Section 3.3, then notwithstanding the continuation of your employment with Aerojet or your acceptance of an employment offer by a Successor Employer, GenCorp will provide to you during the portion of the Protected Period after termination of our employment the Retention Benefits described in this Article 5:

#### 5.2 Medical and Dental Benefits

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(a) Subject to Section 5.2(b), you and your eligible dependents may participate during the Protected Period in the GenCorp Medical Plan and, if the Aerojet Dental Plan is no longer in operation, the GenCorp Dental Plan ("Health Plans"), subject to all terms and conditions thereof (including without limitation all

39

- 8 -

contributions, co-payments and deductibles), in effect during the Protected Period.

(b) Coverage under the Health Plans for you and your eligible dependents will be secondary to any medical and dental benefit plan or program provided to you by any other employer, whether or not that employer is Aerojet or a Successor Employer. For this purpose, you and your eligible dependents will be deemed to participate in and be covered by any such medical or dental benefit plan or program whenever such participation and/or benefits are available to you, whether as an active employee, retiree or eligible dependent thereof. However, you will not be deemed to participate in such other plan or program solely because such participation is available to you pursuant to ERISA Section 601 et. seq. ("COBRA").

(c) If you are employed by Aerojet or a Successor Employer, contributions which you otherwise would be required to make under the Health Plans may be suspended at your request, and your coverage under the Health Plans will be suspended during such period. Thereafter, if your employment is involuntarily terminated by Aerojet or a Successor Employer within the Protected Period, you may, upon paying to GenCorp any required contributions under the Health Plans, resume your participation in the Health Plans for the remainder of the Protected Period.

(d) The extended periods of participation in the Health Plans provided in accordance with Section 5.2(a) include, and are not in addition to, any period of extended participation which may be provided under the terms of the

Health Plans. At the end of any such period of extended participation, you may elect to continue participation for a period of eighteen months under the terms of conditions of the Health Plans and pursuant to COBRA.

5.3 GENCORP STOCK OPTION PLAN. Subject to approval by the Compensation Committee of GenCorp's Board of Directors, any unexercised portion of any Option granted to you under the GenCorp

40

- 9 -

Stock Option Plan prior to the termination of your employment with Aerojet will remain in effect during the original term of the Option and will be or become exercisable pursuant to the schedule set forth in Section 3 of the Option and in accordance with the original terms of the Option, and any provision requiring you to hold GenCorp shares issued pursuant to your exercise of rights under such Options will be waived.

5.4 FINANCIAL PLANNING. If you currently are participating in Aerojet's financial planning and/or tax assistance program and, additionally, Aerojet terminates your employment during a Protected Period, GenCorp will pay or reimburse to you the cost of comparable financial planning and/or tax assistance during the remainder of the Protected Period less any amount payable to you by Aerojet in respect of such services during the same period.

5.5 LIFE INSURANCE: During the Protected Period, GenCorp will provide to you, under its group life insurance program, term life insurance coverage equivalent to that available to you and in force as of the Termination Event, subject to your payment of all required contributions and related taxes. This Section 5.5 is not intended to, and does not, provide any extended insurance coverage in the group universal life insurance program which is not funded by GenCorp and requires you to pay all applicable insurance premiums and/or contributions.

#### 6. Termination of Employment

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6.1 DATE OF TERMINATION: Notwithstanding any provisions of this Agreement, the termination of your employment by Aerojet (or GenCorp, if applicable) shall be deemed to occur as of the date specified by Aerojet or GenCorp for the discontinuance of your duties. Therefore, except as provided in Sections 5.2, 5.3 and 5.5, or the terms of any employee benefit plan of Aerojet and/or GenCorp, your participation as an active employee in any employee benefit plan of Aerojet or GenCorp will cease on such date. Any Retention Pay paid to you hereunder shall not be included in your earnings or compensation for purposes of determining the amount of any benefit

41

- 10 -

payable to you under any retirement plan, savings plan or other employee benefit plan of Aerojet and/or GenCorp. Similarly, no part of any Protected Period subsequent to the termination of your employment with Aerojet shall be counted or included in your service for purposes of determining your benefits under any such plan unless you are employed by GenCorp during such period.

6.2 YEAR-END PAYMENTS: Notwithstanding any other provisions of this Agreement, you will be eligible to receive a year-end payment under Aerojet's executive compensation program as follows: (1) For each fiscal year which ends prior to the date your employment by Aerojet terminates, the full amount of such year-end payment, and (2) for any partial fiscal year during which your employment by Aerojet terminates, a portion of the year-end payment otherwise determined for that fiscal year, which will be pro-rated based upon the percentage of that fiscal year during which you were employed hereunder. The amount of any such year-end payment will be subject to GenCorp's approval in accordance with past practice and will be paid (subject to normal tax withholding) at the time year-end payments normally are paid by Aerojet. If you die prior to receiving any such year-end payment, the amount thereof will be paid to your spouse or estate.

#### 7. Miscellaneous

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7.1 ASSIGNMENT: This Agreement requires you to perform personal services. Accordingly, you may not assign any right, delegate any duty, or otherwise

transfer any interest hereunder, whether by operation of law or otherwise.

7.2 OTHER CONTRACTUAL RIGHTS: The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish your existing rights, or rights which would accrue solely as a result of the passage of time, under any other employment agreement or other contract, plan or arrangement with GenCorp which was in existence on the date of this Agreement and which had been approved by GenCorp.

42

- 11 -

7.3 BINDING AGREEMENT: This Agreement shall inure to the benefit of and be enforceable by your personal or legal representative, executor, administrators, heirs, distributees and legatees.

7.4 MITIGATION OF DAMAGES: During the Protected Period, you will have no duty to mitigate damages to be entitled to the Retention Pay and Benefits provided under Articles 4 and 5, nor shall the amount of any such payment or benefits be reduced by any compensation earned by you as the result of (i) employment by any employer, except GenCorp, Aerojet and/or a Successor Employer, or (ii) self-employment as a consultant, independent contractor or otherwise, from any source, except GenCorp, Aerojet and/or a Successor Employer.

