
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, 2001 Commission File Number 1-1520

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

OHIO	34-0244000
(State of Incorporation)	(I.R.S. Employer Identification No.)

HIGHWAY 50 AND AEROJET ROAD RANCHO CORDOVA, CALIFORNIA	95670
(Address of registrant's principal executive offices)	(Zip Code)
P.O. BOX 537012 SACRAMENTO, CALIFORNIA	95853-7012
(Mailing Address)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (916) 355-4000

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 of $0.10 per share	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 section 229.405 is not contained herein, and will not be contained, to the best of the 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. [ ]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 11, 2002 was $475,872,320.

As of February 11, 2002, there were 43,108,412 outstanding shares of the Company's Common Stock, $0.10 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2002 Proxy Statement of GenCorp Inc. are incorporated into Part III of this Report.

GENCORP INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2001

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PART I

ITEM 1. BUSINESS

GenCorp Inc. (hereinafter the Company or GenCorp) was incorporated in Ohio in 1915 as The General Tire & Rubber Company (General Tire & Rubber). The Company's continuing operations are organized into three segments: GDX Automotive, Aerospace and Defense, and Fine Chemicals. The GDX Automotive segment is a major automotive supplier, engaged in the development, manufacture and sale of highly-engineered, extruded and molded rubber and plastic sealing systems for vehicle bodies and windows for automotive original equipment manufacturers. The Aerospace and Defense segment includes the Company's wholly-owned subsidiary, Aerojet-General Corporation (Aerojet), which plays a leading role in the development and production of solid and liquid rocket propulsion systems and related defense products and services. This segment also includes the Company's real estate business. The Fine Chemicals segment consists of the operations of Aerojet Fine Chemicals LLC (Fine Chemicals or AFC), which supplies special intermediates and active pharmaceutical ingredients primarily to commercial customers in the pharmaceuticals industry.

In January 2002, the Company became aware of certain potential accounting issues at two of its GDX Automotive manufacturing plants in North America. The Company promptly notified both its Audit Committee and its independent accountants. Under the direction and oversight of the Audit Committee and with

the assistance of outside legal advisors and accounting consultants, the Company conducted an inquiry into these and related accounting issues as well as a more complete evaluation of accounting practices and internal control processes throughout the Company. As a result of this process, due primarily to activities at one GDX Automotive manufacturing plant, the Company is, by means of this filing, restating its previously issued financial statements for the years ended November 30, 2000 and November 30, 1999. See also Note 2 in Notes to Consolidated Financial Statements in Part II, Item 8 of this report. Unaudited quarterly financial information for the year ended November 30, 2000 and the first three quarters of the year ended November 30, 2001, as shown in Note 12 in the Notes to Consolidated Financial Statements in Part II, Item 8 of this report, is also being restated by means of this filing.

The effect of the Company's revisions will be to reduce the Company's income from continuing operations and diluted earnings per share from continuing operations, respectively, from $55 million and $1.31 to $52 million and $1.23 for the year ended November 30, 2000 and from $46 million and $1.09 to $45 million and $1.07 for the year ended November 30, 1999. The effect of the revisions on the net income for the nine months ended August 31, 2001 was to reduce net income from $25 million to $22 million and decrease basic and diluted EPS from $0.59 to $0.52. The effect of the revisions on the Company's Consolidated Balance Sheets as of November 30, 2000 resulted in an increase in assets of $1 million and an increase in liabilities of $10 million and, as of November 30, 1999, assets were increased $2 million and liabilities increased $6 million. The balance of retained earnings as of December 1, 1998 decreased $5 million. The revisions primarily arise from the correction of (i) certain balance sheet and income statement items, which among other things, relate to the accounting for customer-owned tooling, inventories and recognition of liabilities at one of the Company's GDX Automotive manufacturing plants that the Company has determined were not properly recorded in the Company's books and records; and (ii) an oversight in collecting data for the calculation for certain postretirement benefit liabilities at one of GDX Automotive's non-U.S. facilities in the year ended November 30, 1996, with no material impact on fiscal years 1998 and 1997. At the direction of the Audit Committee of the GenCorp Board of Directors, the Company is in the process of implementing certain enhancements to its financial organization, systems and controls primarily at its GDX Automotive segment in response to issues raised by the restatement and identified by the Company's independent accountants as material weaknesses.

Unless otherwise expressly stated, all financial information in this Annual Report on Form 10-K is presented inclusive of these revisions.

In December 2001, the Company completed the reacquisition of a 40 percent ownership position in AFC from NextPharma Technologies USA Inc. (NextPharma) for approximately $25 million, including $13 million in cash and the return of GenCorp's interest in NextPharma's parent company. The acquisition agreement also contains a provision for a contingent payment of up to $12 million in the event of a disposition of AFC within

two years of the reacquisition. NextPharma acquired its 40 percent ownership position in AFC in June 2000. AFC is now once again a wholly-owned subsidiary of GenCorp and has reassumed responsibility for sales, marketing and customer interface activities previously performed by NextPharma. See "Results of Operations -- Fine Chemicals Segment" under Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in Part II, Item 7 of this report, for additional information related to a personal investment by GenCorp's Chairman and Chief Executive Officer, Robert A. Wolfe, in NextPharma's parent company, NextPharma Technologies S.A. See also Notes 1(a), 1(o), and 16 under Notes to Consolidated Financial Statements in Part II, Item 8 of this report for additional information related to this transaction.

In November 2001, Aerojet completed the sale of approximately 1,100 acres of property in Eastern Sacramento County, California, for $28 million. The property lies outside of the Aerojet federal Superfund site boundaries and is not a part of the approximately 2,600 acres of land that are expected to be carved out of the Superfund site designation under an agreement with federal and state government regulators (see discussion below). A $23 million pre-tax gain resulted from the land sale transaction. See also Note 11 in Notes to Consolidated Financial Statements in Part II, Item 8 of this report.

In October 2001, Aerojet completed the sale of its Electronic and Information Systems (EIS) business to Northrop Grumman Corporation (Northrop Grumman) for $315 million in cash, subject to certain working capital

adjustments as defined in the agreement. In December 2001, Northrop Grumman proposed significant adjustments which would require that Aerojet make a purchase price reduction of approximately $42 million. Aerojet disagrees with Northrop Grumman's proposed balance sheet adjustments on the basis that they are inconsistent with the Asset Purchase Agreement (APA). The proposed adjustments are subject to arbitration. Included in the sale were EIS operations in Azusa, California and in Boulder and Colorado Springs, Colorado. The EIS business employed 1,234 people at these locations. Following the sale, Aerojet retained pre-closing environmental liabilities for the EIS business, but continues to recover a portion of these environmental costs in accordance with its agreement with the U.S. Government. These recoveries will be made for a substantial number of years as provided in the APA and an advance agreement with the government.

In addition, Aerojet has provided $49 million in cash ($8 million of which was paid in fiscal 2002) and GenCorp has guaranteed another $25 million toward remediation of the United States Environmental Protection Agency's (EPA) Baldwin Park Operable Unit in the San Gabriel Valley where the EIS Azusa facility is located. The EIS business had revenues of approximately $398 million and pre-tax income of approximately $30 million for the period December 1, 2000 through October 19, 2001.

On September 25, 2001, the EPA filed with the United States District Court in Sacramento an agreement with Aerojet to modify a Partial Consent Decree (PCD) to carve out a significant quantity of land from the Aerojet Sacramento Superfund site designation. A public comment period has been completed. On March 1, 2002, the agencies filed the motion to approve the modification to the PCD carving out approximately 2,600 acres of land, and management expects the United States District Court to approve the modification in due course. See also Note 9(c) in Notes to Consolidated Financial Statements in Part II, Item 8 of this report.

In September 2001, in an effort to reduce annual corporate expenses, the Company announced a restructuring of its corporate headquarters. The restructuring was accomplished through a Voluntary Enhanced Retirement Program (VERP) and resulted in a pre-tax charge to expense of $10 million in the fourth quarter of fiscal year 2001. For additional information see "Executive Officers of the Registrant" at the end of Part I of this report.

During 2001, as part of a restructuring of its operations, GDX Automotive opened a new manufacturing facility in New Haven, Missouri and expanded its facility in St. Nicholas, France. During the same period it closed three of its manufacturing facilities in Marion, Indiana, Ballina, Ireland, and Gruchet, France, and consolidated portions of its manufacturing facilities in Chartres, France, and Viersen, Germany. A fourth facility in Berger, Missouri is scheduled to be closed in 2002. This restructuring has achieved headcount reductions of approximately 1,300 people, including temporary employees. During the fourth quarter of fiscal year 2001, the President of the GDX Automotive business unit left the Company, and the Company's Chief Operating Officer, Terry L. Hall, assumed that role on an interim basis.

In December 2000, the Company completed the acquisition of various companies comprising the Draftex International Car Body Seals Division of The Laird Group Public Limited Company (The Laird Group) in the United Kingdom (Draftex). Draftex recognized revenues of $437 million for the year ended December 29, 2000. The sales added by the Draftex acquisition are primarily outside the U.S. At the time of the acquisition, the Draftex business added 5,484 employees for total GDX Automotive employment in December 2000 of 10,584. The purchase price of the Draftex business was $215 million, including cash of $209 million and direct acquisition costs of $6 million. Certain adjustments to the purchase price were in dispute and were decided by an independent arbitrator in February 2002. However, there are further issues impacting the purchase price including the effect of the arbitrator's decision, which have yet to be resolved between the parties. Management believes that resolution of these issues will not have a material impact on the Company's results of operations, liquidity or financial condition. The acquisition included Draftex's Germany-based worldwide headquarters and International European Technical Center, and 11 manufacturing plants in Germany, France, Czech Republic, Spain, China and the U.S.

In October 1999, the Company completed a spin-off of its decorative & building products and performance chemicals businesses as a separate, publicly-traded company named OMNOVA Solutions Inc. (OMNOVA). The spin-off was approved by GenCorp shareholders at a special meeting on September 8, 1999 and

by GenCorp's Board of Directors on September 17, 1999. The Board of Directors declared a dividend of one share of OMNOVA common stock for each share of GenCorp common stock held on the September 27, 1999 record date. The dividend distribution was made on October 1, 1999. As a result of the spin-off, the Company moved its corporate headquarters from Fairlawn, Ohio to Sacramento, California.

The GDX Automotive business traces its origins to the manufacture of automotive window channels by General Tire & Rubber in the 1940's. In 1993, GDX Automotive acquired a minority interest in "Henniges," a German vehicle sealing manufacturer, and in 1994, increased its ownership interest to 100 percent. This acquisition bolstered GDX Automotive's product line and technological capabilities, and provided a geographic diversification into the European markets. The Draftex acquisition, completed in December 2000, further complements the Company's GDX Automotive vehicle sealing business.

Aerojet was founded in 1942 by Dr. Theodore von Karman and initially produced Jet Assist Take Off (JATO) rockets for military aircraft. General Tire & Rubber, GenCorp's predecessor, became Aerojet's major investor. In the 1950's and 1960's, Aerojet expanded its product line to include small launch vehicles and spacecraft propulsion. Ground systems, ordnance and certain weapons systems were also added to Aerojet's portfolio during this time period, but those products were sold to the Olin Corporation (ordnance) in 1994 and as part of the recent sale of the EIS business to Northrop Grumman in October 2001. Aerojet also expanded its product line to include pharmaceutical fine chemicals, which are now produced by AFC.

A number of design and development centers at GenCorp's businesses focus on specific areas and each plant has dedicated engineering services. Information relating to research and development expense is set forth in Note 1(j) in Notes to Consolidated Financial Statements and incorporated herein by reference.

The Company licenses technology and owns patents, which expire at various times, relating to its businesses. 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. Important trademarks of the Company are registered in its major marketing areas.

Although GenCorp's business is not seasonal in the traditional sense, Aerospace and Defense and Fine Chemicals revenues and earnings have tended to concentrate to some degree in the fourth quarter of each year reflecting delivery schedules associated with the mix of contracts in those businesses. The timing of production and certain contract deadlines can affect the reported results for a quarter. GDX Automotive 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 non-capital environmental expenditures incurred in 2001 and forecasted for 2002 for environmental

compliance is included under the heading Environmental Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) included in Part II, Item 7 of this report. Environmental and related legal matters are discussed in MD&A, which is included in Part II, Item 7 of this report, and in Notes 9(b) and 9(c) in Notes to Consolidated Financial Statements, incorporated herein by reference.

As of November 30, 2001, the Company employed 10,877 persons. GenCorp's principal executive offices are located at Highway 50 and Aerojet Road, Rancho Cordova, California 95670. The Company's mailing address is P.O. Box 537012, Sacramento, California 95853-7012. Its telephone number is (916) 355-4000. Financial information relating to the Company's business segments appears in MD&A included in Part II, Item 7 of this report and incorporated herein by reference.

Approximately 60 percent of the Company's employees are covered by collective bargaining or similar agreements. Of the covered employees,

approximately seven percent are covered by collective bargaining agreements that are due to expire within one year. A protracted work stoppage in the Company's facilities or those of a major automotive customer could adversely affect the Company's results of operation, liquidity or financial condition.

GDX AUTOMOTIVE

Revenues from the Company's GDX Automotive segment are derived principally from the development, manufacture and sale of highly-engineered, extruded and molded rubber and plastic products for vehicle bodies and window sealing for the original equipment automotive market. These products are designed to prevent air, moisture and noise from penetrating vehicle windows, doors and other openings. GDX Automotive's North American operations primarily produce extruded rubber profiles consisting of a roll-formed steel wire or steel frame surrounded by extruded rubber which is cured, cut and molded to meet customer specifications, with a focus on light trucks and sport utility vehicles (SUVs). GDX Automotive's European operations produce similar products for European automotive assemblers with a focus on the passenger car segment. In addition to vehicle sealing systems, GDX Automotive Europe designs and produces encapsulated glass and molded rubber parts, specializing in products that dampen and isolate vibrations, reduce noise and seal various automotive components.

As previously described, the Company completed in December 2000, the acquisition of the Draftex business from The Laird Group. The addition of the Draftex business has provided GDX Automotive with a substantially broadened and more diversified customer base and the global manufacturing presence necessary to serve customers around the world. The Company believes that GDX Automotive is now the largest producer of vehicle sealing systems in North America and the second largest producer worldwide.

In North America, the business is focused primarily on the production of components for light trucks such as General Motors' (GM) Silverado and S-10 pick-ups, Ford's F-Series and Ranger pick-ups; sports utility vehicles such as General Motors' Tahoe, Yukon and Blazer models and Ford's Explorer and Expedition models; and crossover vehicles such as Ford's Escape and Mazda's Tribute models as well as the BMW X-5. In Europe, the business focus is on the production of components for luxury vehicles such as Mercedes' C, E and S Classes, the BMW 3 and 5 Series, the Audi A4 and A6 models, the Ford Thunderbird, the Peugeot 206CC, and on higher volume smaller cars such as the Audi A2 and A3 models, the Volkswagen Golf and Passat models, the SEAT Polo, the Ford Focus, the Peugeot T-16 and the Skoda A-4. By focusing attention on these different vehicle segments in North America and Europe, GDX Automotive has become a primary sealing systems provider on 15 of the top 30 best-selling passenger, sports utility, crossover and light truck vehicles in the world.

During 2001, as part of a restructuring of its operations, GDX Automotive opened a new manufacturing facility in New Haven, Missouri and expanded its facility in St. Nicholas, France. During the same period it closed three of its manufacturing facilities in Marion, Indiana; Ballina, Ireland and Gruchet, France, and consolidated portions of its manufacturing facilities in Chartres, France, and Viersen, Germany. A fourth facility in Berger, Missouri is scheduled to be closed in 2002. This restructuring has achieved headcount reductions of approximately 1,300 people, including temporary employees. During the fourth quarter of fiscal year 2001, the President of the GDX Automotive business unit left the Company, and the Company's Chief Operating Officer, Terry L. Hall, assumed that role on an interim basis.

Automotive products are sold directly to original equipment manufacturer customers or their suppliers. Customers include the major domestic automobile manufacturers, the loss of one or more of which would have a material adverse effect on the Company's results of operations or financial condition. On a global basis, sales to GM and Ford in 2001 were approximately 17 percent and 13 percent, respectively, of the Company's net sales. GDX Automotive sales in 2001 were $259 million to GM and $188 million to Ford.

Competition in the vehicle sealing industry is based upon total customer value, a combination of technology, customer service, quality and price. Based on estimated sales, the worldwide vehicle sealing market was approximately $3.8 billion in 2001. Four companies, Cooper-Standard, GDX Automotive, BTR/Metzler, and Hutchinson, account for approximately three-quarters of the total market. Raw materials required by this segment are generally in good supply.

For additional information related to the Company's operating segments and

geographic areas of operation see Note 11 in Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

AEROSPACE AND DEFENSE

Revenues for the Company's Aerospace and Defense segment are derived principally from the development, manufacture and sale by Aerojet of propulsion systems for space and defense systems applications, and armament systems for precision tactical weapons systems and munitions for the government and commercial markets.

Most of Aerojet's sales are made directly or indirectly to agencies of the U.S. Government pursuant to contracts or subcontracts which are subject to termination for convenience (with compensation) by the U.S. Government in accordance with federal acquisition regulations. Raw materials required by this segment are generally in adequate supply.

Aerojet's direct and indirect sales to the U.S. Government and its agencies (principally the Department of Defense) were approximately $574 million in 2001, $481 million in 2000, and $519 million in 1999, including sales attributable to Aerojet's former EIS business. Comparable amounts excluding the EIS business were $176 million in 2001, $154 million in 2000 and $193 million in 1999.

As of November 30, 2001, Aerojet's contract and funded backlogs were approximately $603 million and $366 million, respectively. As of November 30, 2000, excluding programs that were part of the EIS business, contract and funded backlogs were $746 million and $383 million, respectively. The inability of a commercial customer to raise additional required funding accounted for a decrease of $146 million in contract backlog from 2000 to 2001.

The Aerospace and Defense segment also includes the activities of the Company's real estate business. See discussion below.

Electronic and Information Systems

As previously described, Aerojet completed in October 2001 the sale of its EIS business to Northrop Grumman. Included in the sale were EIS operations in Azusa, California and in Boulder and Colorado Springs, Colorado. With the sale, Aerojet has exited the ground systems and smart weapons businesses. The EIS business had revenues of approximately $398 million and pre-tax income of approximately $30 million for the period December 1, 2000 through October 19, 2001.

Space and Strategic Rocket Propulsion

Aerojet is a leading producer of both liquid and solid propulsion systems for launch vehicles and strategic systems. Customer applications include liquid engines for expendable and reusable launch vehicles, upper-stage engines, satellite propulsion, large solid boosters and integrated propulsion subsystems. During 2001, Aerojet was awarded research and development contracts for next-generation propulsion systems and technologies by the National Aeronautics and Space Administration (NASA), the U.S. Air Force and several prime contractors.

Significant programs include the Atlas V Solid Rocket Motor (SRM), Delta II upper stage and post-production support of Titan IV first and second stage liquid engines. NASA's Space Launch Initiative

(SLI) program may provide new opportunities for growth in this business area. During 2001, Aerojet, in a joint venture with the Pratt & Whitney Space Propulsion division of United Technology Corporation's Pratt & Whitney Space Propulsion business unit, was awarded a NASA contract worth $115 million, including options, for next generation liquid-hydrogen booster engine technology development. Other new Aerojet SLI contracts include work on advanced nozzle technology and a peroxide Reaction Control Engine.

Defense Propulsion and Armaments

Aerojet's defense propulsion and armaments business continues to focus on "smart" propulsion technology and value-added subsystem solutions. This strategy leverages Aerojet's strength in propulsive controls technology and engineering excellence and has direct application to the military's post-Cold War and Anti-Terrorism doctrine. A recent example is Aerojet's key role on the

Ground-Based Midcourse Interceptor program where it is providing critical control systems for multiple stages of the interceptor missile. Other examples include the application of Aerojet's explosively-formed penetrator technology on the U.S. Marine Corps' new shoulder-fired weapon system (Predator) now entering production and development of precision strike weapons to support the U.S Army's Future Combat System (FCS).

Aerojet provides the titanium forward boom for the F-22 fighter aircraft. This program, which is expected to remain in production for several years, utilizes Aerojet's capability to electron beam weld complex large-scale structures. In addition, Aerojet is a key contractor on the Joint Standoff Weapon (JSOW), Tubular Launched Optically Tracked Wire Guided (TOW) program and the Conventional Air Launched Cruise Missile (CALCM) where it provides the warhead section for these state of the art weapon systems now in production. Aerojet's significant expertise in solid rocket motors and related energetic material chemistry continues to improve its competitive position in the advanced missile propulsion and warhead markets.

Aerospace and Defense Competition

Competition, based upon price, technology, quality and service, is intense for all products and services in Aerojet's business and has increased with the continuing consolidation of the industry. 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. As discussed below, Aerojet believes it remains competitive in its markets. Raw materials required by this segment are generally in adequate supply.

Aerojet has concentrated its efforts over the past several years on obtaining contracts that provide a balance between technology development and long-term production, as well as between space and strategic rocket propulsion and defense propulsion and armament programs. Aerojet competes in both the space and strategic rocket propulsion and the defense propulsion and armaments business areas. In space and strategic rocket propulsion, cost and technical strength are the primary discriminators in the marketplace. Many products in the defense propulsion and armaments market areas tend to be commodities where cost is the primary discriminator; for this reason, Aerojet has focused on the high-value portion of these market areas where technology content and technical performance are predominant.

Major competitors in liquid propulsion include the Rocketdyne Propulsion and Power unit (Rocketdyne) of the Boeing Space and Communications business, the liquid propulsion operations of the Pratt & Whitney Space Propulsion business unit of United Technologies, and the TRW Propulsion Systems business unit of TRW's Aerospace and Information Systems sector. Major competitors in solid propulsion include Alliant TechSystems, Chemical Systems Division of Pratt & Whitney Space Propulsion and Sequa Corporation's Atlantic Research Corporation. There is a small number of other competitors in both the liquid and solid propulsion product areas.

Rocketdyne and Alliant TechSystems hold the largest shares of the liquid and solid propulsion markets, respectively, in part by virtue of their incumbent roles on NASA's Space Transportation System (Shuttle) program. Alliant TechSystems acquired this and other programs through the acquisition of the former Thiokol Propulsion business from Alcoa Corporation in 2001.