7.5 GOVERNING LAW: The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

7.6 SETTLEMENT OF DISPUTES: In the event you disagree with GenCorp's interpretation of any provision of this Agreement, you may refer such disagreement to GenCorp's Chief Executive Officer for review and decision. If you disagree with the decision by GenCorp's Chief Executive Officer, such disagreement shall thereafter be settled in Akron, Ohio by arbitration in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association, before an arbitrator who is licensed to practice law in the State of Ohio. Neither GenCorp nor you will initiate or prosecute any lawsuit in any way related to the interpretation of this Agreement. You and GenCorp will share equally the fees and expenses of the arbitrator, and you will pay any additional expenses which you choose to incur on your own behalf in connection with any such arbitration. GenCorp will pay its own expenses.

7.7 NOTICES: For the purpose of this Agreement, all communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as indicated below or to such other address as any

43

- 12 -

party may have furnished to the other in writing and in accordance herewith, except that notices of change of address shall be effective only upon receipt.

If to GenCorp: GenCorp Inc.  
175 Ghent Road  
Fairlawn, Ohio 44333-3300

If to you: Roger I. Ramseier  
9475 King Road  
Loomis, CA 95650

7.8 TERMINATION: This Agreement will terminate automatically upon an announcement by the Chief Executive Officer of GenCorp that GenCorp has ceased further consideration of any sale of Aerojet or its operations.

Executed this \_\_\_\_ day of \_\_\_\_\_, 1994.



GENCORP INC.

by: \_\_\_\_\_

EMPLOYEE

\_\_\_\_\_  
Signature of Employee

44

EXHIBIT A

SETTLEMENT AGREEMENT AND RELEASE  
-----

This SETTLEMENT AGREEMENT AND RELEASE ("Agreement") between GENCORP INC. ("Company") and \_\_\_\_\_ ("Employee") has been concluded in connection with the involuntary termination of Employee's employment with the Company's wholly-owned subsidiary, Aerojet-General Corporation ("Aerojet").

In consideration of the mutual provisions hereof, the Company and Employee agree as follows:

ONE: Benefits.  
-----

The Company will pay the Employee the separation pay and benefits ("benefits") to which the Employee, by entering into this Agreement, has become entitled under the Retention Agreement entered into between the Employee and the Company effective \_\_\_\_\_, 1994 ("Retention Agreement"). The Employee agrees that these benefits are more than the Company and/or Aerojet is required to pay under its normal policies and procedures.

TWO: Date of Payment.  
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Payment of benefits conditioned on this Agreement will be made at the time or times called for in the Retention Agreement, but in no event before this Agreement becomes irrevocable under Section Nine.

45

- 14 -

THREE: Complete Release:  
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(a) RELEASE: The Employee irrevocably and unconditionally releases all the claims described in subsection (b) that the Employee may now have (or which may arise before the Employee's employment with Aerojet ends) against the following persons or entities (the "Releasees"): The Company, all related companies (including, but not limited to, Aerojet) and all of the Company's or such related companies' predecessors and successors; and, with respect to each such entity, all of its past and present employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs) and any other persons acting by, through, under or in concert with any of the persons or entities listed in this subsection.

(b) CLAIMS RELEASED: Except as provided in subsection (d), the claims released include all claims, promises, debts, causes of action or similar rights of any type or nature the Employee has or had which in any way relate to (1) the Employee's employment with Aerojet, or the termination of that employment, such as claims for compensation, bonuses, commissions, lost wages or unused accrued vacation or sick pay, (2) the design or administration of any employee benefit program or the Employee's entitlement to benefits under any such program, (3) any rights the Employee has to severance or similar benefits under any program, policy or procedure of the Company or Aerojet, except as provided in the Retention Agreement, (4) any rights the Employee may have to

the continued receipt of health or life insurance-type benefits, except as provided in the Retention Agreement, (5) any claims to attorneys fees or other indemnities, and (6) any other claims or demands the Employee may on any basis have. The claims released, for example, may have arisen under any of the following statutes or common law doctrines.

ANTI-DISCRIMINATION STATUTES, such as the Age Discrimination in Employment Act and Executive Order 11141, which prohibit age discrimination in employment; Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866 and Executive Order

46

- 3 -

11246, which prohibit discrimination based on race, color, national origin, religion or sex; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act and Section 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination against the disabled; the California Fair Employment and Housing Act, which prohibits discrimination in employment based on race, color, national origin, ancestry, physical or mental disability, medical condition, marital status, sex or age; and any other federal, state or local laws or regulations prohibiting employment discrimination.

FEDERAL EMPLOYMENT STATUTES, such as the WARN Act, which requires that advance notice be given of certain work force reductions; the Employee Retirement Income Security Act of 1974, which, among other things, protects pension or health plan benefits; and the Fair Labor Standards Act of 1938, which regulates wage and hour matters.

OTHER LAWS, such as any federal, state or local laws providing workers compensation benefits, restricting an employer's right to terminate employees or otherwise regulating employment; any federal, state or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; California Labor Code Section 200 ET SEQ., relating to salary, commission, compensation, benefits and other matters; the California Workers' Compensation Act; the California Unemployment Insurance Code; any applicable California Industrial Welfare Commission Order; and any other federal, state or local laws, whether based on statute, regulation or common law, providing recourse for alleged wrongful discharge, physical or personal injury, emotional distress, fraud, negligent misrepresentation, libel, slander, defamation and similar or related claims.

(c) RELEASE EXTENDS TO BOTH KNOWN AND UNKNOWN CLAIMS: This release covers both claims that the Employee knows about and those he or she may not know about. The Employee expressly waives all rights afforded by any statute (such as Section 1542 of the Civil Code of the State of California) which limits the effect of a release

47

- 4 -

with respect to unknown claims. The Employee understands the significance of his or her release of unknown claims and his or her waiver of statutory protection against a release of unknown claims (such as under Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

(d) CLAIMS NOT RELEASED: This Agreement does not release (1) Any rights or claims that arise under the Age Discrimination in Employment Act after this Agreement was signed; or (2) the Employee's right to enforce this Agreement; or (3) the Employee's rights to benefits under the Retention Agreement or the Employee's rights, if any, to unpaid salary, pension and COBRA health benefits under the Company's or Aerojet's standard compensation and benefits programs applicable to the Employee, except to the extent the Employee's claim was rejected or denied, either as to the Employee or as to other similarly situated

employees, before this Agreement became effective.

(e) OWNERSHIP OF CLAIMS: The Employee represents that the Employee has not assigned or transferred, or purported to assign or transfer, all or any part of any claim released by this Agreement.

FOUR: Employee's Promises.  
-----

In addition to the release of claims provided for in Section Three, the Employee also agrees to the following:

(a) EMPLOYMENT TO TERMINATE: The Employee acknowledges that his or her employment with Aerojet has ended or will end on \_\_\_\_\_, \_\_\_\_\_, and it will not be resumed again at any time in the

future. The Employee understands that the Employee's employment with Aerojet, the Company and all related companies will never be resumed again at any time in the future.

(b) NO PURSUIT OF RELEASED CLAIMS: The Employee promises never to file or prosecute a lawsuit or other complaint or charge asserting any claims that are released by the Agreement. The Employee represents that the Employee has not filed or caused to be filed any lawsuit, complaint or charge with respect to any claim this Agreement releases. The Employee further agrees to request any government agency or other body assuming jurisdiction of any complaint or charge relating to a released claim to withdraw from or dismiss the matter with prejudice.

(c) COMPANY PROPERTY TO BE RETURNED: The Employee promises that, on or before the Employee's last day of work, the Employee will return to the Company all files, memoranda, documents, records, copies of the foregoing, credit cards, keys and any other Company or Aerojet property in the Employee's possession or control.

(d) EMPLOYEE NOT TO HARM THE COMPANY: The Employee agrees not to incur any expenses or obligations or liabilities on behalf of the Company and/or Aerojet and agrees not to criticize, denigrate or otherwise disparage the Company, Aerojet or any other Releasees.

(e) COOPERATION REQUIRED: The Employee agrees that, to the extent and in the manner requested by the Company, the Employee will fully cooperate with the Company and assist the Company in effecting a smooth transition of the Employee's responsibilities.

FIVE: Non-Admission of Liability.  
-----

The Company does not believe or admit that it or any other Releasee has done anything wrong. The Employee agrees that this Agreement shall not be admissible in any court or other forum for any purpose other than the enforcement of its terms.

SIX: Consequences of Employee's Violation of Promises.  
-----

(a) GENERAL CONSEQUENCES: If the Employee breaks any of the Employee's promises in this Agreement, for example, by filing or prosecuting a lawsuit or charge based on claims that the Employee has released, or if any representation made by the Employee in this Agreement was false when made, the Employee (1) shall forfeit all right to future benefits under this Agreement, (2) must repay all benefits previously received, upon the Company's demand, and (3) must pay reasonable attorneys' fees and all other costs incurred as a result of the Employee's breach or false representation, such as the cost of defending any suit brought with respect to a released claim by the Employee or other owner of a released claim.

(b) CHALLENGES TO VALIDITY: Should the Employee attempt to challenge the enforceability of this Agreement, the Employee shall initially tender to the payor, by certified checks delivered to the Company, all amounts received pursuant to this Agreement, plus interest and invite the Company to cancel this Agreement. In the event the Company accepts this offer, this Agreement shall be canceled. In the event the Company does not accept this offer, the Company shall so notify the Employee and the amount tendered by the Employee shall be placed in an interest-bearing account pending a determination of the enforceability of this Agreement. If the Agreement is determined to be enforceable, the amount in the account shall be repaid to the Employee; if this Agreement is not enforceable, the amount in the account shall be retained by the Company or its designee.

SEVEN: PERIOD FOR CONSIDERATION OF AGREEMENT.  
-----

The Employee acknowledges that the Employee was given a period of at least forty-five days to review and consider this Agreement before signing it. The Employee further acknowledges that the Employee (1) took advantage of this period to consider this Agreement before signing it, (2) carefully read this Agreement, (3) fully understands it and is entering into it voluntarily.

50

- 7 -

EIGHT: Encouragement to Consult with Attorney.  
-----

The Employee acknowledges that the Company strongly encouraged the Employee to discuss this Agreement with an attorney (at the Employee's own expense) before signing this Agreement and that, to the extent the Employee deemed it appropriate, the Employee did so.

NINE: Effective Date of Agreement.  
-----

The Employee may revoke this Agreement within seven days after the Employee signs it. The last day on which this Agreement can be revoked is called the "Last Revocation Day." Revocation shall be made by delivering a written notice of revocation to Gary J. Goberville, Vice President, Human Resources, at GenCorp Inc. 175 Ghent Road, Fairlawn, Ohio 44333-3300, no later than the close of business on the Last Revocation Day. If the Employee revokes this Agreement, it shall not become effective and the Employee will not receive the amounts or benefits described in Section One. If the Employee does not revoke this Agreement, it shall become effective on the day after the Last Revocation Day.

TEN: Severability.  
-----

The provisions of this Agreement are severable. If any part of it is found to be unenforceable, all other provisions shall remain fully valid and enforceable.

ELEVEN: Governing Laws.  
-----

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

51

- 8 -

TWELVE: Nature, Effect and Interpretation of this Agreement.  
-----

(a) ENTIRE AGREEMENT: This is the entire Agreement between the Employee and the Company; it may not be modified or cancelled in any manner except by a writing signed by both the Company and the Employee. The Company has made no promises to the Employee other than those in this Agreement. It is not necessary that the Company sign this Agreement for it to become binding

upon the Company and the Employee. It shall be binding on the Company when it becomes irrevocable pursuant to Section Nine.

(b) SUCCESSORS AND ASSIGNEES: This Agreement shall bind the Employee's heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of all Releasees and their respective heirs, administrators, representatives, executors, successors and assigns.

(c) INTERPRETATION: This Agreement shall be construed as a whole according to its fair meaning, and not strictly for or against any of the parties. Unless the context indicates otherwise, the term "or" shall be deemed to include the term "and" and the singular or plural number shall be deemed to include the other. Paragraph headings used in this Agreement are intended solely for convenience of reference and shall not be used in the interpretation of any of this Agreement.

(d) IMPLEMENTATION: The Company and the Employee both agree that, without the receipt of further consideration, they will sign and deliver any documents and do anything else that is necessary in the future to make the provisions of this Agreement effective.