Aerojet believes it remains competitive in the propulsion market. Aerojet is successfully developing the world's largest monolithic, solid rocket booster for Lockheed's Atlas V launch vehicle. Aerojet has roles on various missile defense programs including both the Navy Theater Wide and Ground-Based Midcourse Interceptor systems. Also in 2001, through a competitive bidding process, Aerojet was successful in capturing a significant liquid engine development contract from NASA as a part of the Space Launch Initiative. In addition, Aerojet maintains a development role on the Integrated System Test of Air-breathing Rocket (ISTAR) Hypersonic Propulsion Consortium along with Pratt & Whitney Space Propulsion and Rocketdyne. Aerojet also continues its sole source position on the mature Titan IV, Delta II and HAWK programs.

Aerojet's competitive position is enhanced by the diversity of its technologies and product lines. It is the only company in the propulsion industry capable of designing, developing and manufacturing both large and small

liquid and solid rocket propulsion systems and components at a single operating site. These propulsion capabilities are augmented by highly energetic warhead technologies tested at a remote off-site location. Aerojet is regarded as an industry leader in the development and manufacture of explosively-formed projectiles and penetrators.

Aerojet is also competing in a variety of new development and advanced programs related to defense and space applications, including spacecraft, 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.

Real Estate

In addition to providing centralized oversight of the Company's worldwide real estate portfolio, the Company's real estate business is also responsible for strategic repositioning, development and sale of lands and facilities which are not needed for continuing core business operations. The primary focus of the lease and sale activities is the Aerojet Sacramento site which occupies more than 12,000 acres, approximately 5,000 of which are available for future development including approximately 2,600 acres that are expected to be carved out of the Aerojet Sacramento Superfund designation (see discussion above and in Note 9(c) under Notes to Consolidated Financial Statements included in Part II, Item 8 of this report). Much of this property is located along a major highway corridor and is zoned for multiple uses, including office, commercial and light industrial. Additional lands are being rezoned for residential uses.

As previously discussed, Aerojet completed the sale of approximately 1,100 acres of property in Eastern Sacramento County, California, for $28 million in November 2001. A $23 million pre-tax gain resulted from the land sale transaction. For fiscal year 2001, revenues attributable to the Company's real estate business were $36 million and pre-tax profits were $26 million compared to revenues of $6 million and pre-tax profits of $2 million in fiscal year 2000.

For additional information related to the Company's operating segments and geographic areas of operation see Note 11 in Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

FINE CHEMICALS

AFC's revenues are derived from the production of difficult to manufacture chemicals that are sold to pharmaceutical manufacturers for use in therapeutic products with applications in areas such as oncology, anti-viral, arthritis, AIDS, neurology and anti-inflammatory treatments. AFC leverages key technologies developed and refined by Aerojet through years of defense contracting. Management believes that AFC's position in this market is derived from its distinctive competencies in handling high energy and toxic chemicals, implementing commercial standards and practices and operating under current Good Manufacturing Practices (cGMP).

The markets addressed by AFC reflect a trend in the pharmaceuticals industry toward greater outsourcing of the development and manufacture of pharmaceutical chemicals. Further, major pharmaceutical companies are increasingly relying upon suppliers, such as AFC, that possess more integrated capabilities and are able to scale-up and rapidly respond to delivery requirements. AFC's sales are derived primarily from commercial customers in the pharmaceuticals industry and biotechnology firms.

AFC competes in a very fragmented business area. The total market for the custom manufacture of bulk chemicals for the pharmaceutical industry is estimated at approximately $10 billion. The largest manufacturer has an eight percent market share, 12 companies have a two percent market share and over 53 percent of the revenues are shared by companies, such as AFC, with less than a one percent market share. The business area has a service component as well as a manufacturing component. Once validated on a particular product line, the work tends to be very stable. Approvals and applications to the U.S. Food and Drug Administration often require the chemical contractor to be named. Therefore, the costs of switching contractors can be high. The key performance measurement is on-time delivery. Quality is paramount and is mandated by strict regulatory requirements. AFC competes in several market niche areas, which are all technology driven. AFC has a particular strength in the hazardous chemistry area, an area in which AFC has a limited number of competitors. AFC is the sole

supplier at the present time on a number of oncology products that involve handling highly toxic compounds. A majority of AFC's revenues are derived from contracts with a small number of customers, the loss of any one of which could have a material adverse effect on the segment's results of operations.

In December 2001, the Company completed the reacquisition of a 40 percent ownership position in AFC from NextPharma for approximately $13 million in cash and the return of GenCorp's interest in NextPharma's parent company. The acquisition agreement also contains a provision for a contingent payment of up to $12 million in the event of a disposition of AFC within two years of the reacquisition. NextPharma acquired its 40 percent ownership position in AFC in June 2000. AFC is now once again a wholly-owned subsidiary of GenCorp and has reassumed responsibility for sales, marketing and customer interface activities previously performed by NextPharma. See "Results of Operations -- Fine Chemicals Segment" under MD&A in Part II, Item 7 of this report, for additional information related to a personal investment by GenCorp's Chairman and Chief Executive Officer, Robert A. Wolfe, in NextPharma's parent company, NextPharma Technologies S.A. See also Notes 1(a), 1(o) and 16 under Notes to Consolidated Financial Statements in Part II, Item 8 of this report for additional information related to this transaction. Another significant event was the completion in November 2001 of a restructuring and "right-sizing" of the AFC workforce to increase operational efficiency and reduce its overhead costs to a level commensurate with its current volume levels. During 2001, AFC reduced its workforce by almost 100 positions or approximately 40 percent of its total workforce.

For additional information related to the Company's operating segments and geographic areas of operation see Note 11 in Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

ITEM 2. PROPERTIES

Significant operating, manufacturing, research, design and/or marketing facilities of the Company are set forth below.

FACILITIES

CORPORATE HEADQUARTERS
GenCorp Inc.
Highway 50 and Aerojet Road
Rancho Cordova, California 95670
Mailing address:
P.O. Box 537012
Sacramento, California 95853-7012

MANUFACTURING/RESEARCH/DESIGN/MARKETING LOCATIONS

GDX AUTOMOTIVE		
World Headquarters: 34975 West 12 Mile Road Farmington Hills, MI 48331	Manufacturing Facilities: Batesville, AR Beijing, China* New Haven, MO* Chartres, France Corvol, France Grefrath, Germany	Sales/Marketing/Design and Engineering Facilities: Farmington Hills, MI* Moenchengladbach, Germany* Rehburg, Germany Wabash, IN
European Headquarters: Erkelenzer Strasse 50 41179 Moenchengladbach Germany	St. Nicholas, France Odry, Czech Republic* Palau, Spain Pribor, Czech Republic* Rehburg, Germany Salisbury, NC Valls, Spain Viersen, Germany Wabash, IN Welland, Ontario, Canada	
AEROSPACE AND DEFENSE		
Aerojet-General Corporation P.O. Box 13222 Sacramento, CA 95813-6000 916/355-1000	Design/Manufacturing Facilities: Jonesborough, TN Sacramento, CA Socorro, NM*	Marketing/Sales Offices: Huntsville, AL* Tokyo, Japan* Washington, DC*
FINE CHEMICALS		
Aerojet Fine Chemicals LLC	Process Development/	Marketing/Sales

P.O. Box 1718	Manufacturing Facilities:	Offices:
Rancho Cordova, CA 95741	Sacramento, CA	Sacramento, CA
916/355-1000		

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* An asterisk next to a facility listed above indicates that it is a leased property.

In addition, the Company and its businesses own and lease properties (primarily machinery, warehouse and office facilities) in various locations for use in the ordinary course of its business. Information appearing in Note 9(a) in Notes to Consolidated Financial Statements is incorporated herein by reference.

During 2001, the Company undertook various restructuring actions that included closing several manufacturing facilities. See MD&A in Part II, Item 7 of this report for additional information.

ITEM 3. LEGAL PROCEEDINGS

Information concerning legal proceedings, including proceedings relating to environmental matters, which appears in Notes 9(b) and 9(c) in Notes to Consolidated Financial Statements, is incorporated herein by reference.

A. TABLE OF TOXIC TORT LEGAL PROCEEDINGS
(*footnotes are listed following the table)

NAME OF COURT/DATE INSTITUTED/PLAINTIFFS/FACTUAL BASES	RELIEF SOUGHT*	CURRENT STATUS*
Adams, Daphne et al. v. Aerojet-General Corporation (AGC), et al., Case No. 98AS01025, Sacramento County Superior Court, served 4/30/98 Plaintiffs are residents (approximately 77) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the two defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
+Adams, Robert G., et al. v. AGC, et al., Case No. BC230185, Los Angeles County Superior Court, served 7/26/00 Plaintiffs are residents (approximately 45) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the local water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
+Adler, et al. v. Southern California Water Company, et al., Case No. BC169892, Los Angeles County Superior Court, served 4/27/98 Plaintiffs are residents (approximately 155) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by one defendant water purveyor as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
Allen, et al. v. AGC, et al., Case No. 97AS06295, Sacramento County Superior Court, served 1/14/98 Plaintiffs are residents (approximately 423) residing in	1	2

the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the two defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.		
+Alexander, et al. v. Suburban Water Systems, et al., Case No. KC031130, Los Angeles County Superior Court, served 6/22/00 Plaintiffs are residents (approximately 225) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the eight defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2

(table continued on following page)

A. TABLE OF TOXIC TORT LEGAL PROCEEDINGS (CONTINUED)
(*footnotes are listed following the table)

NAME OF COURT/DATE INSTITUTED/PLAINTIFFS/FACTUAL BASES	RELIEF SOUGHT*	CURRENT STATUS*
+Alvarado, et al. v. Suburban Water Systems, et al., Case No. KC034953, Los Angeles County Superior Court, served 5/7/01 Plaintiffs are residents (approximately four) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the three defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
American States Water Company, et al. v. AGC, et al., Case No. 99AS05949, Sacramento County Superior Court, served 10/27/99 Plaintiffs are water purveyors operating in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege they extract and serve groundwater that defendants contaminated requiring replacement wells, higher operating costs, and defense of toxic tort suits.	5	6
+Anderson, Anthony et al. v. Suburban Water Systems, et al., Case No. KC02854, Los Angeles County Superior Court, served 11/23/98 Plaintiffs are residents (approximately 183) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the seven defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
Austin, et al. v. Stringfellow, et al., Case No. 312339, Riverside County Superior Court, served 10/6/98 Plaintiffs are residents (approximately 140) residing in the vicinity of a former hazardous waste disposal facility. Factual Bases: Plaintiffs allege that 85 industrial defendants shipped wastes to the facility, which contaminated the groundwater which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2

Baier, et al. v. AGC, et al., Case No. EDCV 00 618 VAP (RNBx), U. S. District Court, Central District, CA, served 6/29/00 Plaintiffs are private homeowners (approximately 58) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that the four defendants dumped, deposited, and released chemicals and other toxic waste materials that have affected the surrounding community.	3	4
+Boswell, et al. v. Suburban Water Systems, et al., Case No. KC027318, Los Angeles County Superior Court, served 4/28/98 Plaintiffs are residents (approximately 14) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by one defendant water purveyor as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2

(table continued on following page)

A. TABLE OF TOXIC TORT LEGAL PROCEEDINGS (CONTINUED)
(*footnotes are listed following the table)

NAME OF COURT/DATE INSTITUTED/PLAINTIFFS/FACTUAL BASES	RELIEF SOUGHT*	CURRENT STATUS*
+Bowers, et al. v. Aerojet-General Corporation, et al., Case No. BC250817, Los Angeles County Superior Court, served 7/17/01 Plaintiffs are residents (approximately 26) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the local water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
+Brooks, et al. v. Suburban Water Systems et al., Case No. KC032915, Los Angeles County Superior Court, served 10/17/00 Plaintiffs are residents (approximately ten) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the eight defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
+California Domestic Water Co. v. Aerojet-General, et al., Case Nos. 01-18449 and 01-8871, U. S. District Court, Central District, CA, filed 9/28/01 but not yet served Plaintiffs are water purveyors operating in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege they extract and serve groundwater that defendants contaminated requiring replacement wells, higher operating costs, and defense of toxic tort suits.	5	6
+Celi, et al. v. San Gabriel Valley Water Company, et al., Case No. GC020622, Los Angeles County Superior Court, served 4/28/98 Plaintiffs are residents (approximately 40) residing in the vicinity of defendants' manufacturing facilities.	1	2

Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by one defendant water purveyor as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.		
+Criner, et al. v. San Gabriel Valley Water Company, et al., Case No. GC021658, Los Angeles County Superior Court, served 9/16/98 Plaintiffs are residents (approximately three) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by one defendant water purveyor as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2

(table continued on following page)

A. TABLE OF TOXIC TORT LEGAL PROCEEDINGS (CONTINUED)
(*footnotes are listed following the table)

NAME OF COURT/DATE INSTITUTED/PLAINTIFFS/FACTUAL BASES	RELIEF SOUGHT*	CURRENT STATUS*
+Demciuc, et al. v. Suburban Water Systems, et al., Case No. KC028732, Los Angeles County Superior Court, served 9/16/98 Plaintiffs are residents (approximately 11) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the four defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
+Dominguez, et al. v. Southern California Water Company, et al., Case No. GC021657, Los Angeles County Superior Court, served 9/16/98 Plaintiffs are residents (approximately 12) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the two defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
Kerr, et al. v. Aerojet, Case No. EDCV 01-19 VAP (SGLx), U. S. District Court, Central District, CA, served 12/14/00 Plaintiffs are private homeowners (approximately four) residing in the vicinity of defendant's manufacturing facilities. Factual Bases: Plaintiffs allege that Aerojet dumped, deposited, and released chemicals and other toxic waste materials that have affected the surrounding community.	3	4
Pennington v. AGC, et al., Case No. OOAS02622, Sacramento County Superior Court, served 6/19/00 Plaintiff is a resident residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiff alleges that industrial defendants contaminated groundwater provided by the two defendant water purveyors as drinking water which plaintiff ingested and that such ingestion has caused illness, death, and economic injury.	1	2
+San Gabriel Basin Water Quality Authority v. AGC, et al.,	5	6

(La Puente), Case No. 00-03579 ABC (RCx), U. S. District Court, Central District, CA, served 4/18/00
Plaintiffs are water purveyors operating in the vicinity of defendants' manufacturing facilities.
Factual Bases: Plaintiffs allege they extract and serve groundwater that defendants contaminated requiring replacement wells, higher operating costs, and defense of toxic tort suits.

(table continued on following page)

A. TABLE OF TOXIC TORT LEGAL PROCEEDINGS (CONTINUED)
(*footnotes are listed following the table)

NAME OF COURT/DATE INSTITUTED/PLAINTIFFS/FACTUAL BASES	RELIEF SOUGHT*	CURRENT STATUS*
+San Gabriel Basin Water Quality Authority v. AGC, et al., (Big Dalton), Case No. 00-07042, U. S. District Court, Central District, CA, served 9/21/00 Plaintiffs are water purveyors operating in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege they extract and serve groundwater that defendants contaminated requiring replacement wells, higher operating costs, and defense of toxic tort suits.	5	6
+Santamaria, et al. v. Suburban Water Systems, et al., Case No. KC025995, Los Angeles County Superior Court, served 2/24/98 Plaintiffs are residents (approximately 300) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that industrial defendants contaminated groundwater provided by the seven defendant water purveyors as drinking water which plaintiffs ingested and that such ingestion has caused illness, death, and economic injury.	1	2
Taylor, et al. v. AGC, et al., Case No. EDCV 01-106 VAP (RNBx), U. S. District Court, Central District, CA, served 1/31/01 Plaintiffs are private homeowners (approximately 18) residing in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege that the four defendants dumped, deposited, and released chemicals and other toxic waste materials that have affected the surrounding community.	3	4
+Upper San Gabriel Valley Municipal Water District v. AGC, Case No. 00-05284, NM (BQRx), U. S. District Court, Central District, CA, served 5/19/00 Plaintiffs are water purveyors operating in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege they extract and serve groundwater that defendants contaminated requiring replacement wells, higher operating costs, and defense of toxic tort suits.	5	6
+Valley County Water District v. AGC, Case No. 00-10803, NM (RZx), U. S. District Court, Central District, CA, served 10/12/00 Plaintiffs are water purveyors operating in the vicinity of defendants' manufacturing facilities. Factual Bases: Plaintiffs allege they extract and serve groundwater that defendants contaminated requiring replacement wells, higher operating costs, and defense of toxic tort suits.	5	6

(table continued on following page)

B. TABLE OF VINYL CHLORIDE LEGAL PROCEEDINGS
(*footnotes are listed following the table)

NAME OF COURT/DATE INSTITUTED/PLAINTIFFS/FACTUAL BASES	RELIEF SOUGHT*	CURRENT STATUS*
Bland, et al. v. Air Products & Chemical, Inc., et al., Case No. D-0160599, Jefferson County District Court, TX, served 3/22/99 Plaintiffs' decedent contracted a rare form of liver cancer which has been linked to exposure to Vinyl Chloride (VC), a building block chemical for the plastic polyvinyl chloride (PVC). Factual Bases: Plaintiffs claim that their decedent contracted liver cancer through exposure to aerosol spray products when VC was allegedly used as a propellant in the 1960's. The claims against GenCorp relate to an alleged civil conspiracy among the manufacturers or users of VC to suppress information about its carcinogenic risks.	9	10
Bogner, et al. v. Airco, et al., Case No. 01L1343, Madison County Circuit Court, Peoria, IL, served 9/6/01 Plaintiff is a former worker at a PVC manufacturing facility. Factual Bases: Plaintiff alleges exposure to VC caused cancer. The claims against GenCorp relate to an alleged civil conspiracy among the manufacturers and users of VC to suppress information about its carcinogenic risks.	9	10
Taylor, et ux. v. Airco, et al., Case No. CA-02-30014-KPN, U.S. District Court, D. Mass., served 2/8/02 Plaintiff is a former worker at a Monsanto PVC manufacturing facility. Factual Bases: Plaintiff alleges exposure to VC caused cancer. The claims against GenCorp relate to an alleged civil conspiracy among the manufacturers and users of VC to suppress information about its carcinogenic risks.	9	10
Valentine, et al., v. PPG of Ohio, Inc., et al., Case No. 2001 CI 121, Pickaway County C.P. Court, OH, served 5/31/01 Plaintiff is a former worker at a PVC manufacturing facility. Factual Bases: Plaintiff alleges exposure to VC caused cancer. The claims against GenCorp relate to an alleged civil conspiracy among the manufacturers and users of VC to suppress information about its carcinogenic risks.	9	10
Zerby v. Allied Signal Inc., et al., Case No. 00C-07-68FSS, Newcastle County Superior Court, Delaware, served 7/20/00 Plaintiff is a former worker at a PVC manufacturing facility. Factual Bases: Plaintiff alleges exposure to VC caused cancer. The claims against GenCorp relate to an alleged civil conspiracy among the manufacturers and users of VC to suppress information about its carcinogenic risks.	9	10

(table continued on following page)

C. TABLE OF OTHER LEGAL PROCEEDINGS
(*footnotes are listed following the table)

NAME OF COURT/DATE INSTITUTED/PLAINTIFFS/FACTUAL BASES	RELIEF SOUGHT*	CURRENT STATUS*
McDonnell Douglas Corp. v. AGC, Case No. CIV-01-2245, U.S. District Court, E.D. CA, served 12/17/01 Plaintiff is a co-respondent with Aerojet to state environmental orders relating to a former rocket motor test facility Plaintiff operated. The orders also apply to offsite groundwater contamination. Factual Bases: Plaintiff alleges Aerojet refuses to pay 50 percent of the costs required to comply with the state orders in breach of a 1999 settlement agreement between the parties. The costs relate to groundwater remediation expenses at a site downgradient of the test facility.	13	14
Olin, Inc. v. GenCorp, Inc., Case No. 5:93CV2269, U.S. District Court, N.D. Ohio, filed 10/25/93 Plaintiff was the operator of a former chemical manufacturing facility which has required substantial Superfund remediation. Factual Bases: Plaintiff alleges GenCorp is jointly and severally liable for remediation costs estimated at $70 million due to contractual and operational activities and land ownership by GenCorp.	15	16
TNS, Inc. v. NLRB, et al., Case Nos. 99-6397 and 00-5433, U.S. Court of Appeals, 6th Circuit, filed 10/13/99 Plaintiff: The NLRB has filed an action on behalf of strikers represented by the former Oil, Chemical and Atomic Workers Union (now PACE) at the Aerojet Ordnance Tennessee, Inc. (AOT) facility which manufactured ordnance containing depleted uranium. Factual Bases: The National Labor Relations Board (NLRB) alleges that AOT committed various unfair labor practices by permanently replacing strikers who ostensibly struck in 1981 over unsafe working conditions.	11	12
Wotus, et al. v. GenCorp Inc., et al., Case No. 5:00-CV-2604, U.S. District Court, N.D. Ohio, served 10/12/00 Plaintiffs are four hourly retirees who seek class-wide rescission of GenCorp Retiree Medical Plan and reinstatement of prior plan. Factual Bases: Plaintiffs allege GenCorp's adoption of new plan constitutes a breach of contract, breach of fiduciary duty, violation of the Employee Retirement Income Security Act (ERISA) and promissory estoppel.	7	8

(footnotes on following page)

(footnotes relate to table on preceding page)

1. Relief Sought: Plaintiffs seek judgment against defendants for unspecified general, special and punitive damages, diminution in value of plaintiffs' real property, medical monitoring, a constructive trust against defendants' properties to pay for plaintiffs' injuries, an order compelling defendants to disgorge profits acquired through unlawful business practices, and injunctive relief.

2. Current Status: These cases are stayed pending California Public Utilities Commission (PUC) investigation. The California Supreme Court allowed an appeal and issued its ruling on February 4, 2002, which found the stays

should be rescinded as to non-PUC regulated defendants. PUC regulated defendants could be sued if the supplied drinking water violated state or federal standards. Assuming the Court does not reconsider its ruling, the stays in these cases will be rescinded and discovery will commence in March or April, 2002. The Austin case has not been stayed and is in discovery.

3. Relief Sought: Plaintiffs seek judgment against defendants for unspecified general, special and punitive damages, and diminution in value of plaintiffs' property.

4. Current Status: These cases are beginning discovery in early 2002.

5. Relief Sought: Plaintiffs seek judgment against defendants for unspecified general, special damages, and injunctive relief.

6. Current Status: The Los Angeles area cases are expected to be resolved if a Definitive Agreement is reached in the Baldwin Park Operable Unit matter. The Sacramento case is proceeding with trial expected in the fall of 2002.

7. Relief Sought: Plaintiffs seek to reinstate benefits of prior GenCorp Hourly Retiree Medical Plan.

8. Current Status: The Court has ordered the parties to mediate, which is ongoing.

9. Relief Sought: Plaintiff seeks monetary damages and punitive damages for personal injury based on negligence, fraud, strict liability and conspiracy grounds.