52

- 9 -

PLEASE READ THIS AGREEMENT CAREFULLY AND CONSULT A LAWYER IF YOU HAVE ANY QUESTIONS OR CONCERNS. IT CONTAINS A RELEASE OF ALL CLAIMS, PRESENT OR FUTURE, WHETHER KNOWN OR UNKNOWN.

Executed at \_\_\_\_\_, \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

EMPLOYEE

\_\_\_\_\_  
Signature of Employee

GENCORP INC.

By: \_\_\_\_\_

53

EXHIBIT B

CERTIFICATE  
-----

I, \_\_\_\_\_ the \_\_\_\_\_ of AEROJET-GENERAL CORPORATION do hereby certify to \_\_\_\_\_ as follows:

1. In my capacity described above, I am responsible for management of the \_\_\_\_\_ function.
2. I have received and am familiar with the representations and warranties contained in Section \_\_\_\_ of the \_\_\_\_\_ Agreement to be entered into between \_\_\_\_\_ and \_\_\_\_\_ ("Purchase Agreement").
3. I have participated in the preparation of parts \_\_\_\_ of the Disclosure Statement to be delivered to \_\_\_\_\_ as part of the Purchase Agreement.
4. In preparing the Disclosure Statement I have made reasonable inquiries of knowledgeable persons and reviewed relevant documentation and other materials.

5. I believe that the representations and warranties contained in Section \_\_\_\_\_ of the Purchase Agreement and Schedule \_\_\_\_\_ of the Disclosure Statement are accurate and complete in all material respects.

I understand that \_\_\_\_\_ intends to rely on this Certificate in connection with the execution of the Purchase Agreement and delivery of the Purchase Agreement and Disclosure Statement to \_\_\_\_\_.

54

- 2 -

IN WITNESS WHEREOF, I have executed this Certificate this \_\_\_\_ day of \_\_\_\_\_, 199\_.

\_\_\_\_\_  
Name

WITNESSES:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

55

EXHIBIT D

GENCORP INC.  
LONG-TERM INCENTIVE PROGRAM

Effective January 27, 1993  
And As  
Amended March 31, 1993

56

GENCORP INC.  
LONG-TERM INCENTIVE PROGRAM

Table of Contents

Article		Page
		----
1	Establishment, Purpose and Duration of Program	1
1.1	Establishment	1
1.2	Purpose	1
1.3	Effective Date	1
1.4	Duration of Program	1

Article	2	Definitions and Interpretation	1
	2.1	Definitions	1
	2.2	Gender and Number	4
	2.3	Time of Exercise	5
	2.4	Amendments	5
	2.5	Severability	5
Article	3	Overview of Program	5
Article	4	Performance Awards	6
	4.1	Eligibility for Performance Awards	6
	4.2	Performance Criteria	6
	4.3	Performance Goals	7
	4.4	Amounts of Performance Awards	7
Article	5	Performance Periods	8
	5.1	Performance Periods	8
Article	6	Payment of Awards	8
	6.1	Payment of Awards	8
	6.2	Nontransferability	8
	6.3	Tax Withholding	8

57

			Page
			----
Article	7	Rights to Performance Awards After Death, Disability, Retirement or Other Termination of Employment	9
	7.1	Death	9
	7.2	Disability	9
	7.3	Retirement	9
	7.4	Termination For Other Reasons	10
Article	8	Beneficiary Designation	10
	8.1	Designation	10
	8.2	Effectiveness	10
	8.3	Revocation	11
Article	9	Rights of Employees	11
	9.1	Participation	11
	9.2	Employment	11
	9.3	Transfer	11
	9.4	Compensation	11
Article	10	Administration	12
	10.1	Committee	12
	10.2	Power of the Committee	12
	10.3	Committee Decisions	12
	10.4	Delegation	12
Article	11	Disputes	13
	11.1	Disputes	13
	11.2	Notice	13
	11.3	Decision	13
	11.4	Lawsuit	14
Article	12	Amendment and Termination	14
	12.1	Amendment and Termination	14
	12.2	Performance Awards	14
Article	13	Indemnification	14

58

		Page
		----
	13.1 Indemnity	14
	13.2 Additional Right	15
Article	14 Miscellaneous	15
	14.1 Unfunded Program	15
	14.2 Costs of Program	15
	14.3 Governing Law	15

59

GENCORP INC.  
LONG-TERM INCENTIVE PROGRAM  
(As Amended March 31, 1993)

1. Establishment, Purpose and Duration of Program  
-----

1.1 ESTABLISHMENT: GenCorp Inc. hereby establishes a long-term incentive program, as set forth herein, which will be called "GenCorp Inc. Long-Term Incentive Program".

1.2 PURPOSE: The purpose of the program is to promote the success and enhance the value of the Company by linking the personal interests of Participants to the interests of the Company's shareholders and providing to Participants an incentive for outstanding performance. The program also is intended to provide to the Company flexibility in its ability to hire, motivate, and retain the services of Participants whose judgment, interest and efforts contribute significantly to the successful conduct of the Company's business.

1.3 EFFECTIVE DATE: When approved by the Company's Directors, the program will become effective on the Effective Date, January 27, 1993.

1.4 DURATION OF PROGRAM: The program will commence on the Effective Date and will remain in effect until terminated by the Directors in accordance with Section 12.1.

60

- 2 -

2. Definitions and Interpretation  
-----

2.1 DEFINITIONS: Whenever used in the program, the following words shall have the meanings set forth in this Section 2.1 and, when such meaning is intended, the initial letter of the word will be capitalized.

(a) ANNUAL COMPENSATION: The sum of (i) the base salary paid to a Participant during a Fiscal Year while the Participant is employed in an Eligible Position, and (ii) that portion of the Participant's year-end payment for such fiscal year which is determined by the Directors to be attributable to the Participant's employment in such Eligible Position.

(b) AVERAGE ANNUAL COMPENSATION: If a Performance Period includes two or more Fiscal Years, the sum of a Participant's Annual Compensation in each such Fiscal Year, divided by the number of such Fiscal Years (even if the Participant did not have Annual Compensation in all Fiscal Years in the Performance Period).

(c) BENEFICIARY: The person or persons determined in accordance with Article 9.

(d) CODE: The Internal Revenue Code of 1986.

61

- 3 -

(e) COMMITTEE: The Compensation Committee of the Directors or other committee designated by the Directors as provided in Section 10.1.



(f) COMPANY: GenCorp Inc., an Ohio corporation having its registered offices at 175 Ghent Road, Fairlawn, Ohio 44333-3300.

(g) DIRECTOR: A person elected by the Company's shareholders or Directors pursuant to the Company's Articles of Incorporation and Code of Regulations to serve, and who serves during the term of this program, as a director of the company.

(h) DISABILITY: A permanent and total disability, physical or mental, as defined in the GenCorp Long-Term Disability program and as determined by the Committee.

(i) ELIGIBLE POSITION: A position of employment with the Company specified by the Directors in Part A of the Appendix for each Performance Period.

(j) EMPLOYEE: Each full-time salaried employee (including, without limitation, a Director who also is an employee) of the Company or a Participating Subsidiary, who is not in a bargaining unit represented by a labor organization.

62

- 4 -

(k) FISCAL YEAR: The Company's fiscal year which is the annually recurring period of twelve (12) consecutive calendar months, commencing on December 1 and ending on November 30.

(l) PROGRAM: The GenCorp Inc. Long-Term Incentive Program, as described in this document.

(m) PARTICIPANT: An Employee who is employed, during a Performance Period, in an Eligible Position specified by the Directors for such Performance Period.

(n) PARTICIPATING SUBSIDIARY: Any domestic corporation in which the Company owns directly, or indirectly through a subsidiary, at least fifty percent (50%) of the total combined voting power of all classes of stock and whose directors adopt and ratify the Program in a manner determined by the Committee.

(o) PERFORMANCE AWARD: A cash payment determined pursuant to Article 4 and paid to a Participant pursuant to Article 6.

(p) PERFORMANCE CRITERIA: The measures of economic achievement selected by the Directors for a specific Performance Period and set forth in Part B of the Appendix for that Performance Period in accordance with Section 4.2.

63

- 5 -

(q) PERFORMANCE GOALS: The specified levels of economic achievement, based on the selected Performance Criteria, established by the Directors and set forth in Part C of the Appendix for each Performance Period in accordance with Section 4.3.

(r) PERFORMANCE PERIOD: Each successive and overlapping period of three consecutive Fiscal Years authorized by the Directors in accordance with Section 5.1.

2.2 GENDER AND NUMBER: Except as otherwise indicated by the context, any masculine term used herein also includes the feminine; any singular term includes the plural thereof; and any plural term includes the singular thereof.

2.3 TIME OF EXERCISE: Any action or right specified in the Program may be taken or exercised at any time and from time to time unless a specific time is designated herein for the taking or exercise thereof.

2.4 AMENDMENTS: The Program and each law and/or regulation mentioned herein will be deemed to include each and every amendment thereof.

2.5 SEVERABILITY: If any provision of the Program is held illegal or invalid for any reason, the illegal or invalid provision will be severed and,

to the extent possible, the remaining provisions of the program will be enforced as if such illegal or invalid provision had not been included herein.

64

- 6 -

### 3. Overview of the Program

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The Program is designed to allow Participants to earn cash Performance Awards based upon attainment by the Company and/or the appropriate operating segment (Aerojet, Automotive or Polymer Products) of specific Performance Goals established by the Directors for each Performance Period. For each Performance Period, the Directors shall set forth in an Appendix hereto (i) the Eligible Positions specified by the directors as Participants in the Program, (ii) Performance Criteria (Section 4.2), (iii) Performance Goals and a description of how the relative attainment of Performance Goals by the Company and the operating segments affect the Performance Award for the holder of each Eligible Position (Section 4.3), and (iv) a schedule of Participants' eligibility for Performance Awards based upon the degree of attainment of Performance Goals (Section 4.4).

### 4. Performance Awards

-----

4.1 ELIGIBILITY FOR PERFORMANCE AWARDS: Upon attainment and satisfaction of the Performance Goals and other specific terms and conditions established in accordance with this Article 4, each Participant shall be entitled to receive a Performance Award following the conclusion of the applicable Performance Period. A Performance Award shall constitute a cash payment calculated as a percentage of the Participant's Average Annual Compensation in accordance with Section 4.4.

65

- 7 -

4.2 PERFORMANCE CRITERIA: For the purpose of setting Performance Goals, the Directors shall establish Performance Criteria for each Performance Period. The Directors may use such measures as return on total capital, return on assets employed, return on equity, earnings growth, revenue growth, cash flow, comparisons to peer companies or such other measure or measures of performance in such manner as the Directors deem appropriate. Different Performance Criteria may be established for each operating segment and for the Company as a whole. The Performance Criteria established by the Directors for each Performance Period shall be set forth in Part B of the Appendix applicable to that Performance Period.

4.3 PERFORMANCE GOALS: Based upon the Performance Criteria chosen for a Performance Period, the Directors shall establish precise measures of achievement as specified Performance Goals for that Performance Period. The Directors may specify different Performance Goals for each segment, for each division within each segment, and for the Company as a whole and may determine separately the applicability and relative weighting of such different Performance Goals for each Eligible Position. Such Performance Goals and the application and weighting of such Performance Goals for each Eligible Position shall be set forth in Part C of the Appendix for each Performance Period. A Participant who occupies, successively, more than one Eligible Position during a Performance Period shall have his Performance Award determined on a pro rata basis based upon the Performance Goals applicable to each such Eligible Position.

66

- 8 -

4.4 AMOUNTS OF PERFORMANCE AWARDS: The amount of a Participant's Performance Award, if any, shall be determined in accordance with a schedule set forth in Part D of the Appendix for each Performance Period. Such schedule will be determined by the Directors for each Performance Period, and generally will provide a Performance Award payable as either (i) a specified percentage of the Participant's Average Annual Compensation for attainment of the threshold, target or maximum Performance Goal established by the Directors, (ii) a prorated percentage of the Participant's Average Annual Compensation upon attainment of a level of economic achievement greater than the threshold Performance Goal but less than the target Performance Goal, or (iii) a prorated percentage of the Participant's Average Annual Compensation upon attainment of

a level of economic achievement greater than the target Performance Goal but less than the maximum Performance Goal.