10. Current Status: Discovery pending; comprehensive motion to dismiss to be filed, or is pending.

11. Relief Sought: Plaintiff seeks reinstatement of all strikers and back pay with interest (since 1981).

12. Current Status: The NLRB, in a split decision, held that unsafe working conditions existed, and therefore, the strike constituted an unfair labor practice, entitling the strikers to reinstatement with back pay and interest. TNS appealed the ruling to the U.S. Court of Appeals, 6th Circuit, and oral argument was held in September 2001. A ruling is expected in the near future.

13. Relief Sought: Plaintiff seeks declaratory relief and specific performance requiring Aerojet to pay 50 percent of the remediation expenses.

14. Current Status: Aerojet disputes plaintiff's allegations and believes plaintiff is itself in breach of the 1999 settlement agreement which resolved litigation brought by Aerojet against plaintiff. Aerojet plans a vigorous defense.

15. Relief Sought: Plaintiff seeks a declaratory judgment from the Court and an award of damages plus interest.

16. Current Status: Court has found GenCorp 30 -- 40 percent liable for total remediation costs. A decision on allowability of submitted costs is expected in 2002. GenCorp expects to appeal finding of liability when a final judgment is rendered.

+ Designates Baldwin Park Operable Unit (BPOU) related litigation.

Additional information related to certain of the proceedings listed above is contained in Notes 9(b) and 9(c) in Notes to Consolidated Financial Statements contained in Part II, Item 8 of this report and incorporated herein by reference.

In connection with the restatement of the Company's Consolidated Financial Statements discussed in Item 1 above, the Company contacted the Securities and Exchange Commission and intends to cooperate in any inquiry relating to the restatement.

While there can be no certainty regarding the outcome of any litigation, in the opinion of management, after reviewing the information currently available with respect to the matters discussed above and consulting with the Company's counsel, the Company believes that any liability that may ultimately be incurred

will not materially

affect the consolidated financial condition of the Company. The effect of resolution of these matters on the Company's financial condition and results of operations cannot be predicted because any such effect depends on future results of operations, the Company's liquidity position and available financial resources, and the amount and timing of the resolution of any such matter. In addition, it is possible that amounts incurred could be significant in any particular reporting period.

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 and lawsuits may result; possible consequences may include civil and criminal fines and penalties, and in some cases, double or treble damages, and suspension or debarment from future government contracting. Aerojet currently is not aware that it is the subject of any U.S. government investigations. If such an investigation were to occur, legal or administrative proceedings could result.

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, 2001.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following information is given as of February 11, 2002, and except as otherwise indicated, each individual has held the same office during the preceding five-year period.

Robert A. Wolfe, age 63: Chairman, Chief Executive Officer and President of the Company (since October 1999); formerly Vice President of the Company and President of Aerojet (from September 1997 to October 1999); previously Executive Vice President of the Pratt & Whitney Group, a division of United Technologies (during 1997), President, Pratt & Whitney Aircraft's Large Commercial Engines business (from 1994 to 1997), and Senior Vice President, Pratt & Whitney's Commercial Engine Management for Latin and North America (from 1992 to 1994). Mr. Wolfe has executed an Employment Retention Agreement dated November 30, 2001, a copy of which is attached as Exhibit 10.9 to this report.

Robert C. Anderson, age 52: Vice President and Deputy General Counsel; Assistant Secretary (since October 1999); formerly Vice President, Law of Aerojet (from September 1996 to October 1999); previously, Counsel, General Electric Aircraft Engines (from June 1986 to September 1996), and Senior Counsel (from 1985 to 1986) and Counsel (from 1978 to 1985) for TRW Inc. Mr. Anderson has elected to retire under the 2001 GenCorp Voluntary Enhanced Retirement Program (VERP) and will be placed on salary continuation status effective April 1, 2002 (at which time he will no longer be an officer of the Company) with a designated retirement date of September 30, 2003.

Joseph Carleone, age 56: Vice President of the Company and President of Aerojet Fine Chemicals LLC (since September 2000); formerly Vice President and General Manager, Remote Sensing Systems and Vice President, Operations at Aerojet (from 1999 to 2000); previously Vice President, Operations (from 1997 to 2000), Vice President, Tactical Product Sector (from 1994 to 1997), and Vice President, Armament Systems; Director, Warhead Systems and Chief Scientist, Warheads (from 1982 to 1994).

Chris W. Conley, age 43: Vice President, Environmental, Health & Safety (since October 1999); formerly Director Environmental, Health & Safety (from March 1996 to October 1999); previously Environmental Consultant (from 1994 to 1996), Manager, Environmental for GenCorp Automotive (from 1990 to 1994), and various environmental management positions at Aerojet Ordnance Tennessee (from 1982 to 1990).

Linda B. Cutler, age 48: Vice President, Communications (as of March 11, 2002); formerly, Strategic Market Manager, Telecommunications and Video Services of Output Technology Solutions (from September 2000 to March 2002), and Vice President, Marketing and Corporate Communications of Output Technology Solutions (from January 2000 to September 2000); previously Vice President, Investor Relations and Corporate Communications of USCS International (from April 1996 to December 1999).

Terry L. Hall, age 48: Senior Vice President and Chief Operating Officer of the Company (since September 2001); formerly Senior Vice President and Chief Financial Officer of the Company (from March 2001 to September 2001); previously Senior Vice President and Chief Financial Officer and Treasurer of the Company (from October 1999 to March 2001); on special assignment as Chief Financial Officer of Aerojet (from May 1999 to October 1999), Senior Vice President and Chief Financial Officer of US Airways Group, Inc. (during 1998), Chief Financial Officer of Apogee Enterprise Inc. (from 1995 to 1997), Chief Financial Officer of Tyco International Ltd. (from 1994 to 1995), Vice President and Treasurer of UAL Corp. (from 1990 to 1993) and President/General Manager of Northwest Aircraft Inc. (from 1986 to 1990).

Samuel W. Harmon, age 51: Senior Vice President, Administration (from October 1999 until December 2001); formerly Senior Vice President, Human Resources (from February 1996 to October 1999) and Vice President, Human Resources (from October 1995 until February 1996); previously Vice President, Human Resources, AlliedSignal, Inc., for its European operations (from 1995 to February 1996) and for its Automotive Sector (from 1993 to 1995). Mr. Harmon has elected to retire under the VERP effective December 1, 2001 and has been placed on salary continuation status with a designated retirement date of November 30, 2003. He is no longer an officer of the Company.

Michael F. Martin, age 55: Vice President of the Company and President of Aerojet (since October 2001); formerly Acting President of Aerojet (from April 2001 to October 2001) and Vice President and Controller of GenCorp (from October 1999 to April 2001); previously Vice President and Controller of Aerojet (from September 1993 to October 1999), and Controller of Aerojet's ElectroSystems Division (from 1991 to 1993).

Thomas E. Peoples, age 53: Senior Vice President, International and Washington Operations (from October 1999 until December 2001); formerly Vice President, International and Washington Operations for Aerojet (from August 1996 to October 1999); Vice President, Strategic Business Development for Aerojet (from July 1994 to August 1996). Vice President of Business Development for Aerojet's Electronics Division (from February 1994 to July 1994), Director of Business Development for Aerojet's Tactical Systems and Advanced Programs (from May 1992 to July 1994) and Manager of Business Development for Raytheon's Smart Munitions Programs (from March 1987 to April 1992). Mr. Peoples has elected to retire under the VERP effective December 1, 2001 and has been placed on salary continuation status with a designated retirement date of May 31, 2003. He is no longer an officer of the Company.

William R. Phillips, age 59: Senior Vice President, Law; General Counsel (since September 1996) and Secretary (since October 1999); formerly Vice President, Law of Aerojet (from 1990 to 1996); previously General Counsel, Group Counsel and Manager Legal Operations, General Electric Aircraft Engines (from 1986 to 1989). Mr. Phillips has elected to retire under the VERP and will be placed on salary continuation status effective December 1, 2002 (at which time he will no longer be an officer of the Company) with a designated retirement date of November 30, 2004.

William J. Purdy, Jr. age 57: Vice President of the Company and President, Real Estate (as of March 15, 2002); formerly, Managing Director, Development of Transwestern Development Company (from January 1997 to March 2002); previously Chief Financial Officer of American Health Care Providers Inc. (from April 1996 to January 1997) and President and Chief Executive Officer of Metropolitan Structures (from December 1992 to December 1995).

Charles G. Salter, age 52: Vice President of Compensation and Benefits of the Company (from April 2000 until December 2001); formerly Corporate Vice President, Benefits for AutoNation (from 1998 to 2000); previously Director/Employee Benefits of Allied Signal Aerospace (from 1995 to 1998), corporate Director, Human Resource Policies & Practices and Director, Employee

Benefits, as well as other management positions within GenCorp (from 1978 to 1995). Mr. Salter has elected to retire under the VERP effective January 1, 2002 and has been placed on salary continuation status with a designated retirement date of June 30, 2003. He is no longer an officer of the Company.

Yasmin R. Seyal, age 44: Senior Vice President, Finance; Acting Chief Financial Officer of the Company and Treasurer of the Company (since September 2001); formerly Treasurer of the Company (from July 2000 to September 2001); previously Assistant Treasurer and Director of Tax of the Company (from April 2000 to July 2000), Director of Treasury and Taxes of the Company (from October 1999 to April 2000), Director of Taxes

as well as other management positions within Aerojet (from 1989 to April 1999), Manager with Price Waterhouse LLP (from 1982 to 1989).

Rosemary Younts, age 46: Senior Vice President, Communications (since February 1996); formerly Vice President, Communications (from January 1995 to February 1996); previously Director of Communications (from 1993 to 1995) and held various communications positions with Aerojet (from 1984 to 1993). Ms. Younts has elected to retire under the VERP and will be placed on salary continuation status effective April 1, 2002 (at which time she will no longer be an officer of the Company) with a designated retirement date of March 31, 2004.

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

Of the 25 GenCorp headquarters employees eligible to retire under the VERP, 18 employees accepted the offer, including six of the executive officers of the Company listed in Part I of this report. The Company has hired a replacement for Ms. Younts and is actively recruiting a replacement for Mr. Phillips. The Company does not anticipate replacing the other executive officers that accepted the VERP offer. Enhanced retirement benefits for the officers and former officers referenced above will be paid under the non-qualified 2001 Supplemental Retirement Plan For GenCorp Executives which incorporates the items and conditions of the VERP and is filed as Exhibit 10.29 to this report.

PART II

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

The Company's common stock, $0.10 par value (Common Stock) is listed on the New York and Chicago Stock Exchanges. As of February 11, 2002, there were 11,759 holders of record of the Company's Common Stock. During the first three quarters of 1999, the Company paid quarterly cash dividends of $0.15 per share. During each quarter in 2001 and 2000 and the fourth quarter of 1999, following the spin-off of OMNOVA, the Company paid a quarterly cash dividend on its Common Stock of $0.03 per share. Information concerning long-term debt, including material restrictions relating to payment of dividends on the Company's Common Stock appears in Part II, Item 7 under the caption "Liquidity and Capital Resources" and at Note 7 in Notes to Consolidated Financial Statements and is incorporated herein by reference.

The high and low sales prices of the Company's Common Stock as reported on the New York Stock Exchange Composite Tape were:

	PERIOD	HIGH	LOW
2001	Fourth quarter	$13.10	$10.95
	Third quarter	$14.20	$11.65
	Second quarter	$12.45	$10.06
	First quarter	$12.50	$ 7.81
2000	Fourth quarter	$ 9.56	$ 7.31
	Third quarter	$ 9.94	$ 6.88
	Second quarter	$10.56	$ 6.94
	First quarter	$11.00	$ 6.75

ITEM 6. SELECTED FINANCIAL DATA

As described in Item 1, the Company has restated its previously issued financial statements for the years ended November 30, 2000 and November 30, 1999. See Note 2 in Notes to Consolidated Financial Statements for further information regarding the restatement (dollars in millions, except per share amounts).

	2001	2000 RESTATED	1999 RESTATED	1998	1997
Net sales					
GDX Automotive (1)	$ 808	$ 485	$ 456	$ 375	$ 369
Aerospace and Defense (1)	640	534	570	673	584
Fine Chemicals (1)	38	28	45	-	-
	$1,486	$1,047	$1,071	$1,048	$ 953
Income (loss) from continuing operations before income taxes					
GDX Automotive	$ (4)	$ 29	$ 16	$ 3	$ 29
Aerospace and Defense	131	104	67	68	55
Fine Chemicals	(14)	(14)	(5)	-	-
Segment restructuring (2)	(30)	-	-	-	-
Segment unusual items (2)	149	-	21	9	-
Segment operating profit	232	119	99	80	84
Interest expense	(33)	(18)	(6)	(6)	(12)
Corporate and other expenses	(15)	(10)	(10)	(14)	(18)
Foreign exchange gain (loss)	11	(8)	-	-	-
Other restructuring (2)	(10)	-	-	-	-
Other unusual items (2)	2	4	(9)	-	-
Income from continuing operations before income taxes	$ 187	$ 87	$ 74	$ 60	$ 54
Income from continuing operations, net of income taxes	$ 128	$ 52	$ 45	$ 38	$ 99
Income from discontinued operations, net of income taxes (1)	-	-	26	46	38
Cumulative effect of change in accounting principle, net of income taxes (3)	-	74	-	-	-
Net income	$ 128	$ 126	$ 71	$ 84	$ 137
Basic earnings per share of Common Stock					
Income from continuing operations	$ 3.03	$ 1.24	$ 1.09	$ 0.91	$ 2.68
Income from discontinued operations (1)	-	-	0.63	1.11	1.03
Cumulative effect of change in accounting principle (3)	-	1.76	-	-	-
Total	$ 3.03	$ 3.00	$ 1.72	$ 2.02	$ 3.71
Diluted earnings per share of Common Stock					
Income from continuing operations	$ 3.00	$ 1.23	$ 1.07	$ 0.90	$ 2.48
Income from discontinued operations (1)	-	-	0.63	1.09	0.92
Cumulative effect of change in accounting principle (3)	-	1.76	-	-	-
Total	$ 3.00	$ 2.99	$ 1.70	$ 1.99	$ 3.40
Cash dividends paid per share of Common Stock	$ 0.12	$ 0.12	$ 0.48	$ 0.60	$ 0.60
Other financial data					
Capital expenditures	$ 49	$ 82	$ 97	$ 68	$ 45
Depreciation and amortization	$ 77	$ 50	$ 44	$ 43	$ 40
Total assets	$1,464	$1,325	$1,232	$1,743	$1,419
Long-term debt, including current maturities	$ 214	$ 190	$ 149	$ 356	$ 84

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(1) See Note 1(a) in Notes to Consolidated Financial Statements for additional

information related to discontinued operations and business acquisition and disposition activities.

(2) See Notes 13 and 14 in Notes to Consolidated Financial Statements for information on restructuring and unusual items included in the Company's financial results.

(3) See Note 8(a) in Notes to Consolidated Financial Statements.

Note: Comparable, discrete financial information is not available for the Fine Chemicals segment for 1998 or 1997. Results for the Fine Chemicals segment are included in the results for the Aerospace and Defense segment for those years.

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

FORWARD-LOOKING STATEMENTS

Certain information contained in this report should be considered "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. These statements present (without limitation) the expectations, beliefs, plans and objectives of management and future financial performance and/or assumptions underlying or judgments concerning matters discussed in this document. The words "believe," "estimate," "anticipate," "project," and "expect," and similar expressions are intended to identify forward-looking statements. All forward-looking statements involve certain risks, estimates, assumptions and uncertainties with respect to future revenues and activity levels, cash flows, contract performance, the outcome of contingencies including environmental remediation, and anticipated costs of capital. In particular, this pertains to management's comments on financial resources, capital spending and the outlook for each of the Company's business segments.

Some important risk factors that could cause the Company's actual results or outcomes to differ from those expressed in its forward-looking statements include, but are not limited to, the following:

- The reaction of the Company's employees, shareholders, customers and lenders to the restatement of certain of the Company's financial statements as described below (see "Results of Operations"), including any litigation arising out of such restatement;

- The ability of the Company to secure additional financing (see "Liquidity and Capital Resources");

- General economic conditions and trends affecting the Company's markets and product offerings;

- Changes in the short-term and long-term plans of major customers and potential customers;

- Governmental and regulatory policies, including environmental regulations, and increases in the amount or timing of environmental remediation and compliance costs (see "Other Information - Environmental Matters");

- An unexpected adverse result in the toxic tort or other litigation, proceeding or investigation pending against the Company (see Notes 9(b) and 9(c), "Legal Proceedings" and "Environmental Matters");

- The Company's acquisition, disposition and joint venture activities;

- Vehicle sales and production rates of major automotive programs in the U.S. and abroad, particularly vehicles for which the Company supplies components;

- Department of Defense, NASA and other funding for certain aerospace programs;

- Future funding for commercial launch vehicles;

- The ability of the Company to achieve the anticipated savings from restructuring and other financial management programs;

- The ability of the Company to successfully complete the entitlement process and related pre-development activities for its real estate in Northern California;

- The market for the Company's real estate in Northern California;

- Fluctuations in exchange rates of foreign currencies and other risks associated with foreign operations;

- The ability of the Company to satisfy contract performance criteria, including due dates;

- The ability of the Company to maintain a high level of product performance, particularly related to the continued success of the Company's launch vehicle platforms;

- An adverse decision in any patent infringement suit, or settlement of a patent infringement suit impacting Aerojet Fine Chemicals' right to utilize new technology;

- Intensified competition from the Company's competitors;

- Pricing pressures from the Company's major customers, particularly in the GDX Automotive segment;

- The ability of the Company to successfully defend its position that there are no purchase price adjustments for Aerojet's EIS business, a business which was sold to Northrop Grumman in 2001;

- Potential liabilities which could arise from any release or explosion of dangerous materials;

- Work stoppages at a Company facility or in the facility of one of the Company's significant customers; and,

- Cost escalation and availability of power in Northern California.

Additional risk factors may be described from time to time in the Company's filings with the U.S. Securities and Exchange Commission. All such risk factors are difficult to predict, contain material uncertainties that may affect actual results, and may be beyond the Company's control.

RESULTS OF OPERATIONS

The following section pertains to activity included in the Company's Consolidated Statements of Operations, which are contained in Part II, Item 8 of this report, and focuses on the Company's continuing operations. This section also includes information related to unusual items included in the Company's financial results as well as information related to discontinued operations.

Restatement of Previously Issued Financial Statements

In January 2002, the Company became aware of certain potential accounting issues at two of its GDX Automotive manufacturing plants in North America. The Company promptly notified both its Audit Committee and its independent accountants. Under the direction and oversight of the Audit Committee and with the assistance of outside legal advisors and accounting consultants, the Company conducted an inquiry into these and related accounting issues as well as a more complete evaluation of accounting practices and internal control processes throughout the Company. As a result of this process, due primarily to activities at one GDX Automotive manufacturing plant, the Company is, by means of this filing, restating its previously issued financial statements for the years ended November 30, 2000 and November 30, 1999. See also Note 2 in Notes to Consolidated Financial Statements in Part II, Item 8 of this report. Unaudited quarterly financial information for the year ended November 30, 2000 and the first three quarters of the year ended November 30, 2001, as shown in Note 12 in the Notes to Consolidated Financial Statements in Part II, Item 8 of this report, is also being restated by means of this filing.

The effect of the Company's revisions will be to reduce the Company's income from continuing operations and diluted earnings per share from continuing operations, respectively, from $55 million and $1.31 to $52 million and $1.23 for the year ended November 30, 2000 and from $46 million and $1.09 to $45 million and $1.07 for the year ended November 30, 1999. The effect of the revisions on the net income for the nine months ended August 31, 2001 was to reduce net income from $25 million to $22 million and decrease basic and diluted EPS from $0.59 to $0.52. The effect of the revisions on the Company's Consolidated Balance Sheets as of November 30, 2000 resulted in an increase in assets of $1 million and an increase in liabilities of $10 million and, as of November 30, 1999, assets were increased $2 million and liabilities increased $6 million. The balance of retained earnings as of December 1, 1998 decreased $5 million. The revisions primarily arise from the correction of (i) certain balance sheet and income statement items, which among other things, relate to the accounting for customer-owned tooling, inventories and recognition of liabilities at one of the Company's GDX Automotive manufacturing plants that the Company has determined were not properly recorded in the Company's books and records; and (ii) an oversight in collecting data for the calculation for certain postretirement benefit liabilities at one of GDX Automotive's non-U.S. facilities in the year ended November 30, 1996 with no material impact on fiscal years 1998 and 1997. At the direction of the Audit Committee of the GenCorp Board of Directors, the Company is in the process of implementing certain enhancements to its financial organization, systems and controls primarily at its GDX Automotive segment in response to issues raised by the restatement and identified by the Company's independent accountants as material weaknesses.

Unless otherwise expressly stated, all financial information in this Annual Report on Form 10-K is presented inclusive of these revisions.

GDX Automotive Segment

In December 2000, the Company completed the acquisition of the Draftex business of The Laird Group. Draftex recognized revenues of $437 million for the year ended December 29, 2000. The sales added by the Draftex acquisition are primarily outside the U.S. At the time of the acquisition, the Draftex business added 5,484 employees for total GDX Automotive employment of 10,584. The purchase price of the Draftex business was $215 million, including cash of $209 million and direct acquisition costs of $6 million. Certain adjustments to the purchase price were in dispute and were decided by an independent arbitrator in February 2002. However, there are further issues impacting the purchase price including the effect of the arbitrator's decision, which have yet to be resolved between the parties. Management believes that resolution of these issues will not have a material impact on the Company's results of operations, liquidity or financial condition. The acquisition included Draftex's Germany-based worldwide headquarters and International European Technical Center, and 11 manufacturing plants in Germany, France, Czech Republic, Spain, China and the U.S.

Net sales for the Company's GDX Automotive segment totaled $808 million for fiscal year 2001, an increase of 67 percent compared with 2000 net sales of $485 million. The increase is due primarily to the acquisition of the Draftex business from The Laird Group in December 2000. Revenues attributable to the Draftex business for fiscal year 2001 were $357 million for the eleven months in fiscal 2001 that the Company owned this business. The decrease in revenues from the $437 million recorded by Draftex as an independent entity for its fiscal year 2000 (prior to being acquired by the Company), reflects activity for one less month and the loss of several contracts with Ford, Renault and Volkswagen. The remainder of the GDX Automotive segment experienced decreased revenues year-over-year of $34 million from $485 million in fiscal year 2000 to $451 million in fiscal year 2001 primarily related to the loss of contracts to supply components for the General Motors (GM) Grand Am and S-10 truck platforms. The decrease in revenues from the loss of those contracts was partially offset by an increase in revenues principally related to the GM full-size pick-up and sport utility vehicles and the Ford full-size pick-up and redesigned Explorer.