#### 5. Performance Periods

5.1 PERFORMANCE PERIOD: Subject to the Directors' adoption of Performance Criteria and Performance Goals pursuant to Article 4, there shall be successive and overlapping Performance Periods having a duration of three fiscal years each. The First Performance Period shall commence on December 1, 1992 and terminate on November 30, 1995.

67

- 9 -

#### 6. Payment of Awards

6.1 PAYMENT OF AWARDS: Payment in settlement of a Performance Award shall be made as soon as practicable following the conclusion of the respective Performance Period in cash.

6.2 NONTRANSFERABILITY: All rights to payment under Performance Awards shall be nontransferable other than by will or by the laws of descent and distribution in accordance with Article 7 hereof.

6.3 TAX WITHHOLDING: The Company shall have the right to deduct from any payment made under the program any federal, state or local taxes of any kind required by law to be withheld with respect to such payments or to take such other action as may be necessary in the opinion of the Company to satisfy all obligation for the payment of such taxes.

#### 7. Rights to Performance Awards After Death, Disability, Retirement or Other Termination of Employment

7.1 DEATH: If a Participant's employment with the Company or a Participating Subsidiary terminates by reason of death, the Participant's Beneficiary shall be entitled to receive, at such times as normally payable, (i) any Performance Award due to the Participant at the time of his death for any Performance Period already completed, and (ii) any

68

- 10 -

Performance Award which would become payable for any Performance Period which has not been completed at the time of his death.

7.2 DISABILITY: If a Participant's employment with the Company or a Participating Subsidiary terminates by reason of disability, the Participant shall be entitled to receive, at such times as normally payable, (i) any Performance Award due to the Participant at the time of his employment termination for any Performance Period already completed, and (ii) any Performance Award which would become payable for any Performance Period which has not been completed at the time of his employment termination.

7.3 RETIREMENT: If a Grantee's employment with the Company or a Participating Subsidiary terminates by reason of retirement, the Participant shall be entitled to receive, at such times as normally payable, (i) any Performance Award due to the Participant at the time of his retirement for any Performance Period already completed, and (ii) any Performance Award which would become payable for any Performance Period which has not been completed at the time of his retirement.

7.4 TERMINATION FOR OTHER REASONS: Upon termination of a Participant's employment with the Company or a Participating Subsidiary for any reason other than those specified in Sections 7.1 through 7.3 above, the Participant shall be entitled to receive, at such times as normally payable, any Performance Award due to him for any Performance Period already

69

- 11 -

completed. However, the Participant shall not be entitled to receive any

Performance Award for any current Performance Period.

#### 8. Beneficiary Designation

-----

8.1 DESIGNATION: A Participant may name any Beneficiary (contingently or successively) to whom any benefit under the Program is to be paid if the Participant dies before receiving such benefit. Absent such designation, any benefit which is due but not paid to a Participant under the program during his lifetime will be payable to the Participant's estate.

8.2 EFFECTIVENESS: The designation of a Beneficiary will be effective only when the Participant designates his Beneficiary in the form prescribed by the Company and delivers it to the Company's Secretary during the Participant's lifetime.

8.3 REVOCATION: The designation of a Beneficiary as herein provided will revoke each prior designation of a Beneficiary by the Participant.

#### 9. Rights of Employees

-----

9.1 PARTICIPATION: Except as provided in Article 4, no Employee will have the right to participate in the Program or, having been a Participant for any Performance Period, to

70

- 12 -

continue to be a Participant in any subsequent Performance Period.

9.2 EMPLOYMENT: Nothing in the Program will interfere with or limit the right of the Company or a Participating Subsidiary to terminate any Participant's employment, nor confer to any Participant any right to continue in the employ of the Company or a Participating Subsidiary.

9.3 TRANSFER: For purposes of the program, transfer of a Participant's employment between the Company and a Participating Subsidiary or between Participating Subsidiaries will not be deemed a termination of employment.

9.4 COMPENSATION: No benefit or other amount paid to a Participant pursuant to the Program will be included in the Participant's compensation or earnings for purposes of any pension or other employee benefit program of the Company or any Participating Subsidiary.

#### 10. Administration

-----

10.1 COMMITTEE: The Compensation Committee of the Directors (or any other committee of not less than three (3) Directors, which the Directors may appoint) will administer the Program. No member of the Committee may be an Employee.

71

- 13 -

10.2 POWER OF THE COMMITTEE: The Committee will have full authority and power to (i) interpret and construe the Program; and (ii) establish, amend and/or waive rules and regulations for the Program's administration.

10.3 COMMITTEE DECISIONS: The Committee will make all determinations and decisions hereunder by not less than a majority of its members. The Committee may act or take action by written instrument or vote at a meeting convened after reasonable notice. The Committee's determinations and decisions hereunder, and related orders or resolutions of the Directors, will be final, binding and conclusive on all persons, including the Company, its stockholders, Participating Subsidiaries, employees, Participants and Beneficiaries.

10.4 DELEGATION: The Committee may delegate any authority or power conferred to it under the Program as and to the extent permitted by law.

#### 11. Disputes

-----

11.1 DISPUTES: The Committee will have full and exclusive authority to determine all disputes and controversies concerning the interpretation of the Program to the fullest extent permitted by law.

11.2 NOTICE: If any Participant disputes any decision or determination by the Committee, the Company or any Participating Subsidiary concerning the administration of the

72

- 14 -

Program or any provision of the Program, the Participant must give written notice to the Committee as to such dispute at least ninety (90) days prior to commencing any lawsuit or legal proceeding in connection therewith. The Participant must give such notice of dispute by delivering to the Company's Secretary written notice which identifies the dispute and any provision of the Program in question. Such notice will be a condition of participation in the Program and failure to satisfy such condition will extinguish all rights of the Participant to any payment pursuant to the Program.

11.3 DECISION: Promptly (but within seventy-five (75) days after notice of dispute), the Committee will review and decide the dispute and give the Participant written notice of its decision. Except as provided in Section 11.4, the Committee's decision will be final and binding on the Company, the Company's shareholders, Participating Subsidiaries, and the Participant (including his Beneficiary).

11.4 LAWSUIT: A Participant may institute a lawsuit in connection with the Committee's decision involving his rights under the Program within one hundred and eighty (180) days after receiving the Committee's decision, but such lawsuit will be limited to whether the Committee acted in good faith and its decision was reasonable under the circumstances and in light of the information available to and considered by the Committee.