Excluding unusual items (see discussion below), operating loss for the GDX Automotive segment was $4 million for 2001 compared with operating profit of $29 million in 2000. Operating profit margin decreased to negative one percent in 2001 from six percent in 2000. Operating profit margin in 2001 was negatively affected by initial production start-up costs (launch costs), particularly with the redesigned Ford Explorer and GM SUVs. The loss of business not otherwise replaced, as discussed above, and an increase in health care costs and certain period costs associated with restructuring activities also contributed to the

segment's decreased financial performance in 2001 as compared to 2000. Although the Company has not yet achieved the synergies and other costs savings originally anticipated from the Draftex acquisition, the addition of the Draftex business has provided GDX Automotive with a substantially broadened and more diversified customer base and the global manufacturing presence necessary to serve customers around the world. The Company expects to achieve the anticipated synergies longer-term following final integration of the Draftex business and certain restructuring activities that have been undertaken (see below). During the fourth quarter of fiscal year 2001, the President of the GDX Automotive business unit left the Company, and the Company's Chief Operating Officer, Terry L. Hall, assumed that role on an interim basis.

The Company believes the GDX Automotive segment is well positioned in the marketplace with a strong mix of popular passenger car, SUV and light truck platforms. With the acquisition of the Draftex business, the Company's GDX Automotive segment strengthens its sales position to number one in North America and number two world-wide. The acquisition of Draftex has also helped broaden and diversify the segment's customer and platform base and has created opportunities to rationalize production capacity in both North America and Europe to achieve better resource utilization and operational profitability.

Net sales for the segment for fiscal year 2000 totaled $485 million, which represented a six percent increase compared with sales of $456 million for 1999. The sales increase was due primarily to higher production volumes on the GM and Ford full-size pickup truck platforms. Initial shipments to Ford began during the third quarter of fiscal year 2000 on the Excursion, a vehicle platform previously supplied by one of the Company's competitors. Operating profit for the segment improved to $29 million for 2000 compared with $16 million for 1999. Operating profit margin improved to six percent for 2000 from four percent for 1999. Operating profit margins steadily improved throughout 2000 as anticipated model run rates were achieved and launch support efforts

subsided on product launches initiated in 1999. Fiscal year 2000 operating results were also favorably impacted by increased pension income partially offset by launch support and coordination costs for the Explorer Sport Trac, Escape and the newly redesigned Explorer.

Aerospace and Defense Segment

In fiscal year 2001, net sales for the Company's Aerospace and Defense segment reached $640 million, an increase of $106 million over net sales in 2000 of $534 million. The increase is primarily the result of an increase in revenues from the Space Based Infrared System (SBIRS) program, the Advanced Technology Microwave Sounder (ATMS) program, and subcontract work performed on the F-22 fighter aircraft. Programs with decreased revenues year-over-year included the Titan IV launch vehicle and the Seek-And-Destroy-Armor (SADARM) program. The Titan IV program is nearing conclusion and the SADARM weapon was rejected by the U.S. Army in 2001. The SBIRS, ATMS and SADARM programs were part of the Company's EIS business, which was sold to Northrop Grumman in October 2001 (see discussion below). Excluding the results of the EIS business, revenues for the segment increased marginally year-over-year.

Operating profit for the Aerospace and Defense segment was $131 million for fiscal year 2001, excluding unusual items. The comparable amount for 2000 was $104 million. Profitability in 2001 was favorably impacted by the results of the Company's real estate business, higher pension income and the SBIRS program. These favorable impacts were partially offset by a lower contribution from the Titan IV program and a $9 million reserve recorded during fiscal 2001 related to the Atlas V launch vehicle program. Excluding the results of the EIS business, operating profit for the segment increased $19 million year-over-year, reflecting the results for the real estate business (see below).

In November 2001, Aerojet completed the sale of approximately 1,100 acres of property in Eastern Sacramento County, California, for $28 million. The property lies outside of the Aerojet Superfund site boundaries and is not a part of the approximately 2,600 acres of land expected to be carved out of the Superfund site designation under an agreement with federal and state government regulators (see also Note 9(c) under Notes to Consolidated Financial Statements). A $23 million pre-tax gain resulted from the land sale transaction. For fiscal year 2001, revenues attributable to the Company's real estate business unit were $36 million and pre-tax profits were $26 million compared to revenues of $6 million and pre-tax profits of $2 million in fiscal year 2000.

Aerojet finalized the sale of its EIS business to Northrop Grumman for $315 million in cash on October 19, 2001, subject to certain working capital adjustments as defined in the agreement. In December 2001, Northrop Grumman proposed significant adjustments which would require that Aerojet make a purchase price reduction of approximately $42 million. Aerojet disagrees with Northrop Grumman's proposed balance sheet adjustments on the basis that they are inconsistent with the Asset Purchase Agreement (APA). The proposed adjustments are subject to arbitration. The pre-tax gain on the transaction was $206 million. The EIS business had revenues of approximately $398 million and pre-tax income of approximately $30 million for the period December 1, 2000 through October 19, 2001. The results of operations for this business are included in the discussion of the results of operations for the Company's Aerospace and Defense segment for all periods presented in this report through the sale date. See Note 1(a) in Notes to Consolidated Financial Statements for additional information related to this transaction.

As of November 30, 2001, Aerojet's contract backlog was $603 million. The comparable amount as of November 30, 2000 (excluding those programs that were part of the former EIS business) was approximately $746 million. The inability of a commercial customer to raise additional required funding accounted for a decrease of $146 million in contract backlog from 2000 to 2001. Funded backlog, which includes only the amount of those contracts for which money has been directly authorized by the U.S. Congress, or for which a firm purchase order has been received by a commercial customer, was approximately $366 million as of November 30, 2001. As of November 30, 2000, the comparable amount (excluding those programs that were part of the EIS business) was $383 million.

Net sales for the Company's Aerospace and Defense segment in fiscal year 2000 were $534 million versus 1999 sales of $570 million, down six percent. The majority of the decline is the result of the completion and sale of the final Special Sensor Microwave Imager/Sounder (SSMIS) unit in 1999. Lower revenues on a mix of propulsion programs and the Integrated Advanced Microwave Sounding Unit (AMSU) program contributed to the

decline in sales, partially offset by higher volume on the SBIRS, SADARM, and the Japanese Hope X programs. Segment operating profit for 2000 of $104 million represented a substantial improvement over the 1999 level of $67 million. Operating profit margins were 19 percent in 2000 compared with 12 percent for 1999. Operating profit margins in 2000 were favorably impacted by the segment's performance on the Delta II launch vehicle and Titan IV contracts, award fees on the Atlas V and SADARM programs, 100 percent award fees recognized on the AMSU program and the Defense Support Program Consolidation and increased pension income.

Fine Chemicals Segment

The Fine Chemicals segment consists of the operations of AFC, which supplies special intermediates and active pharmaceutical ingredients primarily to commercial customers in the pharmaceuticals industry.

In June 2000, the Company sold a 20 percent equity interest in AFC to NextPharma for approximately $25 million in cash and exchanged an additional 20 percent equity interest in AFC for an approximate 35 percent equity interest in NextPharma's parent company. GenCorp continued to manage, operate, and consolidate AFC as majority owner after the transaction. In connection with the transaction, the Company recorded a pre-tax gain on the sale of a minority interest in its subsidiary of approximately $5 million. In addition, the Company initially recorded minority interest of approximately $26 million, included in other long-term liabilities, and an investment in NextPharma's parent company of approximately $6 million.

In December 2001, the Company reacquired the 40 percent minority interest in AFC held by NextPharma. As part of the transaction, other agreements between the two companies were terminated, including a comprehensive sales and marketing agreement. With the termination of these agreements, AFC has reassumed responsibility for sales, marketing and customer interface. As noted above, the Company sold an equity interest in AFC to NextPharma in June 2000. Following review and approval by the Audit Committee of the GenCorp Board of Directors, GenCorp Chairman and Chief Executive Officer, Robert A. Wolfe, subscribed for 25,000 Ordinary Shares of NextPharma's parent company, NextPharma Technologies S.A., in August 2000 at an aggregate purchase price of $250,000. Mr. Wolfe did

not receive record title to the Ordinary Shares until December 18, 2000. Because of his personal NextPharma Technologies S.A. investment, with prior notice to the Audit Committee of the Board of Directors, Mr. Wolfe was recused from all negotiations and all discussions and approvals of the reacquisition of NextPharma's minority ownership interest in AFC with senior GenCorp management, with the GenCorp Board of Directors and with NextPharma and its affiliates. Mr. Wolfe still holds the Ordinary Shares he purchased in NextPharma Technologies S.A. as a personal investment.

The segment operating results for the Fine Chemicals segment include the results of AFC before considering NextPharma's 40 percent minority interest. The minority ownership is reflected in the consolidated results for GenCorp beginning in June 2000 as part of Corporate and other expenses.

Before considering the minority ownership interest, AFC recognized revenues of $38 million in fiscal year 2001, compared with $28 million for 2000. AFC began producing several new products in 2001, building on a major investment in new facilities and equipment in 2000 and 1999. A majority of AFC's revenues for 2001 were recognized in the fourth quarter and stemmed from products manufactured in prior quarters. Before considering the minority interest, operating loss for fiscal year 2001 and 2000 was $14 million. Before considering the minority ownership interest, AFC's operating margin for fiscal year 2001 decreased as compared to the 2000 performance reflecting an increase in the number of new products in 2001. The launch of new products includes various start-up activities and typically a period of production inefficiency before certain efficiencies are realized. AFC is expected to realize benefits resulting from a restructuring program completed in November 2001 (see discussion of restructuring charges below).

Before considering minority interest, AFC recognized net sales of $28 million and an operating loss of $14 million in fiscal year 2000, compared with net sales of $45 million and an operating loss of $5 million in 1999. The decrease in revenues and profitability in fiscal year 2000 as compared with fiscal year 1999 reflects the absence of one contract that represented approximately 70 percent of AFC's revenues in fiscal year 1999.

Interest and Other Expenses

Interest expense increased to $33 million in 2001 from $18 million in 2000 and $6 million in 1999. The increase in 2001 is due to higher average debt levels due to debt obtained to finance the Draftex acquisition in December 2000. Interest expense in 1999 is not comparable to 2001 and 2000 due to allocation criteria used to

allocate interest expense between OMNOVA and GenCorp at the time of the spin-off. Corporate and other expenses increased in 2001 to $15 million compared to $10 million in 2000 and 1999. The 2001 increase is attributable to higher amortization expense as a result of acquired goodwill and other intangible assets. The foreign exchange gain in 2001 and loss in 2000 were both the result of foreign currency contracts entered into to hedge against market fluctuation in anticipation of the Draftex acquisition.

Restructuring Charges and Unusual Items, Net

During 2001, the Company incurred certain restructuring charges (in millions):

ITEM	PRE-TAX EXPENSE
GDX Automotive restructuring program	$29
Voluntary Enhanced Retirement Program	10
AFC restructuring program	1
Restructuring charges	$40

In the second quarter of fiscal year 2001, the Company recorded a pre-tax charge of $19 million related to a restructuring and consolidation of its GDX Automotive segment. The restructuring program included the closure of the Marion, Indiana and Ballina, Ireland manufacturing facilities and resulted in the elimination of approximately 760 employee positions. The decision to close these facilities was precipitated by excess capacity and deterioration of performance and losses at these sites. The decision to close the Ballina, Ireland plant was also due to difficulty in retaining plant personnel in light of record employment levels in the region. Remaining programs from these facilities were transferred to other facilities. In the fourth quarter of 2001, the Company recorded an additional pre-tax charge of $10 million related to this program primarily to reflect a change in estimate for the anticipated disposition values of the idled facilities and assets and benefits costs. This restructuring program was substantially complete by the end of the Company's fiscal year 2001. There was an additional restructuring program directed at the Draftex business, which resulted in the elimination of more than 500 employee positions and an adjustment of the goodwill recorded as part of the Draftex acquisition.

In the fourth quarter of 2001, the Company implemented a restructuring of its corporate headquarters. The program included a Voluntary Enhanced Retirement Program (VERP) which was offered to certain eligible employees. The program resulted in a $10 million pre-tax charge to expense.

A restructuring plan implemented at AFC during the fourth quarter of fiscal year 2001 included the elimination of 50 employee positions and resulted in a pre-tax charge to expense of $1 million. This program was designed to "right-size" AFC's workforce.

In addition to the restructuring charges discussed above, the Company recognized certain unusual items in its financial results for fiscal year 2001 (in millions):

ITEM	PRE-TAX INCOME (EXPENSE)
Gain on sale of Aerojet's EIS business	$206
Write-down of inventory related to a commercial reusable launch vehicle program	(48)
Tax-related (customer reimbursements of tax recoveries)	(9)
Environmental remediation insurance cost recovery	2
Unusual items, net	$151

The gain on the sale of the EIS business relates to the Company's sale of this business to Northrop Grumman in October 2001. The transaction is discussed above under the discussion of results of operations for the Aerospace and Defense segment.

In the fourth quarter of 2001, Aerojet recorded an inventory write-down of $46 million related to its participation as a propulsion supplier to a commercial launch vehicle program and also recorded a $2 million accrual for outstanding obligations connected with this effort. Aerojet's inventory consists of program-unique rocket engines and propulsion systems primarily intended for use in commercial reusable launch vehicles. The

inventory write-down reflects the following: inability of a commercial customer to secure additional funding, no alternative purchasers willing to acquire inventory held by Aerojet and no market value.

During the first quarter of 2001, the Company reached a settlement with the State of California on an outstanding tax claim. The benefit of the tax refund, $9 million on an after tax basis, was recorded in the income tax provision in the first quarter. The portion of the tax refund that will be repaid to the Company's defense customers is reflected as an unusual expense item of $7 million in segment income ($4 million after tax). Accordingly, after repayment

to the Company's defense customers, the Company will retain $5 million of the claims settled in the first quarter.

Similarly, during the second quarter of 2001, the Company settled additional outstanding claims with the Internal Revenue Service and the State of California. The benefit of the tax refunds, $4 million on an after tax basis, was recorded in the income tax provision in the second quarter. The portion of the tax refunds that will be repaid to the Company's defense customers is reflected as an unusual expense item of $2 million in segment income ($1 million after tax). Accordingly, after repayment to the Company's defense customers, the Company will retain $3 million of the claims settled in the second quarter.

In the first quarter of 2001, the Company received a $2 million insurance settlement for an environmental claim related to discontinued operations.

During fiscal year 2000, the Company incurred unusual items resulting in a net pre-tax gain of $4 million. Unusual items included a gain of $5 million from the sale of an equity interest in AFC to NextPharma; a $3 million gain from an environmental settlement related to a discontinued operation, offset by a $3 million charge related to the pension settlement of a discontinued Canadian operation; and a $1 million loss on the disposition of property related to a discontinued operation.

During fiscal year 1999, the Company incurred unusual items resulting in net pre-tax income before taxes of $12 million. Unusual items included a gain of $59 million on settlements covering certain environmental claims with certain of the Company's insurance carriers; a provision of $33 million for environmental remediation costs associated principally with the Company's initial estimate of its probable share as a Potentially Responsible Party (PRP) in the portion of the San Gabriel Valley Basin Superfund Site known as the Baldwin Park Operable Unit (BPOU); a provision for environmental remediation costs at the Company's Lawrence, Massachusetts site of $6 million; a provision for environmental remediation costs associated with other Company sites of $2 million; a charge of $4 million related to a pricing dispute with a major vehicle sealing customer; a charge of $1 million for the write-down of certain GDX Automotive assets to net realizable value; and a charge of $1 million related to relocation/retention costs associated with the spin-off of OMNOVA (see below). See discussion below for additional information related to environmental matters.

Spin-Off of OMNOVA and Discontinued Operations

In 1999, the Company disposed of its Polymer Products segment through the spin-off of OMNOVA and the sale of its Penn Racquet Sports Division. Earnings from discontinued operations totaled $26 million for 1999. Results in 1999 included pre-tax costs related to the spin-off of approximately $25 million.

Change in Accounting Principle

In the first quarter of fiscal year 2000, the Company implemented a change in accounting principle to reflect more appropriately investment returns and actuarial assumptions related to pension assets and postretirement health care and life insurance liabilities. The changes to pension assets include: adjusting to a three year smoothing period from a five year smoothing period; changing the amortization period to a maximum of five years from 11 years; and eliminating the use of a ten percent corridor for gain/loss recognition. The changes to post-retirement health care and life insurance liabilities include changing the amortization period to a maximum of five years from 11 years and eliminating the use of a ten percent corridor for gain/loss recognition. The changes were effective December 1, 1999 and resulted in a one-time after-tax gain of approximately $74 million in the first quarter of fiscal year 2000. The changes have no effect on the funded status of the pension or other postretirement benefit plans, and the employee and retiree benefit plans remain unchanged.

Outlook for Fiscal Year 2002

As discussed under "Forward-Looking Statements" at the beginning of this section, the forward-looking statements contained herein involve certain risks, estimates, assumptions and uncertainties with respect to future revenues and activity levels, cash flows, contract performance, the outcome of contingencies including environmental remediation and anticipated costs of capital. Some of the important factors that could cause the Company's actual results or outcomes to differ from those discussed herein are listed above under "Forward-Looking

Statements."

The year 2001 was a year of transition for the Company. The year was highlighted by the completion of a number of important strategic initiatives including: the sale of Aerojet's EIS business; the acquisition of Draftex; restructuring of GDX Automotive, Aerojet Fine Chemicals and the Company's corporate headquarters; and, federal and state agreements to carve out land from the Aerojet Superfund site designation, returning this land to beneficial use, pending approval by the United States District Court. In addition, in December 2001, the Company repurchased the minority interest in AFC from NextPharma. The Company expects that its results of operations for fiscal year 2002 will be impacted by the direction of economic and market conditions in the United States and in Europe. The Company's financial performance will also be affected by the success of the various restructuring activities undertaken in fiscal year 2001, which included personnel reductions and closing certain manufacturing facilities at GDX Automotive, personnel reductions at AFC and an early retirement program directed at reducing corporate staff.

The GDX Automotive segment expects to begin realizing production efficiencies from its continuing consolidation and integration efforts in fiscal year 2002, and resolution of the Ford Explorer launch issues. However, results for the segment are largely dependent on vehicle sales and production rates associated with platforms for which the segment provides parts. Many in the automobile industry are predicting a decrease in vehicle sales and production rates in 2002 as compared with 2001, which may have a negative effect on the segment's revenues. The Company believes that its restructuring and other cost-savings efforts, including personnel reduction and closing of several manufacturing facilities, will have a favorable effect on the profitability of GDX Automotive. The addition of the Draftex business has provided GDX Automotive with a substantially broadened and more diversified customer base and the global manufacturing presence necessary to serve customers around the world.

The Company's Aerospace and Defense segment has been relatively unaffected by recent economic events and the repercussions of the September 2001 terrorist attacks in the United States. Continuing technical innovation and successful new product design and development - core Aerojet strengths - led to the receipt of an unprecedented number of new contract awards in 2001, including key positions on important space launch and missile defense programs that provide significant momentum for growth in the future. The financial results for the segment for fiscal year 2002 will be materially affected by the sale of the EIS business on October 19, 2001. As mentioned above, the EIS business had revenues of approximately $398 million and pre-tax income of approximately $30 million for the period December 1, 2000 through October 19, 2001. In December 2001, federal and state agencies agreed to carve out approximately 2,600 acres of land from the Superfund site designation. Management expects the United States District Court to approve the Partial Consent Decree modifications in due course. This is a major step forward in the Company's strategy to maximize the value of its real estate holdings.

The financial performance of the Company's Fine Chemicals segment is expected to improve in fiscal year 2002. During fiscal year 2001, AFC's workforce was reduced by almost 100 positions, or by 40 percent, and management continued its focus on improving operational and manufacturing efficiencies. In December 2001, the Company reacquired the minority interest held by NextPharma and reassumed responsibility for the sales, marketing and customer interface. AFC's focus on operational efficiency, improving relationships with its current customers and increasing marketing efforts are expected to provide substantial benefits in the future.

OTHER INFORMATION

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 environmen-

tal 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 that resulted from generally accepted manufacturing and disposal practices in the 1950's and 1960's followed at certain GenCorp plants. In addition, the Company has been designated a PRP with other companies

at third party sites undergoing investigation and remediation.

In 2001, capital expenditures for projects related to the environment were approximately $1 million, compared to $1 million in 2000 and $5 million in 1999. The Company currently forecasts that capital expenditures for environmental projects will approximate $2 million in 2002 and $1 million in 2003.

During 2001, noncapital expenditures for environmental compliance and protection totaled $75 million, of which $11 million was for recurring costs associated with managing hazardous substances and pollution abatement in ongoing operations and $64 million was for investigation and remediation efforts at other sites. Of the $64 million, $40 million was for an irrevocable escrow for the BPOU project to implement an EPA Unilateral Administrative Order. The majority of GenCorp's environmental liabilities relate to its Aerojet business and Aerojet has executed agreements for substantial cost recovery from the U. S. Government. In addition, Aerojet will be reimbursed for allowable site restoration costs via a pass through recovery agreement with Northrop Grumman. The company currently estimates that noncapital expenditures for environmental compliance and protection will range between $48 million and $74 million in 2002. Actual expenditures will depend upon the 1) timing of signing of the BPOU agreement in the San Gabriel Valley 2) issuance of a Western Groundwater Operable Unit Consent Decree in Sacramento and 3) finalization of the Partial Consent Decree modifications in Sacramento. The range of expenditures will also depend upon the timing of government approvals for remediation projects, contractor mobilization ability and the receipt of anticipated government funding for the San Gabriel Valley BPOU.

Similar noncapital expenditures were $30 million and $40 million in 2000 and 1999, respectively.

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. 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 the amount of the liability (usually based upon proportionate sharing) can be reasonably estimated. The Company's Consolidated Balance Sheet (included in Part II, Item 8 of this report) as of November 30, 2001 reflects accruals of $279 million and amounts recoverable of $158 million from the U.S. Government and other third parties for such costs. Pursuant to U.S. Government procurement regulations and a "global" settlement agreement covering environmental contamination at the Company's Sacramento and Azusa, California sites, the Company can recover a substantial portion of its environmental costs for its Aerospace and Defense segment through the establishment of prices for the Company's products and services sold to the U.S. Government. The ability of the Company to continue recovering these costs from the U.S. Government depends on Aerojet's sustained business volume under U.S. Government contracts and programs. The Company is in the process of negotiating a settlement of certain claims related to the BPOU in San Gabriel Valley Basin, California. The Company's forecast of capital and noncapital expenses in 2002 related to environmental matters provided above includes provisions for the settlement of the BPOU claims discussed in Note 9(c) in Notes to Consolidated Financial Statements.

The effect of the resolution of environmental matters and the Company's obligations for environmental remediation and compliance cannot be predicted due to the uncertainty concerning both the amount and timing of future expenditures and future results of operations. Based on information available to management at issuance of this Form 10-K and assuming final judicial and/or PRP allocation approvals, GenCorp believes its approximate allocated share of liability for the following sites is or will be as follows; Azusa, CA Site (100%), Baldwin Park Operable Unit, Los Angeles, CA (50%-60%), Lawrence, MA (100%), McDonnell Douglas Site, Rancho Cordova, CA (10-20%), Olin Site, Ashtabula, OH (0% to 35%) and Sacramento, CA Site (100%). However, management believes, on the basis of presently available information, that the resolution of environmental matters and the Company's obligations for environmental remediation and compliance will not have a material adverse effect on the Company's competitive position, results of operations, liquidity or financial condition. The Company will continue its efforts to mitigate past and future costs through pursuit of claims for insurance

coverage and continued investigation of new and more cost effective remediation

alternatives and associated technologies.

For additional discussion of environmental and related legal matters, see Notes 9(b) and 9(c) in Notes to Consolidated Financial Statements incorporated herein by reference.

Critical Accounting Policies

There are certain accounting policies that the Company believes are critical to its business and the understanding of its financial statements. These policies are discussed below. In addition, the preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Company's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The amounts recorded in the Company's consolidated financial statements for pension and postretirement benefit plans, environmental matters and other contingencies, for example, depend substantially on estimates and assumptions. For a discussion of other significant accounting policies used by the Company in the preparation of its financial statements see Note 1 in Consolidated Financial Statements contained in Part II, Item 8 of this report.

Revenue recognition -- Generally, sales are recorded when products are shipped or customer acceptance has occurred, all other significant customer obligations have been met and collection is reasonably assured. 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 that 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 earned or measurable. Provisions for estimated losses on contracts are recorded when such losses become evident. The Company uses the full absorption costing method for government contracts which includes direct costs, allocated overhead and general and administrative expense. Work-in-process on fixed-price contracts includes full cost absorption, less the average estimated cost of units or items delivered. Changes in estimates and assumptions related to the status of certain long-term contracts may have a material effect on the amounts reported by the Company for revenues and profitability.

For additional discussion of Company policies relating to revenue recognition, see Note 1(i) in Notes to Consolidated Financial Statements incorporated herein by reference.

Environmental costs - The Company accounts for identified or potential environmental remediation liabilities in accordance with the American Institute of Certified Public Accountants' Statement of Position 96-1, "Environmental Remediation Liabilities" (SOP 96-1) and Staff Accounting Bulletin No. 92. "Accounting and Disclosures Relating to Loss Contingencies". Under this guidance, the Company expenses, on a current basis, recurring costs associated with managing hazardous substances and pollution in ongoing operations. The Company 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. See the discussion above under "Environmental matters" for additional information regarding significant estimates and other factors involving the Company's obligations for environmental remediation costs.

Business combinations -- The Company acquired the Draftex business in December 2000. As part of the acquisition, which was accounted for under the "purchase method," the Company was required to record acquired tangible and intangible assets and assumed liabilities at fair value. Although the Company obtained the services of appraisers to assist with the valuation process, the valuation of acquired assets and the resulting goodwill required certain estimates and assumptions that affect amounts reported in the Company's financial statements. Amounts recorded for tangible and intangible assets affect future results of operations through depreciation and amortization expense. In addition, all acquired assets, including goodwill, are subject to tests for impairment. Under SFAS No. 142 "Goodwill and Other Intangible Assets", goodwill

must be tested for impairment at least annually, or more frequently if indications of possible impairment exist, by comparing the net

assets of each "reporting unit" (an organizational grouping) with the current fair value of the reporting unit. If the current fair value of the reporting unit is less than its carrying amount, then a second test must be performed. Under the second test, the current fair value of the reporting unit is allocated to the assets and liabilities of the reporting unit, including an amount for any "implied" goodwill. If implied goodwill exceeds the net carrying amount of goodwill, no impairment loss is recorded. Otherwise, an impairment loss is recognized for the difference.

Recently Issued Accounting Standards

Effective July 1, 2001, the Company adopted the provisions of SFAS No. 141, "Business Combinations" (SFAS 141), which is effective for all business combinations initiated after June 30, 2001. SFAS 141 prohibits the use of the pooling-of-interest method for business combinations and establishes the accounting and financial reporting requirements for business combinations accounted for by the purchase method. SFAS 141 also changes the criteria to recognize intangible assets apart from goodwill. The Company adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS 142) effective December 1, 2001. Under SFAS 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually, or more frequently if indications of possible impairment exist, for impairment. The Company has performed the requisite transitional impairment tests for goodwill and other intangible assets as of December 1, 2001 and has determined that these assets are not impaired as of that date. The adoption of SFAS 142 results in a reduction of annual amortization expenses of approximately $4 million related to goodwill and other indefinite lived intangible assets. The adoption of these standards will not have a material impact on the Company's results of operations, liquidity or financial condition.

In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143) that provides accounting guidance for the costs of retiring long-lived assets. SFAS 143 is effective for fiscal years beginning after June 15, 2002. The Company is currently assessing the impact adoption of this standard will have on its financial statements, but a preliminary review indicates that it will not have a material effect on the Company's results of operations, liquidity or financial condition.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144) that provides accounting guidance for financial accounting and reporting for the impairment or disposal of long-lived assets. The statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for the Long-Lived Assets to be Disposed Of." SFAS 144 also supersedes the accounting and reporting provisions of Accounting Principal Board's Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" related to the disposal of a segment of a business. SFAS 144 is effective for fiscal years beginning after December 15, 2001, with early adoption encouraged. The Company has adopted the provisions of SFAS 144 as of December 1, 2001. The adoption of SFAS 144 is not expected to have a material effect on the Company's results of operations, liquidity or financial condition.

LIQUIDITY AND CAPITAL RESOURCES

The Company broadly defines liquidity as its ability to generate sufficient operating cash flows to meet its obligations and commitments. Liquidity also includes the Company's ability to obtain appropriate debt and equity financing and to convert into cash those assets that are no longer required to meet its strategic and financial objectives. Accordingly, liquidity cannot be considered separately from capital resources consisting of current or potentially available funds for use in meeting capital expenditure and debt service requirements and long-range business objectives.

As of November 30, 2001, the Company's cash and cash equivalents totaled $44 million and the ratio of current assets to current liabilities (current ratio) was 0.90. As of November 30, 2000, the Company's cash and cash equivalents were $17 million and the current ratio was 1.04. The primary reasons for the decrease in the current ratio are: an increase in cash used in operating

activities, the effects of the Draftex acquisition and the underperformance of the Company's GDX Automotive and Fine Chemicals segments. The Draftex acquisition resulted in the Company purchasing primarily long-term assets and assuming short-term obligations. Gross proceeds in the amount of $315 million from the sale of Aerojet's EIS business were used to pay down $264 million of long-term debt, fund the $40 million irrevocable escrow for the BPOU project and remit

$9 million to the EPA for past costs ($8 million of which was remitted in December 2001). A substantial portion of the payment for the BPOU project is reimbursable by the U.S. Government (see related information above under "Other Information-Environmental matters").

The Company currently believes that its existing cash and cash equivalents ($31 million as of January 31, 2002), forecasted operating cash flows for fiscal year 2002, available bank lines, including the $25 million Term Loan C discussed below, and its ability to raise debt or equity financing or, if such financing cannot be arranged, to generate additional funds from the sources described below, will provide the Company with sufficient funds to meet its operating plan for fiscal year 2002. This operating plan provides for full operations of the Company's three business segments, capital expenditures of approximately $47 million, interest and principal payments on the Company's debt and anticipated dividend payments.

The Company is currently considering accessing the capital markets to raise debt or equity financing, and would anticipate using the proceeds of any such financing to help fund its 2002 liquidity requirements and to repay debt. The timing, terms, size and pricing of any such financing will depend on investor interest and market conditions, and there can be no assurance that the Company will be able to obtain any such financing. As discussed below, under its Credit Facility, if the Company raises at least $35 million in equity or subordinated debt prior to March 28, 2002, the Company will have access to an additional $25 million of Term Loan C borrowings.

If the Company is not able to raise debt or equity financing in the capital markets or to obtain additional bank borrowings, the Company believes that it can generate additional funds to help fund its 2002 liquidity requirements by reducing working capital requirements, deferring capital expenditures, cost reduction initiatives in addition to those already included in the Company's operating plan and asset sales, or through a combination of these means.

Major factors that could adversely impact the Company's forecasted operating cash flows for fiscal year 2002 and its financial condition are described in "Forward-Looking Statements" and "Outlook for fiscal year 2002" above. In addition, the Company's liquidity and financial condition will continue to be affected by changes in prevailing interest rates because substantially all of its debt bears interest at variable interest rates.

Net cash used in continuing operations for fiscal year 2001 was $69 million. Cash provided by continuing operations was $23 million in 2000 and $100 million in 1999. The decrease in cash provided by continuing operations reflects the payment of certain current liabilities assumed as part of the Draftex acquisition, the cash flow impact of the Company's restructuring activities (e.g., severance payments), increased environmental expenditures (net of reimbursements) and decreased financial performance of the GDX Automotive and Fine Chemicals segments. The decrease in operating cash in fiscal year 2000 compared with fiscal year 1999 primarily reflects the absence of certain environmental insurance settlements received in 1999, offset by other expected working capital changes and the timing of income tax payments.

In fiscal year 2001, capital expenditures totaled $49 million, compared to $82 million and $97 million in fiscal years 2000 and 1999, respectively. Capital expenditures in 2001 were favorably affected by management initiatives to reduce capital outlays where practical. The Company's capital expenditures directly support the Company's contract and customer requirements and are primarily made for asset replacement and capacity expansion, cost reduction initiatives, safety and productivity improvements and environmental remediation and compliance. Capital expenditures in fiscal 2000 and 1999 included significant investments in support of the SBIRS program and new manufacturing facilities at AFC. Capital expenditures for fiscal year 2002 are currently projected to be approximately $47 million. Investing activities in fiscal year 2001 also included proceeds from the sale of the EIS business and amounts paid for the purchase of Draftex. Both of these transactions are discussed above.

Net cash provided by financing activities for fiscal year 2001 was $2 million compared with $28 million in fiscal year 2000. Net cash used in financing activities was $29 million in fiscal year 1999. Net cash provided by financing activities for fiscal year 2001 reflects the debt incurred as part of the Draftex acquisition, partially offset by the use of gross proceeds from the sale of the EIS business to reduce debt. The Company paid dividends of $5 million in both 2001 and 2000. Cash provided by financing activities in 2000 included a net increase in long-term debt of $37 million primarily used to fund capital expenditures, offset by payments of short-term debt and

dividends. Cash flows used in financing activities in fiscal year 1999 included a net $210 million decrease in long-term debt and $20 million in dividends offset by a $200 million dividend payment received from OMNOVA related to the spin-off of the Company's Polymer Products segment.

As of November 30, 2000, the Company had a five year, $250 million Revolving Credit Facility Agreement (Former Credit Facility) that was scheduled to expire in 2004. The Former Credit Facility was paid-off on December 28, 2000.

On December 28, 2000, the Company entered into a new, five year, $500 million senior credit facility (Credit Facility). The Credit Facility was used to finance the acquisition of the Draftex business (see Note 1(a)) and replaced the Former Credit Facility. The Credit Facility consisted of a $150 million revolving loan (Revolver) and a $150 million term loan (Term Loan A), expiring December 28, 2005, and a $200 million term loan (Term Loan B), expiring December 28, 2006. Effective August 31, 2001 the Company executed Amendment Number 2 to the Credit Facility providing for transfer of $13 million of the Revolver and $52 million of the Term Loan A to Term Loan B. The outstanding balance of Term Loan B on October 19, 2001 of $264 million (balance of $265 million after transfer of $13 million of the Revolver and $52 million of Term Loan A, less repayment of approximately $1 million in September 2001) was repaid with the proceeds from the sale of Aerojet's EIS business (see Note 1(a)). The Company obtained waivers in October 2001, November 2001, December 2001 and February 2002 waiving reduction of the Revolver from $150 million to $137 million until March 8, 2002. On February 28, 2002 the Company executed Amendment Number 4 to the Credit Facility, which provides an additional $25 million term loan (Term Loan C) with the ability to request an additional $25 million under Term Loan C, subject to the satisfaction of certain conditions and the Company issuing $35 million of equity or subordinated debt prior to March 28, 2002. Amendment Number 4 also extended the reduction of the Revolver from March 8, 2002 to March 28, 2002. The initial $25 million Term Loan C has a term which matures on December 28, 2002, but in the event the Company obtains $35 million of equity or subordinated debt prior to March 28, 2002, the term for the total Term Loan C matures December 28, 2004. As of February 28, 2002 the Company did draw-down $25 million of Term Loan C, which the Company intends to use to fund working capital requirements or to pay down debt.

As of November 30, 2001 and February 28, 2002 the outstanding Term Loan A balances were approximately $88 million and $86 million, respectively. Pursuant to Amendment Number 2, the Term Loan A scheduled repayments remaining as of February 28, 2002 are: twelve equal quarterly principal payments of approximately $5 million through December 2004, and four equal quarterly payments of approximately $7 million through December 2005. Term Loan C scheduled repayments for the initial $25 million Term Loan C are quarterly principal payments of $625,000, commencing June 2002, with a balloon payment of approximately $24 million, if the maturity is December 28, 2002 and $19 million if the maturity is December 28, 2004. In the event the additional $25 million Term Loan C is funded, the repayment schedule on the total Term Loan C of $50 million commences June 2002, with ten equal quarterly principal payments of $1.25 million and a balloon payment of $38 million on December 28, 2004. The quarterly principal repayment dates for Term Loans A and C are: March 28, June 28, September 28, and December 28 along with associated interest payments.

The Company pays a commitment fee between 0.375 percent and 0.50 percent (based on the most recent leverage ratio) on the unused balance. Borrowings under the Credit Facility bear interest at the borrower's option, at various rates of interest, based on an adjusted base rate (prime lending rate or federal funds rate plus 0.50 percent) or Eurodollar rate, plus, in each case, an incremental margin. For the Revolver and Term Loan A borrowings the incremental margin is based on the most recent leverage ratio, for base rate loans the margin ranges between 0.75 percent and 2.0 percent and for Eurodollar rate

borrowings the margin ranges between 1.75 percent and 3.00 percent. For Term Loan C borrowings the initial margins for base rate loans and Eurodollar rate based loans are 3.50 percent and 4.50 percent, respectively. The margins for Term Loan C borrowings increase quarterly by 0.50 percent each quarter beginning after June 28, 2002. Increases to the margins are cumulative, but shall not exceed, in the aggregate, 4.00 percent. Cash paid for interest was $34 million, $17 million and $20 million in 2001, 2000 and 1999, respectively.

The Credit Facility, as executed on December 28, 2000, was secured by stock of certain subsidiaries of the Company and certain real property of the GDX Automotive segment of the Company. Execution of Amendment Number 4 to the Credit Facility and the provision of Term Loan C required the Company to pledge additional

collateral consisting of: the assets of, and the Company's interest in, AFC, non-Superfund property located in California, real estate in Nevada and a $21 million note receivable.

As of November 30, 2001, the available borrowing limit under the Credit Facility was $241 million, of which the Company had drawn-down $208 million (excluding letters of credit), and the average interest rate on the outstanding balance of the Credit Facility was 5.4 percent. At November 30, 2001, outstanding letters of credit totaled $9 million. As of February 28, 2002 the available borrowing limit under the Revolver was $150 million, of which the Company had drawn-down $125 million (excluding outstanding letters of credit in the amount of $8 million).

The Credit Facility contains certain restrictive covenants that require the Company to meet specific financial ratios and restrict capital expenditures, the ability to incur additional debt and certain other transactions. The Credit Facility permits dividend payments as long as there is no event of default. The Credit Facility's four financial covenants are: an interest coverage ratio, a leverage ratio, a fixed charge coverage ratio and a consolidated net worth test, all as defined in the amended Credit Facility. Effective August 31, 2001 the interest coverage and the leverage ratios for the quarter ended August 31, 2001 and the interest coverage ratio for the quarter ended November 30, 2001 were amended as a result of the decreased financial performance of the GDX Automotive and Fine Chemicals segments. As presented in the table below, the Company was in compliance with all financial ratios as of November 30, 2001:

AS OF NOVEMBER 30, 2001	ACTUAL RATIO OR AMOUNT AS OF NOVEMBER 30, 2001
Interest coverage ratio, not less than: 3.50 to 1.00.....	3.65 to 1.00
Leverage ratio, not greater than: 2.75 to 1.00.....	2.08 to 1.00
Fixed charges coverage ratio, not less than: 1.05 to 1.00...	1.21 to 1.00
Consolidated net worth, not less than: $234 million.....	$310 million

Giving effect to Amendment Number 4 to the Credit Facility, the required financial covenants for fiscal 2002 are summarized in the table below:

	FISCAL QUARTER ENDED			
	FEBRUARY 28, 2002	MAY 31, 2002	AUGUST 31, 2002	NOVEMBER 30, 2002 AND THEREAFTER
Interest coverage ratio, not less than:.....	3.50 to 1.00	3.75 to 1.00	3.75 to 1.00	4.00 to 1.00
Leverage ratio, not greater than:....	3.10 to 1.00	3.10 to 1.00	2.75 to 1.00	2.50 to 1.00
Fixed charges coverage ratio, not less than:.....	1.00 to 1.00	1.00 to 1.00	1.05 to 1.00	1.05 to 1.00

On the last day of any fiscal quarter, minimum consolidated net worth is

required to be equal to the sum of $170 million, plus an amount equal to 50 percent of the aggregate consolidated net income of the Company for all fiscal quarters ended on or after February 28, 2001.

Based on current forecasted financial results, the Company expects to be in compliance with all of the above financial covenants for fiscal year 2002, although no assurance can be given in this regard.

As of November 30, 2001, the Company's debt maturities (Revolver of $120 million, Term Loan A of $88 million and other debt of $6 million) are summarized as follows (in millions):

2002	2003	2004	2005	2006
$17	$22	$20	$27	$128

Term Loan C in the amount of $25 million, drawn as of February 28, 2002, currently matures on December 28, 2002 (see discussion above).

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The Company is exposed to market risk from changes in interest rates on long-term debt obligations. The Company's policy is to manage interest rates through the use of a combination of fixed and variable rate debt. The Company is currently evaluating the use of derivative financial instruments to manage its interest rate risk.

The interest rates on substantially all of the Company's outstanding long-term debt are variable. The interest rates are based on the London InterBank Offering Rate (LIBOR). As of November 30, 2001, the Company's long-term debt totaled $197 million and had an average variable interest rate of 5.4 percent. A one point change of the interest rate on the Company's long-term debt would have affected interest expense in 2001 by approximately $4 million. The interest rates on the Company's long-term debt reflect market rates and therefore, the carrying value of long-term debt approximates its fair value.

Foreign Currency Exchange Rate Risk

The Company has foreign currency exchange rate risk resulting from operations in foreign countries, including Canada, four countries in Europe and in China. The Company currently does not comprehensively hedge its exposure to foreign currency rate changes, although it may choose to selectively hedge exposure to foreign currency rate change risk. In the fourth quarter of fiscal year 2000, the Company entered into a foreign currency option contract to purchase a specified number of Euros at a specified exchange rate, in order to hedge against market fluctuations during negotiations to acquire Draftex. In connection with the option contract that expired on November 30, 2000, the Company expensed approximately $8 million. The Company entered into several foreign currency exchange contracts related to the Draftex acquisition in December 2000. Settlement of the contracts, which occurred in the first quarter of 2001, resulted in a gain of $11 million. Besides these transactions, the Company has not entered into any significant foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

Commodity Price Risk

The operations of the Company's GDX Automotive segment are dependent on the availability of rubber and related raw materials. Because of this dependence, significant increases in the price of these raw materials could have a material adverse impact on the Company's results of operations and financial condition. The Company employs a diversified supplier base as part of its efforts to mitigate the risk of a supply interruption. For 2001 and 2000, rubber and rubber-related raw materials accounted for 11 percent and 9 percent, respectively, of the GDX Automotive segment's cost of goods sold (as adjusted to exclude unusual items). Based on 2001 activity levels, a 10 percent increase in

the average annual cost of these raw materials would increase the GDX Automotive segment's cost of goods sold by approximately $8 million.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

Not applicable.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT ACCOUNTANTS

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, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended November 30, 2001. 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 auditing standards generally accepted in the United States. 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, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 30, 2001, in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements for the years ended November 30, 2000 and 1999 have been restated as discussed in Note 2.

Ernst & Young LLP

Sacramento, California
February 28, 2002

GENCORP INC.

CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED NOVEMBER 30,		
	2001	2000	1999
		RESTATED	RESTATED
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		
NET SALES	$1,486	$1,047	$1,071
COSTS AND EXPENSES			
Cost of products sold	1,280	860	925
Selling, general and administrative	42	40	41
Depreciation and amortization	77	50	44
Interest expense	33	18	6
Other income, net	(11)	(12)	(7)

Foreign exchange (gain) loss	(11)	8	--
Restructuring charges	40	--	--
Unusual items, net	(151)	(4)	(12)
	1,299	960	997
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	187	87	74
Provision for income taxes	59	35	29
INCOME FROM CONTINUING OPERATIONS	128	52	45
INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	--	--	26
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE, NET OF INCOME TAXES	--	74	--
NET INCOME	$ 128	$ 126	$ 71
EARNINGS PER SHARE OF COMMON STOCK			
Basic:			
Continuing operations	$ 3.03	$ 1.24	$ 1.09
Discontinued operations	--	--	0.63
Cumulative effect of a change in accounting principle	--	1.76	--
Total	$ 3.03	$ 3.00	$ 1.72
Diluted:			
Continuing operations	$ 3.00	$ 1.23	$ 1.07
Discontinued operations	--	--	0.63
Cumulative effect of a change in accounting principle	--	1.76	--
Total	$ 3.00	$ 2.99	$ 1.70

See notes to consolidated financial statements.