73

- 15 -

## 12. Amendment and Termination

-----

12.1 AMENDMENT AND TERMINATION: The Directors may terminate, amend, or modify the Program at any time or for any reason.

12.2 PERFORMANCE AWARDS: No termination, amendment, or modification of the Program will in any manner adversely affect any Participant's rights to receive a Performance Award previously earned under the Program.

## 13. Indemnification

-----

13.1 INDEMNITY: The Company will defend and indemnify each person who is or has been a member of the Committee in respect of any claim which is asserted against him and is based on his action or failure to take action under or in connection with the program or any agreement related to the Program; provided that such person gives the Company notice of such claim, cooperates with the Company in defense of such claim, permits the Company to control the defense of such claim prior to his undertaking any defense on his own behalf and confers to the Company full authority to compromise and settle the claim.

13.2 ADDITIONAL RIGHT: The indemnity provided under Section 13.1 will be in addition to, and not in lieu of, any other right of indemnification to which such person may be entitled

74

- 16 -

under the Company's Code of Regulations, as a matter of law or otherwise, and will not exclude any other power that the Company may have to defend and indemnify him.

## 14. Miscellaneous

14.1 UNFUNDED PROGRAM: The Program shall be unfunded and the Company shall not be required to segregate any assets that may at any time be represented by Performance Awards under the program. Any liability of the

Company to any person with respect to any Performance Award under the Program shall be based solely upon any contractual obligations that may be effected pursuant to the Program. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

14.2 COSTS OF PROGRAM: The costs and expenses of administering the Program shall be borne by the Company.

14.3 GOVERNING LAW: To the extent not preempted by federal law, the Program and all agreements hereunder will be governed by and interpreted in accordance with the laws of the State of Ohio.

75

EXHIBIT E

RESTRICTED STOCK AGREEMENT

GENCORP INC.

November 1994

AGREEMENT, Made in Fairlawn, Ohio as of November 9, 1994 between GenCorp Inc., an Ohio corporation ("Company") and the undersigned non- employee director of the Company ("Director").

Whereas the Company desires to increase Director's identification with the interests of its shareholders and to increase Director's compensation for service on the Board of Directors of the Company ("Board") by granting to Director 1,000 (One Thousand) shares of GenCorp Inc. Common Stock, \$0.10 par value per share ("Shares"), subject to the conditions and restrictions set forth in this Restricted Stock Agreement ("Agreement").

NOW, THEREFORE, In consideration of the premises and the mutual covenants set forth in this Agreement and for other good and valuable consideration, the parties hereto agree as follows:

1. GRANT OF SHARES. As consideration for services to be rendered as a member of the Board, the Company will issue in the name of the Director 1,000 Shares which shall be subject to restrictions described below and shall be legended as having been issued in a private transaction not registered with the Securities and Exchange Commission.

2. ESCROW OF SHARES DURING RESTRICTION PERIOD. In aid of the restrictions to which the Shares shall be subject pursuant to this Agreement, the Shares shall be deposited with the Shareholder Services Department of the Company which serves as Transfer Agent for the Company's Common Stock and shall be so held by the Company during the period of Director's service on the Board ("Restriction Period").

3. SHAREHOLDER RIGHTS. Director shall, during the Restriction Period, have the right to vote all Shares deposited hereunder and to receive all dividends and other distributions paid with respect to such Shares.

76

- 2 -

4. AUTOMATIC DIVIDEND REINVESTMENT. As to the Shares deposited hereunder, Director shall be automatically enrolled in GenCorp's Automatic Dividend Reinvestment Service ("Service"), pursuant to the "Terms and Conditions of Participation" as set forth in the brochure provided to Director herewith. Additional shares of GenCorp common stock accumulated pursuant to the dividend reinvestment feature shall be freely transferable, subject to the terms and conditions of the Service. Director may decline to participate in such Service by so indicating below his signature on this Agreement.

5. ADJUSTMENTS. Shares issued pursuant to this Agreement and held by the Company during the Restriction Period will be subject to the same adjustment, if any, accorded to all other outstanding shares in the event of (i) any

change in the total number of shares of common stock of the Company outstanding or the number or kind of securities into which shares have been changed, (ii) any reorganization or change in the Company's capital structure, or (iii) any other transaction or event having an effect similar to the foregoing.

6. VESTING. Unless vesting is accelerated pursuant to paragraph 9 hereof, ownership of the Shares deposited hereunder shall vest irrevocably in the Director, subject to the other terms and restrictions of this Agreement, pursuant to the following schedule:

Number of Shares ----- Vested -----	Vesting Date -----	Total Shares Vested ----- To Date -----
200	November 9, 1994	200
200	November 9, 1995	400
200	November 9, 1996	600
200	November 9, 1997	800
200	November 9, 1998	1,000

7. RESTRICTIONS ON TRANSFER. During the Restriction Period, the Shares may not be sold, transferred, pledged, assigned, alienated or hypothecated, or otherwise transferred to another person whether by operation of law or otherwise, except by will, the laws of descent and distribution or a qualified domestic relations order.

8. BENEFICIARY DESIGNATION. Director may designate any beneficiary or beneficiaries (contingently or successively) to whom Shares are to be paid if Director dies during the Restriction Period, and may at any time revoke or change any such designation. Absent such designation, any Shares which are due to Director under this Agreement upon Director's death will be payable to Director's estate. The designation

77

- 3 -

of a Beneficiary will be effective only when Director has delivered a completed Designation of Beneficiary form to the Company's Secretary. A successive designation of Beneficiary will revoke a prior designation.

9. TERMINATION DUE TO DEATH, DISABILITY, OR RETIREMENT. If Director's service on the Board terminates by reason of his or her death, disability or retirement under the Non-Employee Directors' Retirement Plan, Shares not already vested, if any, shall automatically vest, the Restriction Period shall terminate and all restrictions shall lapse.