GENCORP INC.

CONSOLIDATED BALANCE SHEETS

	AS OF NOVEMBER 30	
	2001	2000
		RESTATED
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	
CURRENT ASSETS		
Cash and cash equivalents	$ 44	$ 17
Accounts receivable	189	135
Inventories, net	167	182
Current deferred income taxes	14	11
Prepaid expenses and other	4	1
Total Current Assets	418	346
NONCURRENT ASSETS		
Property, plant and equipment, net	454	366
Recoverable from the U.S. Government and other third parties for environmental remediation costs	138	203
Deferred income taxes	6	78
Prepaid pension asset	287	281
Goodwill, net	65	8
Other noncurrent assets, net	96	43
Total Noncurrent Assets	1,046	979
Total Assets	$1,464	$1,325
CURRENT LIABILITIES		
Short-term borrowings and current portion of long-term debt	$ 17	$ --
Accounts payable	83	54
Income taxes payable	29	5

Other current liabilities	336	272
Total Current Liabilities	465	331
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	197	190
Postretirement benefits other than pensions	194	236
Reserves for environmental remediation	244	328
Other noncurrent liabilities	54	54
Total Noncurrent Liabilities	689	808
Total Liabilities	1,154	1,139
COMMITMENTS AND CONTINGENT LIABILITIES		
SHAREHOLDERS' EQUITY		
Preference stock, par value of $1.00; 15 million shares authorized; none issued or outstanding	--	--
Common stock, par value of $0.10; 150 million shares authorized; 42.9 million shares issued, 42.6 million outstanding in 2001 (42.2 million shares issued, 42.0 million shares outstanding in 2000)	4	4
Other capital	9	2
Retained earnings	331	208
Accumulated other comprehensive loss, net of income taxes	(34)	(28)
Total Shareholders' Equity	310	186
Total Liabilities and Shareholders' Equity	$1,464	$1,325

See notes to consolidated financial statements.

GENCORP INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON STOCK		OTHER	RETAINED	ACCUMULATED OTHER COMPREHENSIVE	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	CAPITAL	EARNINGS	LOSS	EQUITY
	(DOLLARS IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)					
NOVEMBER 30, 1998 -- AS REPORTED	41,535,524	$4	$ 151	$ 198	$ (9)	$ 344
Adjustment, see Note 2	--	--	--	(5)	--	(5)
NOVEMBER 30, 1998 -- RESTATED	41,535,524	4	151	193	(9)	339
Net income -- As restated	--	--	--	71	--	71
Currency translation adjustments and other	--	--	--	--	(9)	(9)
Cash dividends of $0.48 per share	--	--	--	(20)	--	(20)
Shares issued under stock option and stock incentive plans	326,777	--	4	--	--	4
Dividend transfer from OMNOVA Solutions, Inc.	--	--	200	--	--	200
Net asset transfer to OMNOVA Solutions, Inc.	--	--	(355)	(157)	1	(511)
NOVEMBER 30, 1999 -- RESTATED	41,862,301	4	--	87	(17)	74
Net income -- As restated	--	--	--	126	--	126
Currency translation adjustments and other	--	--	--	--	(11)	(11)
Cash dividends of $0.12 per share	--	--	--	(5)	--	(5)
Shares issued under stock option and stock incentive plans	104,679	--	2	--	--	2
NOVEMBER 30, 2000 -- RESTATED	41,966,980	4	2	208	(28)	186
Net income	--	--	--	128	--	128
Currency translation adjustments and other	--	--	--	--	(6)	(6)

Cash dividends of $0.12 per share	--	--	--	(5)	--	(5)
Shares issued under stock option and stock incentive plans	661,187	--	7	--	--	7
NOVEMBER 30, 2001	42,628,167	$4	$ 9	$ 331	$(34)	$ 310

See notes to consolidated financial statements.

GENCORP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED NOVEMBER 30,		
	2001	2000	1999
		RESTATED	RESTATED
	(DOLLARS IN MILLIONS)		
OPERATING ACTIVITIES			
Income from continuing operations	$ 128	$ 52	$ 45
Adjustments to reconcile income from continuing operations to net cash used in operating activities:			
Gain on sale of businesses	(206)	(5)	--
Gain on sale of property, plant and equipment	(23)	--	--
Foreign currency gain	(11)	--	--
Depreciation and amortization	77	50	44
Deferred income taxes	66	14	(12)
Changes in operating assets and liabilities net of effects of acquisitions and dispositions of businesses:			
Accounts receivable	(34)	4	25
Inventories	33	(38)	(43)
Other current assets	(3)	4	7
Other noncurrent assets	23	17	(88)
Current liabilities	(18)	(31)	42
Other noncurrent liabilities	(101)	(44)	80
Net Cash (Used in) Provided by Continuing Operations	(69)	23	100
Net Cash Provided by Discontinued Operations	--	--	54
Net Cash (Used in) Provided by Operating Activities	(69)	23	154
INVESTING ACTIVITIES			
Capital expenditures	(49)	(82)	(97)
Proceeds from disposition of EIS business	315	--	--
Proceeds from the sale of minority interest in subsidiary	--	25	--
Proceeds from disposition of property, plant and equipment	12	--	1
Acquisition of Draftex business, net of cash acquired	(184)	--	--
Discontinued operations	--	--	(30)
Net Cash Provided by (Used in) Investing Activities	94	(57)	(126)
FINANCING ACTIVITIES			
Proceeds from the issuance of long-term debt	350	--	149
Repayments on long-term debt	(262)	--	(359)
Borrowings (repayments) on revolving credit facility, net	(84)	37	--
Repayments on short-term debt, net	(4)	(5)	(2)
Dividends paid	(5)	(5)	(20)
Other equity transactions	7	1	3
Cash dividend from OMNOVA Solutions, Inc.	--	--	200
Net Cash Provided by (Used in) Financing Activities	2	28	(29)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27	(6)	(1)
Cash and Cash Equivalents at Beginning of Year	17	23	24
Cash and Cash Equivalents at End of Year	$ 44	$ 17	$ 23

See notes to consolidated financial statements.

GENCORP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

The consolidated financial statements of GenCorp Inc. (GenCorp or the Company) include the accounts of the parent company and its wholly-owned and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to financial information for prior years to conform to the current year's presentation.

The Company is a multinational manufacturing company operating primarily in the United States and Europe. The Company's continuing operations are organized into three segments: GDX Automotive, Aerospace and Defense and Fine Chemicals. The Company's GDX Automotive segment is a major automotive supplier, engaged in the development, manufacture and sale of highly engineered extruded and molded rubber and plastic sealing systems for vehicle bodies and windows for automotive original equipment manufacturers. The Aerospace and Defense segment includes the operations of Aerojet-General Corporation (Aerojet). Aerojet's business primarily serves high technology markets that include Space and Strategic Rocket Propulsion and Tactical Weapons. Primary customers served include major prime contractors to the U.S. Government, the Department of Defense (DoD) and the National Aeronautics and Space Administration (NASA). In addition, the Company also has significant undeveloped real estate holdings in Sacramento, California. The Company's real estate business is a component of its Aerospace and Defense segment. The Company's Fine Chemicals segment consists of the operations of Aerojet Fine Chemicals LLC (AFC). AFC supplies special intermediates and active pharmaceutical ingredients primarily to commercial customers in the pharmaceutical industry. Information on the Company's operations by segment and geographic area is provided in Note 11. Also, see Notes 9(c) and 11 for additional information related to the Company's real estate holdings.

Management currently believes that its existing cash, forecasted operating cash flows for fiscal year 2002, available bank lines, including $25 million available from Term Loan C as of February 28, 2002, and its ability to generate additional funds from the sources described below will provide the Company with sufficient funds to meet its operating plan for fiscal year 2002. The operating plan provides for full operations of the Company's three business segments, anticipated capital expenditures of approximately $47 million, interest and principal payments on the Company's debt and anticipated dividend payments.

The Company is currently considering accessing the capital markets to raise debt or equity financing, and would anticipate using the proceeds of any such financing to help fund its 2002 liquidity requirements and to repay debt. The timing, terms, size and pricing of any such financing will depend on investor interest and market conditions, and there can be no assurance that the Company will be able to obtain any such financing. As discussed in Note 7, if the Company raises at least $35 million in equity or subordinated debt prior to March 28, 2002, the Company will have access to an additional $25 million of Term Loan C borrowings.

If the Company is not able to raise debt or equity financing in the capital markets or to obtain additional bank borrowings, the Company believes that it can generate additional funds to help fund its 2002 liquidity requirements by reducing working capital requirements, deferring capital expenditures, cost reduction initiatives in addition to those already included in the Company's operating plan and asset sales, or through a combination of these means. The Company's liquidity and financial condition will continue to be affected by changes in prevailing interest rates because substantially all of its debt bears interest at variable interest rates.

Aerojet finalized the sale of its Electronics and Information Systems (EIS) business to Northrop Grumman Corporation (Northrop Grumman) for $315 million in cash on October 19, 2001, subject to certain working capital adjustments as defined in the agreement. In December 2001, Northrop Grumman proposed significant adjustments which would require that Aerojet make a purchase price

reduction of approximately $42 million. Aerojet disagrees with Northrop Grumman's proposed balance sheet adjustments on the basis that they are inconsistent with the Asset Purchase Agreement (APA). The proposed adjustments are subject to arbitration. The pre-tax gain on the transaction was $206 million. The EIS business had revenues of approximately $398 million

and pre-tax income of approximately $30 million for the period December 1, 2000 through October 19, 2001. The results of operations for EIS are included in the Company's Aerospace and Defense segment for all periods presented in the Consolidated Statements of Income through the sale date.

On December 29, 2000, the Company acquired The Laird Group Public Limited Company's (The Laird Group) Draftex International Car Body Seals Division (the Draftex business or Draftex) at an estimated purchase price of $215 million, including cash of $209 million and direct acquisition costs of $6 million. Certain adjustments to the purchase price were in dispute and were decided by an independent arbitrator in February 2002. However, there are further issues impacting the purchase price which have yet to be resolved between the parties. Management believes that resolution of these issues will not have a material impact on the Company's results of operations, liquidity or financial condition. Draftex is now included as part of the Company's GDX Automotive segment. As part of the transaction, 11 manufacturing plants in Spain, France, Germany, Czech Republic, China, and the U.S. were acquired. The acquisition was accounted for under the purchase method of accounting and the excess of costs over the fair value of the net assets acquired is being amortized over a 20-year period. The allocation of purchase price includes a reserve for certain anticipated exit costs, including involuntary employee terminations and associated benefits and facility closure costs of approximately $17 million (see Note 13).

In connection with the acquisition of Draftex, the Company entered into a new, $500 million credit facility (see Note 7).

The pro forma unaudited results of operations assuming the acquisition of Draftex occurred as of December 1, 1999, are as follows (in millions, except per share amounts):

	YEAR ENDED NOVEMBER 30	
	2001	2000
Net Sales	$1,522	$1,484
Income before cumulative effect of accounting change	$ 120	$ 27
Net income	$ 120	$ 101
Basic earnings per share of Common Stock:		
Before cumulative effect of accounting change	$ 2.84	$ 0.64
Net income	$ 2.84	$ 2.41
Diluted earnings per share of Common Stock:		
Before cumulative effect of accounting change	$ 2.82	$ 0.63
Net income	$ 2.82	$ 2.40

These pro forma results are not necessarily indicative of the actual results of operations had the acquisition taken place as of December 1, 1999 or the results of future operations of the Company. Furthermore, the pro forma results do not give effect to the disposition of the EIS business or incremental costs or savings that may occur as a result of restructuring, integration and consolidation of the Draftex business.

On June 5, 2000, the Company sold a 20 percent equity interest in AFC to NextPharma Technologies USA Inc. (NextPharma) for approximately $25 million in cash and exchanged an additional 20 percent equity interest in AFC for an approximate 35 percent equity interest in NextPharma's parent company. As part of the agreement, GenCorp continued to manage, operate, and consolidate AFC as the majority owner. In connection with the transaction, the Company recorded a pre-tax gain on the sale of the minority interest of approximately $5 million. In addition, the Company initially recorded a minority interest of approximately $26 million, included in other long-term liabilities, and an investment in

NextPharma's parent of approximately $6 million. In December 2001, as discussed in Note 16, the Company reacquired the minority interest from NextPharma and certain agreements between the two companies were terminated.

On October 1, 1999, in a tax-free transaction, the Company spun-off its Performance Chemicals and Decorative & Building Products businesses (OMNOVA Solutions Inc. or OMNOVA) to GenCorp shareholders as a separate, publicly traded company. The spin-off was effected by the Company's issuance of a dividend of one

share of OMNOVA common stock for each share of GenCorp common stock held by GenCorp's shareholders on the September 27, 1999, record date for the dividend.

On April 30, 1999, the Company sold its Penn Racquet Sports division (Penn) to HTM Sports-und Freizeitgeraete AG, an Austrian company and HTM USA Holdings Inc., for aggregate consideration of approximately $42 million. The Company recognized a pre-tax gain of $16 million on this transaction.

GenCorp has disposed of its Polymer Products segment as a result of the spin-off and sale of Penn, and the Company's financial statements now reflect OMNOVA and Penn as discontinued operations. Discontinued operations also include certain other operations of the Company's Polymer Products segment, which were previously sold and expenses related to the spin-off totaling approximately $25 million. Interest expense allocated to the business segments by GenCorp management, based on the use of the borrowings, amounted to $14 million in 1999.

The Company has also completed or undertaken several restructuring actions as discussed in Note 13. These actions included the involuntary severance of certain employees at two of the Company's operating segments, the closing of several manufacturing facilities and a Voluntary Enhanced Retirement Program (VERP) aimed at reducing corporate overhead expenses.

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

b. OPERATING ENVIRONMENT

As of November 30, 2001, approximately 60 percent of the Company's employees are covered by collective bargaining or similar agreements. Of the covered employees, approximately seven percent are covered by collective bargaining agreements that are due to expire within one year.

The operations of the Company's GDX Automotive segment are dependent on the availability of rubber and related raw materials. Because of this dependence, significant increases in the price of these raw materials could have a material adverse impact on the Company's results of operations and financial condition. The Company employs a diversified supplier base as part of its efforts to mitigate the risk of a supply interruption.

c. CASH EQUIVALENTS

All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents. The Company classifies securities underlying its cash equivalents as "available-for-sale" in accordance with the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). Cash equivalents are stated at cost, which approximates fair value due to the highly liquid nature and short maturities of the underlying securities.

d. INVENTORIES

The GDX Automotive segment uses the first-in, first-out (FIFO) method for accounting for inventory costs for facilities acquired as part of the Draftex acquisition and all other non-U.S. facilities and the last-in, first-out (LIFO) method for all other GDX Automotive locations. The Aerospace and Defense segment and AFC use the average cost method. Inventories are stated at the lower of cost or market value. See also Note 3.

e. EQUITY-METHOD INVESTMENT

As of November 30, 2001, the Company effectively held a 31 percent ownership interest in common stock of NextPharma's, parent company, NextPharma Technologies, S.A. (NextPharma Technologies). The interest was originally acquired in June 2000 and recorded at $6 million. The Company records its share of NextPharma Technologies' net earnings on a periodic basis in other income. Such amounts were not material in 2001 or 2000. As discussed in Note 16, the Company relinquished its interest in NextPharma Technologies in December 2001. See also Note 1(o) related to transactions with NextPharma and its parent company.

f. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Refurbishment costs are capitalized in the property accounts, whereas ordinary maintenance and repair costs are expensed as incurred. Depreciation is computed principally by the straight-line method for the GDX Automotive and Fine Chemicals segments, and by accelerated methods for the Aerospace and Defense segment. Depreciable lives on buildings and improvements, and machinery and equipment, range from 5 years to 45 years, and 3 years to 15 years, respectively.

Impairment of long-lived assets is recognized when events or changes in circumstances indicate that the carrying amount of the asset, or related groups of assets, may not be recoverable. Under the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121), the Company recognizes an "impairment charge" when the expected net undiscounted future cash flows from an asset's use and eventual disposition are less than the asset's carrying value and the asset's carrying value exceeds its fair value. Measurement of fair value for an asset or group of assets may be based on appraisal, market values of similar assets or estimated discounted future cash flows resulting from the use and ultimate disposition of the asset or assets. See also Note 5.

g. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the excess of purchase price over the estimated fair value of net assets acquired and is amortized on a straight-line basis over 20 years. Identifiable intangible assets, such as "assembled workforce," patents, trademarks and licenses, are recorded at cost or when acquired as part of a business combination at estimated fair value. Identifiable intangible assets are amortized over their estimated useful life using the straight-line method over periods ranging from 3 to 20 years. As of November 30, 2001, goodwill, net of related amortization totaled approximately $65 million, primarily from the Company's December 2000 acquisition of Draftex. The goodwill resulting from the Draftex acquisition is subject to certain purchase price adjustments (see Note 1(a)). As of November 30, 2001, other intangible assets totaled $24 million, including $20 million for assembled workforce primarily from the Draftex acquisition. Accumulated amortization of goodwill and other intangible assets was $8 million and $4 million as of November 30, 2001 and 2000, respectively.

The Company periodically evaluates the period of amortization of its goodwill and other intangible assets and determines if such assets are impaired by comparing the carrying values with estimated future undiscounted cash flows. This analysis is performed separately for the goodwill that resulted from each acquisition and for the other intangibles. Based on the most recent analyses, the Company believes that goodwill and other intangible assets were not impaired as of November 30, 2001.

See also Note 15 related to the Company's adoption of new accounting standards related to goodwill and other intangible assets.

h. PRE-PRODUCTION COSTS

The Company accounts for certain pre-production costs in accordance with EITF Issue No. 99-5, "Accounting for Pre-Production Costs Related to Long-term Supply Arrangements". This issue addresses the accounting treatment and disclosure requirements for pre-production costs incurred by original equipment manufacturers (OEM) suppliers to perform certain services related to the design and development of the parts they will supply to the OEM as well as the design

and development costs to build molds dies and other tools that will be used in producing parts. At November 30, 2001, the Company has recorded as a noncurrent asset approximately $4 million of costs for tooling for which the customer reimbursement is assured.

i. REVENUE RECOGNITION

The Company adopted the U.S. Securities and Exchange Commission's (SEC) Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," (SAB 101) as of December 1, 2000. In SAB 101, the SEC expressed its view that revenue was realizable and earned when the following four criteria were met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or the service have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectibility is reasonably assured. SAB 101

also provides guidance for revenue recognition under circumstances when delivery of a finished product occurs after the finished product has been invoiced. The adoption of SAB 101 did not have a material affect on the Company's results of operations, liquidity or financial condition.

Generally, sales are recorded when products are shipped or customer acceptance has occurred, all other significant customer obligations have been met and collection is reasonably assured. In certain limited circumstances, the Company's Fine Chemicals segment records sales when products are shipped, before customer acceptance has occurred, when adequate controls are in place to ensure compliance with contractual product specifications and a substantial history of performance has been established. In addition, the Fine Chemicals segment recognizes revenue under two contracts before the finished product is delivered to the customers. These customers have specifically requested that AFC invoice for the finished product and hold the finished product in inventory until a later date.

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 that 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 earned or measurable. Provisions for estimated losses on contracts are recorded when such losses become evident. The Company uses the full absorption costing method for government contracts which includes direct costs, allocated overhead and general and administrative expense. Work-in-process on fixed-price contracts includes full cost absorption, less the average estimated cost of units or items delivered.

j. RESEARCH AND DEVELOPMENT EXPENSES

Company-sponsored research and development (R&D) expenses were $24 million in 2001 and $26 million in both 2000 and 1999. Company-sponsored R&D expenses include the costs of technical activities that are useful in developing new products, services, processes or techniques, as well as those expenses for technical activities that may significantly improve existing products or processes.

Customer-sponsored R&D expenditures, which are funded under government contracts, totaled $215 million in 2001, $162 million in 2000 and $230 million in 1999.

k. ENVIRONMENTAL COSTS

The Company accounts for identified or potential environmental remediation liabilities in accordance with the American Institute of Certified Public Accountants' Statement of Position 96-1, "Environmental Remediation Liabilities" (SOP 96-1) and Staff Accounting Bulletin No. 92 "Accounting and Disclosures

Relating to Loss Contingencies". Under this guidance, the Company expenses, on a current basis, recurring costs associated with managing hazardous substances and pollution in ongoing operations. The Company 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 is probable. Pursuant to U.S. Government agreements or regulations, the Company can recover a substantial portion of its environmental costs for its Aerospace and Defense segment through the establishment of prices of the Company's products and services sold to the U.S. Government. The ability of the Company to continue recovering these costs from the U.S. Government depends on Aerojet's sustained business volume under U.S. Government contracts and programs. With the exception of applicable amounts representing current assets and liabilities, recoverable amounts and accrued costs are included in other long-term assets and liabilities. See also Notes 9(b) and 9(c).

l. STOCK-BASED COMPENSATION

The Company applies the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," (APB 25) and related interpretations to account for awards of stock-based compensation granted to employees. See also Note 10(c).

m. DERIVATIVE FINANCIAL INSTRUMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which, for the Company, was effective December 1, 2000. This statement established accounting and reporting standards that require every derivative financial instrument, including certain derivative financial instruments embedded in other contracts, to be recorded in the balance sheet as either an asset or liability measured at fair value. This statement also requires that changes in a derivative financial instrument's fair value be recognized in results of operations unless specific hedge accounting criteria are met. The adoption of SFAS 133 did not have a material effect on the Company's results of operations, liquidity or financial condition, since the Company does not generally enter into transactions involving derivative financial instruments or routinely engage in hedging activities.

In 2000, the Company entered into a foreign currency option contract to purchase a specified number of Euros at a specified exchange rate, in order to hedge against market fluctuations during negotiations to acquire the Draftex business. The Company recognized an expense of approximately $8 million in connection with this contract, which expired on November 30, 2000. The Company entered into several forward exchange contracts related to the Draftex acquisition in December 2000. Settlement of these contracts, in December 2000, resulted in a gain of $11 million. Besides these two transactions, the Company has not entered into any significant foreign currency forward exchange contracts or any other derivative financial instruments.

n. EARNINGS PER SHARE

A reconciliation of the numerator and denominator used in the basic and diluted earnings per share of common stock (EPS) from continuing operations computations is presented in the following table (dollars in millions, except per share amounts; shares in thousands):

	YEAR ENDED NOVEMBER 30		
	2001	2000	1999
NUMERATOR FOR BASIC AND DILUTED EPS			
Income from continuing operations available to common shareholders	$ 128	$ 52	$ 45
DENOMINATOR FOR BASIC EPS			
Weighted average shares of common stock outstanding	42,228	41,933	41,741

DENOMINATOR FOR DILUTED EPS			
Weighted average shares of common stock outstanding.....	42,228	41,933	41,741
Employee stock options.....	332	103	394
Other.....	23	16	13
	42,583	42,052	42,148
EPS -- Basic.....	$ 3.03	$ 1.24	$ 1.09
EPS -- Diluted.....	$ 3.00	$ 1.23	$ 1.07

o. RELATED-PARTY TRANSACTIONS

In fiscal year 2001 and 2000, AFC incurred expenses totaling $5 million and $2 million, respectively, for services performed by NextPharma on behalf of AFC. These services included sales and marketing efforts, customer interface and other related activities. From June 2000 through November 30, 2001, NextPharma held a minority ownership interest in AFC and GenCorp held a minority ownership interest in NextPharma's parent company. See Note 1(a) for additional information. As discussed in Note 16, the Company relinquished its interest in NextPharma Technologies in December 2001.

Following review and approval by the Audit Committee of the GenCorp Board of Directors, GenCorp Chairman and Chief Executive Officer, Robert A. Wolfe, subscribed for 25,000 Ordinary Shares of NextPharma's parent company, NextPharma Technologies S.A., in August 2000 at an aggregate purchase price of $250,000.

2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

In January 2002, the Company became aware of certain potential accounting issues at two of its GDX Automotive manufacturing plants in North America. The Company promptly notified both its Audit Committee and its independent accountants. Under the direction and oversight of the Audit Committee and with the assistance of outside legal advisors and accounting consultants, the Company conducted an inquiry into these and related accounting issues as well as a more complete evaluation of accounting practices and internal control processes throughout the Company. As a result of this process, due primarily to activities at one GDX Automotive manufacturing plant, the Company is, by means of this filing, restating its previously issued financial statements for the years ended November 30, 2000 and November 30, 1999. Unaudited quarterly financial information for the year ended November 30, 2000 and the first three quarters of the year ended November 30, 2001 is also being restated by means of this filing.

Set forth below is a comparison of the previously reported and restated Consolidated Statements of Income for the years ended November 30, 2000 and November 30, 1999. See Note 12 for a comparison of the previously reported and restated Condensed Consolidated Statements of Income for each quarter in the year ended November 30, 2000 and the first three quarters of the year ended November 30, 2001 and for the restated Consolidated Balance Sheets for each of the first three quarters of 2001 and 2000 (dollars in millions, except per share amounts).

	YEAR ENDED NOVEMBER 30			
	2000		1999	
	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED	RESTATED
NET SALES.....	$1,047	$1,047	$1,071	$1,071
COSTS AND EXPENSES.....	955	960	995	997
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES.....	92	87	76	74
Provision for income taxes.....	37	35	30	29
INCOME FROM CONTINUING OPERATIONS.....	55	52	46	45
DISCONTINUED OPERATIONS.....	--	--	26	26
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING				

PRINCIPLE, NET OF INCOME TAXES.....	74	74	--	--
NET INCOME.....	$ 129	$ 126	$ 72	$ 71
EARNINGS PER SHARE OF COMMON STOCK				
Basic:				
Continuing operations.....	$ 1.31	$ 1.24	$ 1.11	$ 1.09
Discontinued operations.....	--	--	0.63	0.63
Cumulative effect of a change in accounting principle.....	1.76	1.76	--	--
Total.....	$ 3.07	$ 3.00	$ 1.74	$ 1.72
Diluted:				
Continuing operations.....	$ 1.31	$ 1.23	$ 1.09	$ 1.07
Discontinued operations.....	--	--	0.63	0.63
Cumulative effect of a change in accounting principle.....	1.76	1.76	--	--
Total.....	$ 3.07	$ 2.99	$ 1.72	$ 1.70

The restatement of the Company's Consolidated Balance Sheets as of November 30, 2000 resulted in an increase in assets of $1 million and an increase in liabilities of $10 million and, as of November 30, 1999, assets were increased $2 million and liabilities increased $6 million.

The revisions primarily arise from the correction of certain balance sheet and income statement items, which among other things, relate to the accounting for customer-owned tooling and recognition of liabilities at one of the Company's GDX Automotive manufacturing plants that the Company has determined were not properly recorded in the Company's accounting records.

The Company also restated the balance of retained earnings as of December 1, 1998. The revision, a decrease of $5 million, related to an oversight in collecting data for the calculation of certain postretirement benefit obligations at one of GDX Automotive's non-U.S. facilities in the year ended November 30, 1996 with no material impact on fiscal years 1998 and 1997.

Unless otherwise expressly stated, all financial information in this Annual Report on Form 10-K is presented inclusive of these revisions.

3. INVENTORIES

	AS OF NOVEMBER 30	
	2001	2000
	(MILLIONS)	
Raw materials and supplies.....	$ 31	$ 27
Work-in-process.....	20	12
Finished goods.....	17	9
Approximate replacement cost of inventories.....	68	48
LIFO reserves.....	(5)	(6)
Long-term contracts at average cost.....	245	310
Progress payments.....	(141)	(170)
Inventories.....	$ 167	$ 182

Inventories applicable to government contracts, primarily related to the Company's Aerospace and Defense segment, include general and administrative costs. The total of such costs incurred in 2001 and 2000 was $76 million and $48 million, respectively, and the amount in inventory at the end of those years is estimated to be $36 million and $24 million at November 30, 2001 and 2000,

respectively.

In 2001, Aerojet recorded an inventory write-down of $46 million related to its participation as a propulsion supplier to a commercial launch vehicle program and also recorded a $2 million accrual for outstanding obligations connected with this effort. Aerojet's inventory consists of program unique rocket engines and propulsion systems primarily intended for use in a commercial reusable launch vehicle. The inventory write-down reflects the following: inability of a commercial customer to secure additional funding, no alternative purchasers willing to acquire inventory held by Aerojet and no market value.

Inventories using the LIFO method represented 13 percent and 56 percent of inventories at replacement cost as of November 30, 2001 and 2000, respectively.

4. INCOME TAXES

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The Company files a consolidated federal income tax return with its wholly-owned subsidiaries.

The components of the Company's provision for income taxes are as follows (in millions):

	AS OF NOVEMBER 30		
	2001	2000	1999
CURRENT			
United States federal	$ 7	$(30)	$ 29
State and local	(19)	(8)	10
Foreign	5	8	2
	(7)	(30)	41
DEFERRED			
United States federal	$ 47	$ 51	$(12)
State and local	19	13	(4)
Foreign	-	1	4
	66	65	(12)
Provision for income taxes	$ 59	$ 35	$ 29

A reconciliation of the federal statutory income tax rate to the Company's effective income tax rate is included in the following table:

	YEAR ENDED NOVEMBER 30		
	2001	2000	1999
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	2.7	4.1	3.4
Tax settlements, including interest	(7.2)	-	-
Earnings of subsidiaries taxed at other than the U.S. statutory rate	0.4	0.7	0.2
Other, net	0.7	0.3	0.6
Effective income tax rate	31.6%	40.1%	39.2%

The Company reduced its 2001 income tax expense by approximately $13 million due to the receipt of state income tax settlements.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities (in millions):

	AS OF NOVEMBER 30	
	2001	2000
DEFERRED TAX ASSETS		
Accrued estimated costs	$80	$91
Long-term contract method	-	6
Net operating loss and tax credit carryforwards	13	3
Other postretirement and employee benefits	87	110
Total deferred tax assets	180	210
DEFERRED TAX LIABILITIES		
Depreciation	32	12
Pensions	128	109
Total deferred tax liabilities	160	121
Total net deferred tax assets	20	89
Less: current deferred tax assets	(14)	(11)
Noncurrent deferred tax assets	$ 6	$78

The majority of the net operating losses and tax credit carryforwards, which are primarily related to foreign operations, have an indefinite carryforward period with the remaining portion expiring beginning in 2005. Pre-tax income from continuing operations of foreign subsidiaries was $14 million in fiscal year 2001, $24 million in 2000 and $17 million in 1999. Cash paid during the year for income taxes of continuing and discontinued operations was $15 million in 2001, $10 million in 2000 and $58 million in 1999.

5. PROPERTY, PLANT AND EQUIPMENT

	AS OF NOVEMBER 30	
	2001	2000
	(MILLIONS)	
Land	$ 37	$ 30
Buildings and improvements	257	261
Machinery and equipment	611	599
Construction-in-progress	26	49
	931	939
Less: accumulated depreciation	(477)	(573)
Total property and equipment, net	$ 454	$ 366

Depreciation expense for fiscal years 2001, 2000 and 1999 was $65 million, $46 million and $42 million, respectively.

6. OTHER CURRENT LIABILITIES

	AS OF NOVEMBER 30	
	2001	2000
	(MILLIONS)	
Accrued goods and services	$185	$150
Advanced payments on contracts	41	28
Accrued compensation and employee benefits	24	29
Other postretirement benefits	28	28
Environmental reserves	35	25
Other	23	12
Total other current liabilities	$336	$272

7. LONG-TERM DEBT AND CREDIT FACILITY

	AS OF NOVEMBER 30	
	2001	2000
	(MILLIONS)	
Revolving loans	$120	$190
Term loans	88	-
Other	6	-
Total debt	214	190
Less: amounts due within one year	(17)	-
Long-term debt	$197	$190

As of November 30, 2000, the Company had a five year, $250 million Revolving Credit Facility Agreement (Former Credit Facility) that was scheduled to expire in 2004. The Former Credit Facility was paid-off on December 28, 2000.

On December 28, 2000, the Company entered into a new, five year, $500 million senior credit facility (Credit Facility). The Credit Facility was used to finance the acquisition of the Draftex business (see Note 1(a)) and replaced the Former Credit Facility. The Credit Facility consisted of a $150 million revolving loan (Revolver)

and a $150 million term loan (Term Loan A), expiring December 28, 2005, and a $200 million term loan (Term Loan B), expiring December 28, 2006. Effective August 31, 2001 the Company executed Amendment Number 2 to the Credit Facility providing for transfer of $13 million of the Revolver and $52 million of the Term Loan A to Term Loan B. The outstanding balance of Term Loan B on October 19, 2001 of $264 million (balance of $265 million after transfer of $13 million of the Revolver and $52 million of Term Loan A, less repayment of approximately $1 million in September 2001) was repaid with the proceeds from the sale of Aerojet's EIS business (see Note 1(a)). The Company obtained waivers in October 2001, November 2001, December 2001 and February 2002 waiving reduction of the Revolver from $150 million to $137 million until March 8, 2002. On February 28, 2002 the Company executed Amendment Number 4 to the Credit Facility, which provides an additional $25 million term loan (Term Loan C) with the ability to request an additional $25 million under Term Loan C, subject to the satisfaction of certain conditions and the Company issuing $35 million of equity or subordinated debt prior to March 28, 2002. Amendment Number 4 also extended the reduction of the Revolver from March 8, 2002 to March 28, 2002. The initial $25

million Term Loan C has a term which matures on December 28, 2002, but in the event the Company obtains $35 million of equity or subordinated debt prior to March 28, 2002, the term for the total Term Loan C matures December 28, 2004. As of February 28, 2002 the Company did draw-down $25 million of Term Loan C, which the Company intends to use to fund working capital requirements or to pay down debt.

As of November 30, 2001 and February 28, 2002 the outstanding Term Loan A balances were approximately $88 million and $86 million, respectively. Pursuant to Amendment Number 2, the Term Loan A scheduled repayments remaining as of February 28, 2002 are: twelve equal quarterly principal payments of approximately $5 million through December 2004, and four equal quarterly payments of approximately $7 million through December 2005. Term Loan C scheduled repayments for the initial $25 million Term Loan C are quarterly principal payments of $625,000, commencing June 2002, with a balloon payment of approximately $24 million, if the maturity is December 28, 2002 and $19 million if the maturity is December 28, 2004. In the event the additional $25 million Term Loan C is funded, the repayment schedule on the total Term Loan C of $50 million commences June 2002, with ten equal quarterly principal payments of $1.25 million and a balloon payment of $38 million on December 28, 2004. The quarterly principal repayment dates for Term Loans A and C are: March 28, June 28, September 28, and December 28 along with associated interest payments.

The Company pays a commitment fee between 0.375 percent and 0.50 percent (based on the most recent leverage ratio) on the unused balance. Borrowings under the Credit Facility bear interest at the borrower's option, at various rates of interest, based on an adjusted base rate (prime lending rate or federal funds rate plus 0.50 percent) or Eurodollar rate, plus, in each case, an incremental margin. For the Revolver and Term Loan A borrowings the incremental margin is based on the most recent leverage ratio, for base rate loans the margin ranges between 0.75 percent to 2.0 percent and for Eurodollar rate borrowings the margin ranges between 1.75 percent to 3.00 percent. For Term Loan C borrowings the initial margins for base rate loans and Eurodollar rate based loans are 3.50 percent and 4.50 percent, respectively. The margins for Term Loan C borrowings increase quarterly by 0.50 percent each quarter beginning after June 28, 2002. Increases to the margins are cumulative, but shall not exceed, in the aggregate, 4.00 percent. Cash paid for interest was $34 million in 2001, $17 million in 2000 and $20 million in 1999.

The Credit Facility, as executed on December 28, 2000, was secured by stock of certain subsidiaries of the Company and certain real property of the GDX Automotive segment of the Company. Execution of Amendment Number 4 to the Credit Facility and the provision of Term Loan C required the Company to pledge additional collateral consisting of: the assets of, and the Company's interest in, AFC, non-Superfund property located in California, real estate in Nevada and a $21 million note receivable.

As of November 30, 2001, the available borrowing limit under the Credit Facility was $241 million, of which the Company had drawn-down $208 million (excluding letters of credit), and the average interest rate on the outstanding balance of the Credit Facility was 5.4 percent. The interest rates on the Company's long-term debt reflect market rates and, therefore, the carrying value of long-term debt approximates its fair value. At November 30, 2001, outstanding letters of credit totaled $9 million.

The Credit Facility contains certain restrictive covenants that require the Company to meet specific financial ratios and restrict capital expenditures, the ability to incur additional debt and certain other transactions. The Credit Facility permits dividend payments as long as there is no event of default.

As of November 30, 2001, the Company's debt maturities (Revolver of $120 million, Term Loan A of $88 million and other debt of $6 million) are summarized as follows (in millions):

2002	2003	2004	2005	2006
$17	$22	$20	$27	$128

Term Loan C in the amount of $25 million drawn as of February 28, 2002 currently matures on December 28, 2002 (see discussion above).

8. EMPLOYEE PENSION AND BENEFIT PLANS

a. DEFINED BENEFIT AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has a number of defined benefit pension plans that cover substantially all salaried and hourly employees. Normal retirement age 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. The majority of the pension plans' assets are invested in short-term investments, listed stocks and bonds.

Effective August 31, 1999, the Company changed its measurement date for all U.S. pension and postretirement health care and life insurance plans from November 30 to August 31. The effect of the measurement date change was not material.

In addition to providing pension benefits, the Company currently provides certain health care and life insurance benefits to most retired employees in North America 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. These postretirement benefits are unfunded. The costs of postretirement benefits are accrued based on the date the employees become eligible for the benefits.

The Company implemented a restructuring of its corporate headquarters in late 2001. The program included a Voluntary Enhanced Retirement Program (VERP) offered to eligible employees. The program resulted in a $10 million pre-tax charge to expense.

The status of the Company's defined benefit pension plan and other postretirement benefit plans is as follows:

	DEFINED BENEFIT PENSION PLANS		OTHER POSTRETIREMENT BENEFITS	
	YEAR ENDED NOVEMBER 30			
	2001	2000	2001	2000
	(MILLIONS)			
Fair value of plan assets at beginning of year	$2,358	$2,244	--	--
Actual return on plan assets	(164)	255	--	--
Effect of EIS sale(1)	(175)	--	--	--
Employer contributions	(15)	3	$ 29	$ 30
Benefits paid	(142)	(144)	(29)	(30)
Fair Value of Plan Assets at End of Year	$1,862	$2,358	$ --	$ --
Benefit obligation at beginning of year	$1,826	$1,825	$ 222	$ 244
Service cost	15	16	1	1
Interest cost	136	132	15	16
Amendments	3	3	--	--
Settlement(1)	(128)	--	--	--
Curtailment(2)	(10)	--	(14)	--
Special termination benefits(3)	10	--	2	--
Actuarial (gain) loss	(95)	(6)	5	(12)
Benefits paid	(142)	(144)	(29)	(30)
Benefit Obligation at End of Year(4)	$1,615	$1,826	$ 202	$ 219

Funded status of the plans	$ 247	$ 532	$(202)	$(219)
Unrecognized actuarial (gain)/loss	52	(241)	(8)	(17)
Unrecognized prior service cost	15	22	(21)	(35)
Unrecognized transition amount	(6)	(9)	--	--
Minimum funding liability	(2)	(4)	--	--
Transfer of assets from pension to health care plan	(19)	(19)	--	--
Benefit payments August 31 through November 30	--	--	9	7
Net Asset (Liability) Recognized in the Company's Consolidated Balance Sheets(5)	$ 287	$ 281	$(222)	$(264)

Components of the amounts recognized in the Company's Consolidated Balance Sheets (in millions):

	DEFINED BENEFIT PENSION PLANS		OTHER POSTRETIREMENT BENEFITS	
	AS OF NOVEMBER 30			
	2001	2000	2001	2000
Prepaid benefit cost	$287	$281	$ --	$ --
Other current liabilities	--	--	(28)	(28)
Long-term liabilities	--	--	(194)	(236)
Intangible assets	--	2	--	--
Other shareholders' equity	2	2	--	--
Minimum funding liability	(2)	(4)	--	--
Net Asset (Liability) Recognized in the Consolidated Balance Sheets(5)	$287	$281	$(222)	$(264)

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(1) As discussed in Note 1(a), the Company sold its EIS business in fiscal year 2001.

(2) Relate to certain restructuring activities undertaken by GDX Automotive, as discussed in Note 13.

(3) Relate to the restructuring programs discussed above.

(4) Pension amounts included $19 million and $16 million in 2001 and 2000, respectively, for unfunded plans.

(5) Pension amounts included $19 million and $15 million in 2001 and 2000, respectively, for unfunded plans.

The following table presents the weighted average assumptions used to determine the actuarial present value of pension benefits and other postretirement benefits:

	DEFINED BENEFIT PENSION PLANS		OTHER POSTRETIREMENT BENEFITS	
	2001	2000	2001	2000
Discount Rate	7.25%	7.50%	7.25%	7.50%
Expected return on plan assets	8.75%	9.00%	*	*
Rate of compensation increase	4.50%	4.50%	*	*

Initial trend rate for health care costs(1)	*	*	12.00%	8.00%
Ultimate trend rate for health care costs	*	*	6.00%	6.00%

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(1) The initial trend rate for health care costs declines by one percent per year, to six percent for years after the year 2007.

* Not applicable.

A one percent increase in the assumed trend rate for health care costs would have increased the accumulated benefit obligation by $2 million as of November 30, 2001. A one percent increase in the assumed trend rate for health care costs would not have significantly increased the cost of 2001 postretirement health care benefits.

Total periodic cost for pension benefits and other postretirement benefits (in millions):

	DEFINED BENEFIT PENSION PLANS			OTHER POSTRETIREMENT BENEFITS		
	YEAR ENDED NOVEMBER 30					
	2001	2000	1999	2001	2000	1999
Service cost for benefits earned during the year	$ 15	$ 16	$ 20	$ 1	$ 1	$ 2
Interest cost on benefit obligation	136	132	139	15	16	19
Assumed return on plan assets(1)	(188)	(180)	(182)	-	-	-
Amortization of unrecognized amounts	(41)	(31)	-	(9)	(7)	(6)
Special events(2)	62	2	4	2	-	1
Curtailment effects	(5)	-	-	(23)	-	(1)
Net periodic benefit (income) cost	$ (21)	$ (61)	$ (19)	$(14)	$10	$15
Continuing operations	$ (21)	$ (61)	$ (3)	$(14)	$10	$ 3
Discontinued operations	-	-	(16)	-	-	12
Net periodic benefit (income) cost	$ (21)	$ (61)	$ (19)	$(14)	$10	$15

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(1) Actual returns on plan assets were a loss of $164 million in 2001 and gains of $266 million in 2000 and $224 million in 1999.

(2) Includes special termination benefits totaling $10 million in 2001 related to the restructuring programs discussed above.

Effective December 1, 1999, the Company changed its methods for determining the market-related value of plan assets used in determining the expected return-on-assets component of annual net pension costs and the amortization of gains and losses for both pension and postretirement benefit costs. Under the previous accounting method, the market-related value of assets was determined by smoothing assets over a five-year period. The new method shortens the smoothing period for determining the market-related value of plan assets from a five-year period to a three-year period. The changes result in a calculated market-related value of plan assets that is closer to current value, while still mitigating the effects of short-term market fluctuation. The new method also reduces the substantial accumulation of unrecognized gains and losses created under the previous method due to the disparity between fair value and market-related value of plan assets. Under the previous accounting method all gains and losses were subject to a ten percent corridor and amortized over the expected working lifetime of active employees (approximately 11 years). The new method eliminates the ten percent corridor and reduces the amortization period to five years.

The cumulative effect of this accounting change related to periods prior to fiscal year 2000 of $123 million ($74 million after-tax, or $1.76 per share for

both basic and diluted EPS) is a one-time, non-cash credit to fiscal 2000 earnings. This accounting change also resulted in a reduction in benefit costs for the year ended

November 30, 2000 that increased income allocable to continuing business segments by $30 million and pre-tax income from continuing operations by $37 million ($22 million after-tax, or $0.52 per share for both basic and diluted EPS).

Presented below is pro forma income from continuing operations and EPS for the year ended November 30, 1999, showing the estimated effects as if the accounting change were applied retroactively (dollars in millions except for per share amounts):

	YEAR ENDED NOVEMBER 30 1999
Income from continuing operations	$ 65
Basic EPS - continuing operations	$1.56
Diluted EPS - continuing operations	$1.55

b. DEFINED CONTRIBUTION PENSION PLANS

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 generally are based on a percentage of employee contributions. The cost of these plans was approximately $9 million in 2001, 2000 and 1999. The Company funds its contribution to the salaried plan with GenCorp common stock.

c. POSTEMPLOYMENT BENEFITS

The Company provides certain postemployment benefits to its employees. Such benefits include disability-related and workers' compensation benefits and severance payments for certain employees. The Company accrues for the cost of such benefit expenses once an appropriate triggering event has occurred.