10. TERMINATION DUE TO OTHER REASONS. If Director's service on the Board terminates for any reason other than a reason set forth in paragraph 9 above, the number of Shares which have not vested prior to such date of termination will be forfeited and cancelled as of such date. Notwithstanding the foregoing, by a majority vote of the directors then in office (with the terminating director abstaining), the Board shall have the right, in its sole discretion, to waive the forfeiture of all or any portion of such Shares subject to such terms as it deems appropriate.

11. DISPUTES. The Board shall have full and exclusive authority to determine all disputes and controversies concerning the interpretation of this Agreement by a majority vote of the directors then in office (with any disputing director abstaining).

12. NOTICES. All written notices and communications directed to the Company pursuant to this Agreement must be addressed to GenCorp Inc., 175 Ghent Road, Fairlawn, Ohio 44333-3300; Attention: Secretary. All communications directed to Director pursuant to this Agreement will be mailed to the Director's current address as recorded on the payroll records of the Company.

13. GOVERNING LAW. To the extent not preempted by federal law, this Agreement will be governed by and interpreted in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, this Agreement has been executed by a duly authorized officer of the Company and by the Director as of the 9th day of November, 1994.

GENCORP INC.

By: \_\_\_\_\_  
J. B. Yasinsky  
Chief Executive Officer

Agreed to and accepted:

\_\_\_\_\_  
Director Signature\*

TO OPT OUT OF PARTICIPATION IN THE COMPANY'S AUTOMATIC DIVIDEND REINVESTMENT SERVICE, INITIAL THE STATEMENT BELOW:

\_\_\_\_\_ I DO NOT ELECT TO PARTICIPATE IN THE AUTOMATIC DIVIDEND REINVESTMENT SERVICE

\*Sign and return one copy by December 1, 1994 to GenCorp Inc., 175 Ghent Road, Fairlawn, Ohio 44333-3300; Attention: Secretary.

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## EXHIBIT F

GENCORP INC.  
COMPUTATION OF EARNINGS PER COMMON SHARE

	YEARS ENDED NOVEMBER 30,		
	1994	1993	1992
EARNINGS (LOSS) (Dollars in Millions)			
Income (Loss) Before Cumulative Effect of			
Accounting Changes.....	\$ (13.0)	\$ 42.8	\$ 22.1
Cumulative Effect of Accounting Changes.....	(212.7)	--	--
Net Income (Loss) for Primary Earnings Per Share...	\$ (225.7)	\$ 42.8	\$ 22.1
Tax Affected Interest Expense Applicable to 8%			
Convertible Subordinated Debentures.....	5.5	5.5	1.9
Net Income (Loss) for Fully Diluted Earnings Per			
Share.....	\$ (220.2)	\$ 48.3	\$ 24.0
SHARES (In Thousands)			
Weighted Average Number of Common Shares			
Outstanding for Primary Earnings Per Share.....	31,797	31,730	31,729
Assuming Conversion of 8% Convertible Subordinated			
Debentures.....	7,158	7,158	2,470
Weighted Average Number of Common Shares			
Outstanding for Fully Diluted Earnings Per			
Share.....	38,955	38,888	34,199
EARNINGS (LOSS) PER SHARE			
Income (Loss) Before Cumulative Effect of			
Accounting Changes.....	\$ (.41)	\$ 1.35	\$ .70
Cumulative Effect of Accounting Changes.....	(6.69)	--	--
Net Income (Loss) for Primary Earnings Per Share...	\$ (7.10)	\$ 1.35	\$ .70
Fully Diluted Earnings (Loss) Per Share.....	\$ (7.10)	\$ 1.24	\$ .70

## EXHIBIT G

## LISTING OF GENCORP INC. SUBSIDIARIES(1)

	STATE OR JURISDICTION OF INCORPORATION	PERCENTAGE OF VOTING OWNERSHIP
	-----	-----
Aerojet-General Corporation(2).....	Ohio	100.
Aerojet Ordnance Tennessee, Inc.....	Tennessee	100.
Chemical Construction Corporation.....	Delaware	100.
General Applied Science Laboratories, Inc.....	New York	100.
GenCorp International.....	Ohio	100.
Penn Racquet Sports Co. (Ireland).....	Ireland	100.
Penn Europe GmbH.....	Germany	100.
GenCorp S.A.R.L.....	France	100.
GenCorp Canada Inc.....	Canada	100.
HENNIGES Elastomer- und Kuntstofftechnik GmbH & Co. KG.....	Germany	100.
RKO General, Inc.....	Delaware	100.
RKO Hotel Group, Inc.....	Delaware	100.
RKO Hotels, Inc.....	Delaware	100.
Genco Insurance Limited.....	Bermuda	100.
GenCorp Export Corporation.....	Virgin Islands	100.
GenCorp Investment Management, Inc.....	Ohio	100.
GKK Automotive Co., Ltd.....	Ohio	60.
GT Automotive Co., Ltd.....	Ohio	60.

(1) GenCorp Inc. conducted business using the names GenCorp, GenCorp Automotive and GenCorp Polymer Products.

(2) Aerojet-General Corporation conducted business using the names Aerojet ASRM Division, Aerojet Electronic Systems Division and Aerojet Propulsion Division.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ R. K. Jaedicke  
-----  
R. K. Jaedicke, Director

Dated: January 24, 1995  
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POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ P. X. Kelley  
-----  
P. X. Kelley, Director

Dated: January 25, 1995  
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POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on

Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ R. D. Kunisch  
-----  
R. D. Kunisch, Director

Dated: January 25, 1995  
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4

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ J. Lafontant-Mankarious  
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J. Lafontant-Mankarious, Director

Dated: January 25, 1995  
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5

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ J. M. Osterhoff  
-----  
J. M. Osterhoff, Director

Dated: January 25, 1995  
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6

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ P. J. Phoenix  
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P. J. Phoenix, Director

Dated: January 25, 1995  
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7

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ R. B. Pipes  
-----  
R. B. Pipes, Director

Dated: January 25, 1995  
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8

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc.

hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ A. W. Reynolds  
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A. W. Reynolds, Director

Dated: January 25, 1995  
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POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints C. R. Ennis and E. R. Dye, and each of them (each with full power to act alone), his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of GenCorp Inc. for the fiscal year ended November 30, 1994 on his behalf, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney expires March 1, 1995.

/s/ J. R. Stover  
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J. R. Stover, Director

Dated: January 25, 1995  
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