9. COMMITMENTS AND CONTINGENCIES

a. LEASE COMMITMENTS

The Company and its subsidiaries lease certain facilities, machinery and equipment and office buildings under long-term, noncancelable operating leases. The leases generally provide for renewal options ranging from five to fifteen years and require the Company to pay for utilities, insurance, taxes and maintenance. Rent expense was $8 million in fiscal 2001, $6 million in fiscal 2000, and $4 million in fiscal 1999. The aggregate future minimum rental commitments under all non-cancelable operating leases in effect as of November 30, 2001 was $63 million with annual amounts declining from $7 million in 2002, to $5 million in 2006. The Company's obligations for leases after 2006 aggregate approximately $35 million.

The Company also leases certain surplus facilities to third parties. The Company recorded lease revenues of $6 million, in fiscal years 2001, 2000 and 1999, related to these arrangements. Future minimum lease payments to be received in the next five fiscal years increase from $5 million in 2002 to $7 million in 2006.

b. LEGAL PROCEEDINGS

Groundwater Toxic Tort Cases

Aerojet, along with other industrial Potentially Responsible Parties (PRPs) and area water purveyors, have been sued in 17 cases by approximately 1,700 private plaintiffs residing in the vicinity of the defendants' manufacturing facilities in Sacramento, California, and the Company's former facility in Azusa, California. Plaintiffs in most cases seek damage for illness, death, and

economic injury allegedly caused by their ingestion of groundwater contaminated or served by defendants. Fourteen of the cases are in the Los Angeles area and three are in the Sacramento area. The Company's facilities that are involved in these suits are the subject of certain investigations under The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA), as described in Note 9(c). The other manufacturing defendants' facilities are also subject to these investigations. All of these cases have been stayed for three years pending the completion of a California Public Utilities Commission (PUC) investigation of the

safety of the water served by regulated water purveyors. In December 2001, the California Supreme Court heard argument in an appeal of the stays by plaintiffs. A decision by the Court was issued on February 4, 2002. The Court found that PUC regulated water purveyors may not be sued by the toxic tort plaintiffs if the water they served complied with state and federal drinking water standards. The Court further ruled that the claims against the PUC regulated defendants where the federal and state standards had been exceeded, and the claims against all defendants not subject to PUC regulation, were not preempted. Assuming the Court does not reconsider its ruling, the stays in these cases will be rescinded and discovery should begin in March or April, 2002. Aerojet and the other individual defendants are evaluating their alternatives. Aerojet has notified its insurers and plans a vigorous defense should the stays be rescinded.

Air Pollution Toxic Tort Cases

Aerojet and several other defendants have been sued by private homeowners residing in the vicinity of Chino and Chino Hills, California. The three cases were filed in State court but were removed at defendants' request to the United States District Court where they were consolidated. Plaintiffs generally allege that defendants released hazardous chemicals into the air at their manufacturing facilities, which allegedly caused illness, death, and economic injury. Discovery is proceeding in the cases. Aerojet has notified its insurers and is vigorously defending the actions.

Water Entity Toxic Tort Cases

Between April 2000 and October 2001, Aerojet was sued by six local water agencies and water purveyors to recover damages relating to alleged contamination of drinking water wells in the Baldwin Park Operable Unit (BPOU) of the San Gabriel Basin Superfund site by Aerojet. The initial suits were filed by the San Gabriel Basin Water Quality Authority (WQA) and the Upper San Gabriel Valley Municipal Water District (Upper District) for the funding of a treatment plant at the La Puente Valley County Water District (La Puente) well field. In January 2001, Aerojet and certain cooperating PRPs reimbursed these plaintiffs and one other funding agency $4.13 million for the cost of the treatment plant. Since that time, Aerojet and these PRPs have continued to pay all operating and related costs for treatment at the La Puente site. In June 2001, La Puente joined the WQA case as a plaintiff seeking certain past costs.

In June 2000, the WQA also sued for its past costs in placing treatment at the Big Dalton well site in the San Gabriel Basin. Starting in October 2000 and continuing through October 2001, Aerojet was sued by Valley County Water District (Valley) and Aerojet and other PRPs were sued by Cal Domestic Water Company and San Gabriel Valley Water Company for contamination of their drinking water wells. The Valley case was served but has been inactive and the other two have not been served. The primary claim in each of these cases is for the recovery of past and future CERCLA response costs for treatment plants at their well sites. In the WQA and Upper District cases, Aerojet has filed third party claims against other PRPs, which claims have been severed by the trial court. Aerojet will file similar claims in the Valley County case if it is activated.

If the Definitive Agreement for the remediation of the BPOU Project (see Note 9(c) below) is executed, all of these actions will be dismissed without prejudice and all the past cost claims in those actions will be settled and released.

In October 1999, Aerojet was sued by American States Water Company, a local water purveyor, and certain of its affiliates, to recover $50 million in unspecified past costs and replacement water damages relating to contamination of drinking water wells near Aerojet's Sacramento, California, manufacturing

facility. The plaintiffs also sued the State of California for inverse condemnation and both cases were consolidated in July 2001. Discovery has been ongoing and trial is scheduled in the fall of 2002. Aerojet, the State and the plaintiffs have agreed to explore mediation that is planned for April 2002. Aerojet has notified its insurers and is conducting a vigorous defense.

Vinyl Chloride Cases

Between the early 1950's and 1985, GenCorp produced PVC resin at its former Ashtabula, Ohio facility. A building block compound of PVC is vinyl chloride (VC), now listed as a known carcinogen by several governmental agencies. OSHA has strictly regulated workplace exposure to VC since 1974.

Since 1996, GenCorp has been named in 11 toxic tort cases involving alleged exposure to VC. With the exception of one case, brought by the family of a former Ashtabula employee, GenCorp was alleged to be a civil co-conspirator with other VC and PVC manufacturers, whereby the industry allegedly suppressed information about the carcinogenic risk of VC to industry workers. Of these 11 cases, six have been settled on terms favorable to the Company during 2000 and 2001, including the case where GenCorp was the employer.

One case alleges VC exposure from various aerosol consumer products, including hairspray. VC was allegedly used as an aerosol propellant during the 1960's, and the suit names numerous consumer product manufacturers, in addition to more than 40 chemical manufacturers. GenCorp only used VC internally and never sold VC for aerosol or any other use. The other four cases involve employees at VC or PVC facilities which had no connection to GenCorp. GenCorp's involvement in the alleged conspiracy in these cases stems from GenCorp's participation in various trade associations. GenCorp is vigorously defending its position in each of these cases.

TNS, Inc. v. NLRB et al.

TNS, Inc., now known as Aerojet Ordnance Tennessee, Inc., (AOT) has long manufactured armor piercing projectiles and ordnance from depleted uranium (DU) under contracts with the U.S. military. AOT is a wholly-owned subsidiary of Aerojet-General Corporation.

In 1981, a labor strike occurred at the facility in Jonesborough, Tennessee, during which the Oil, Chemical and Atomic Workers Union, now "PACE," claimed that the employees had the legal right to strike due to "abnormally dangerous" working conditions under Section 502 of the National Labor Relations Act. The "abnormally dangerous" conditions allegedly stemmed from the radioactive nature of DU. The Union claimed this made the strike an "unfair labor practice strike," which prevented permanent replacement of the 200 strikers. Nonetheless, the strikers were replaced, and unfair labor practice charges were filed by the Union.

In 1992, the NLRB, in a consolidated unfair labor practice case (Case Nos. 10-CA-17709 and 18785), overruled the Administrative Law Judge and found that TNS had not violated Section 502, and thus dismissed the complaint. The union appealed the dismissal to the D.C. Circuit Court of Appeals (Case No. 93-1299), which remanded the case to the NLRB in 1995 for reconsideration of the standards to be applied in determining "abnormally dangerous" working conditions.

On September 30, 1999, the NLRB issued its Second Supplemental Decision and Order, finding that TNS had committed an unfair labor practice when it refused to reinstate those strikers who made an unconditional offer to return to work in 1982.

TNS has appealed the most recent ruling of the NLRB to the Sixth Circuit Court of Appeals (Case No. 99-6379), where it has been consolidated with the cross-appeal of the NLRB (Case No. 00-5433). The case presents significant issues of first impression under Section 502 of the National Labor Relations Act, as well as primary jurisdiction issues because the safe handling and use of radioactive materials are comprehensively regulated by the Nuclear Regulatory Commission and the Tennessee Department of Conservation and Environment, Bureau of Environment, Division of Radiological Health.

The matter has been fully briefed, with numerous amicus briefs filed in support of TNS' position, and oral argument was held in September 2001. A

decision is expected in early 2002.

A ruling adverse to TNS would likely result in a substantial backpay award to the eligible strikers, all of whom have been offered reinstatement over the past 18 years. The actual total backpay amount, however, would be subject to various interest and off-set adjustments to be determined through compliance proceedings before the NLRB.

Wotus, et al. v. GenCorp Inc. and OMNOVA Solutions Inc.

On October 12, 2000, a group of hourly retirees filed a class action seeking recission of the current Hourly Retiree Medical Plan established in spring, 1994 and reinstatement of pre-1994 benefit plan terms. Wotus, et al. v. GenCorp Inc., et al., U.S.D.C., N.D. Ohio, (Case No. CV-2604). The crux of the dispute relates to the payment of benefit contributions by retirees as a result of the cost caps implemented in the fall, 1993. The caps were instituted to alleviate the impact of Financial Accounting Standard Board Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106). Benefit contributions had been delayed until January 1, 2000 pursuant to a moratorium negotiated with the United Rubber Workers of America (URW) and its successor, the United Steelworkers of America (USWA), as well as from savings generated by Plan sponsored networks. A failure to pay contributions results in a termination of benefits.

The class representatives consist of three hourly retirees from the Jeannette, Pennsylvania facility of OMNOVA, the company spun-off from GenCorp on October 1, 1999, and one hourly retiree from GenCorp's former Akron tire plant. The putative class encompasses all eligible hourly retirees formerly represented by the URW or USWA. The Unions, however, are not party to the suit and have agreed not to support such litigation pursuant to Memoranda of Agreement negotiated with GenCorp.

The retirees also challenge the creation of the OMNOVA Plan, which has terms identical to the prior GenCorp Plan, without retiree approval.

GenCorp prevailed in a similar class action filed in 1995, arising at its Wabash, Indiana location. Divine, et al. v. GenCorp Inc., U.S.D.C., N.D. Ind., (Case No. 96-CV-0394-AS). The GenCorp and OMNOVA insurance carriers have been advised of this litigation.

OMNOVA has requested indemnification from GenCorp should plaintiffs prevail in this matter. GenCorp has denied this request; however, this claim could ultimately be decided by binding arbitration pursuant to the OMNOVA spin-off agreement.

Other Legal Matters

The Company and its subsidiaries are subject to various other 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 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.

c. ENVIRONMENTAL MATTERS

Sacramento, California

In 1989, the United States District Court approved a Partial Consent Decree (Decree) requiring Aerojet to conduct a Remedial Investigation/Feasibility Study (RI/FS) of Aerojet's Sacramento, California site and to prepare a RI/FS report on specific environmental conditions present at the site and alternatives available to remedy such conditions. Aerojet also is required to pay for certain governmental oversight costs associated with Decree compliance. The State of California expanded surveillance of perchlorate and nitrosodimethylamine (NDMA) under the RI/FS because these chemicals were detected in public water supply

wells near Aerojet's property at previously undetectable levels using new testing protocols.

Aerojet has substantially completed its efforts under the Decree to determine the nature and extent of contamination at the facility. Preliminarily, Aerojet has identified the technologies that will likely be used to remediate the site and estimated costs using generic remedial costs from databases of Superfund remediation costs. Over the next several years, Aerojet will conduct feasibility studies to refine technical approaches and costs to remediate the site. The remediation costs are principally for design, construction, enhancement and operation

of groundwater and soil treatment facilities, ongoing project management and regulatory oversight, and are expected to be incurred over a period of approximately 15 years. Aerojet is also addressing groundwater contamination off of its facility through the development of an Operable Unit Feasibility Study. This Study was completed and submitted as a draft to the governmental oversight agencies in November 1999. In response to governmental agency comments, Aerojet revised the draft report and it was resubmitted in May 2000. The agencies have now accepted the report as complete. The Study enumerates various remedial alternatives by which offsite groundwater can be addressed. The governmental agencies selected the remedial action alternative to be implemented and issued a Record of Decision (ROD) for the site on July 24, 2001. EPA will issue a proposed consent agreement to Aerojet for the implementation of the ROD. A discussion of Aerojet's efforts to estimate these costs is contained under the heading "Aerojet's Reserve and Recovery Balances."

In September 2000, Aerojet filed a motion with the U.S. District Court seeking court approval of a modification to the Decree carving out from the site lands estimated (on the basis of AutoCad drawings) to total approximately 3,100 acres. The agencies opposed the motion. In November 2000, the court denied Aerojet's motion on the basis that Aerojet knew that the carve-out property was not contaminated at the time it was included in the Decree. Aerojet appealed this decision but the appeal was stayed while Aerojet and the agencies met in an effort to reach a negotiated agreement removing the carve-out property from the Decree and from the National Priorities List. On September 14, 2001, Aerojet reached agreement with the relevant agencies on a Stipulation to modify the Decree. During the carve-out negotiations, the agencies required that some of the original candidate lands be removed from carve-out consideration. After the stipulation was signed, an official survey of the land indicated that the agreed carve-out property totals approximately 2,600 acres. On September 25, 2001, the Stipulation was lodged with the United States District Court and was followed by a 30-day public comment period. Due to the anthrax attacks in Washington, DC and subsequent delays in the federal mail system, the United States Department of Justice continued to receive comments after the 30 day period. In addition, three water purveyors and a public interest group have attempted to delay carve-out until the agreed water replacement plan is revised. On February 13, 2002, two water purveyors filed a Writ of Mandamus in Sacramento Superior Court seeking to enjoin the Regional Board's joinder in the Motion to Enter the Decree Modification. The State of California, on February 14, 2002, removed the suits to United States District Court. Assuming the matters are not remanded to state court, the water purveyors' claims will be heard by the same court expected to approve the Decree modification.

On March 1, 2002, the agencies filed the motion to approve the Decree modification and management expects the United States District Court to approve the modification in due course. Among other things, the Stipulation provides that: (i) certain clean property will be removed from the Superfund site designation; (ii) GenCorp will provide a $75 million guarantee to assure that remediation activities at the Sacramento site are fully funded; (iii) Aerojet will provide a short-term and long-term replacement plan for lost water supplies; and (iv) the Superfund site will be divided into "Operable Units" to allow Aerojet and the regulatory agencies to more quickly address and restore priority areas.

On the basis of information presently available, management believes that established environmental reserves for Sacramento groundwater remediation efforts are adequate.

San Gabriel Valley Basin, California

Aerojet, through its former Azusa facility, has been named by the U.S. Environmental Protection Agency (EPA) as a PRP in the portion of the San Gabriel Valley Superfund Site known as the Baldwin Park Operable Unit (BPOU). A ROD regarding regional groundwater remediation was issued and Aerojet and 18 other PRPs received Special Notice Letters requiring groundwater remediation. All of the Special Notice PRPs are alleged to have contributed volatile organic compounds (VOCs). Aerojet's investigation demonstrated that the groundwater contamination by VOCs is principally upgradient of Aerojet's property and that lower concentrations of VOC contaminants are present in the soils of Aerojet's presently and historically owned properties. The EPA contends that of the 19 PRPs identified by the EPA, Aerojet is one of the four largest sources of VOC groundwater contamination at the BPOU. Aerojet contests the EPA's position regarding the source of contamination and the number of responsible PRPs. Aerojet has participated in a Steering Committee comprised of 14 of the PRPs.

In May 1997, as a result of the development of more sensitive measuring methods, perchlorate was detected in wells in the BPOU. More recently, NDMA was also detected using newly developed measuring methods. Suspected sources of perchlorate include Aerojet's solid rocket development and manufacturing activities in the 1940s and 1950s, military ordnance produced by a facility adjacent to the Aerojet facilities in the 1940s, the burning of confiscated fireworks by local fire departments, and fertilizer used in agriculture. NDMA is a suspected byproduct of liquid rocket fuel activities by Aerojet in the same time period. It is also a contaminant in cutting oils used by many businesses and is found in many foods. In addition, new regulatory standards for a chemical known as 1,4 dioxane require additional treatment. Aerojet may be a minor contributor of this chemical. Aerojet is in the process of developing new, low cost technologies for the treatment of perchlorate, NDMA and 1,4 dioxane.

On September 10, 1999, 11 of the 19 Special Notice PRPs, including Aerojet (the Offering Parties), submitted a Good Faith Offer to the EPA to implement an EPA-approved remedy, which was accepted by the agency as a basis for negotiating a Consent Decree. The remedy, as proposed, would employ low cost treatment technologies being developed by Aerojet to treat perchlorate, NDMA, and 1,4 dioxane, as well as traditional treatment for VOCs. The Offering Parties continued negotiations with the court-appointed Watermaster and local water purveyors regarding an agreement that would provide for use of the remediation project's treated water. Due to lack of progress in the negotiations, on June 30, 2000, the EPA issued a Unilateral Administrative Order (UAO) ordering the PRPs to implement a remedy consistent with the ROD, but still encouraging the PRPs to attempt to negotiate an agreement with the local purveyors. The PRPs agreed to comply. A discussion of Aerojet's efforts to estimate these costs is contained under the heading "Aerojet's Reserve and Recovery Balances".

On November 23, 1999, the Regional Board issued an order to Aerojet and other PRPs to conduct certain additional soil and groundwater sampling with respect to new chemicals found in the groundwater since completion of an earlier site investigation. That study, completed in 1994, concluded that no site remediation was required. At this time, the State Regional Water Quality Control Board (Regional Board) has ordered site remediation involving certain limited soil gas extraction, which Aerojet is in the process of implementing. It is too early to know whether any further remediation will be required. The Regional Board Order also indicated that at some future time it may attempt to order Aerojet to pay certain past and future costs of private and public purveyors who have been affected by contamination. There is a substantial legal question as to the Regional Board's legal authority to consider such action.

In January 2001, a Memorandum of Understanding (MOU) was executed by nine of the Special Notice PRPs, including Aerojet, and the Watermaster and certain local purveyors. The MOU provided that the nine PRPs would finance the implementation by the Watermaster and local purveyors of an EPA approved remedy for the BPOU. The MOU provided for an interim allocation agreement among the nine PRPs pending completion of a final allocation procedure in 2002. The PRPs will initially seek to mediate the allocation to be followed by litigation if unsuccessful. Under the interim allocation agreement, Aerojet is responsible for approximately two-thirds of all project costs pending completion of the allocation proceeding. After the final allocation, all prior and future payments will be re-allocated.

The basic structure of the proposed agreement with the Watermaster and local purveyors is for the nine PRPs to put up financial assurance (in the form of cash or letters of credit) for the cost of the three remaining treatment

plants and associated extraction facilities. Actual funding would be provided by funds placed in escrow at the start of each three month period to cover anticipated costs for the succeeding quarter with the financial assurance being reduced accordingly until each project is completed. A fourth treatment plant has already been completed at La Puente Valley Water District and went into service in March 2001.

Once each of the plants is completed, the nine PRPs would be responsible to fund operation and maintenance (O&M) of the treatment facilities, reduced by the local purveyors normal operating expenses in the absence of any contamination. The nine PRPs would maintain sufficient financial assurance to cover the estimated O&M for two years. Actual O&M payments would be made at the start of each three-month period to cover anticipated costs for the succeeding quarter.

The Definitive Agreement will settle the past environmental claims of the Water Quality Authority, Watermaster, Valley County Water District, La Puente Valley Water District, San Gabriel Valley Water Company, Suburban Water Systems and California Domestic Water Company. These payments would amount to approximately $12 million with approximately $5 million due 60 days after the effective date of the Definitive Agreement and the remainder in four equal annual payments, with the addition of 4 percent simple interest. Aerojet's share of the total payments would be approximately $8 million.

The Water Entities currently estimate the total capital cost of all the projects, including La Puente, Suburban and Cal Domestic, at about $89 million. It is anticipated that 25 percent reimbursement will be available from the United States Bureau of Reclamation under existing law of approximately $10 million under current appropriations. In addition, legislation was recently passed, and funds appropriated, for an additional $30 million of federal funds to be contributed to the San Gabriel Basin Superfund sites as a whole, including four other operable units. The Company believes that once certain issues have been worked out on distribution, the WQA will provide a significant share of this amount for the BPOU projects. To date, the PRPs have paid approximately $21 million in costs as they have been incurred on the BPOU Project. Aerojet has paid approximately $15 million of this amount. Aerojet currently estimates that required financial assurances will be in the neighborhood of approximately $73 million if a Definitive Agreement is reached during March 2002, of which Aerojet's share would be approximately $50 million.

As part of the EIS sale to Northrop Grumman on September 25, 2001, EPA approved a Prospective Purchaser Agreement with Northrop Grumman to absolve it of pre-closing liability for contamination caused by the Azusa facility, which liability will remain with Aerojet. As part of that agreement, Aerojet agreed to put $40 million into an irrevocable escrow for the BPOU project to implement the EPA UAO, and GenCorp agreed to provide a $25 million guarantee for Aerojet's share of remediation costs in the BPOU. The $40 million escrow will satisfy the major share of Aerojet's required financial assurance under the Definitive Agreement, if executed. A separate $9 million payment was made by Aerojet to EPA for its past costs (see discussion below). EPA will maintain these funds for possible use on the BPOU project. These recoveries will be made for a substantial number of years as provided in the APA and an advance agreement with the U.S. Government.

Aerojet estimates that O&M will be approximately $7 million in 2002, about $12 million for several years thereafter, but should reduce to approximately $7.3 million by 2005 or 2006. The Definitive Agreement would also require the nine PRPs to pay up to $7 million for existing facilities to be used in the project, up to $3 million for certain contingency well and pipeline facilities, and approximately $3 million for a $100 million environmental insurance policy which the PRPs will provide under the terms of the Definitive Agreement. The term of the Definitive Agreement would be 15 years.

A tentative agreement has been reached on the final draft of the Definitive Agreement with the Water Entities and the parties are now engaged in completing the many attachments to the Agreement. The nine PRPs are also completing the agreement among themselves on the interim allocation of costs and on a process by which to reach a final allocation. When the attachments are completed, each of the parties will have to obtain authority to execute the Definitive Agreement and the Main San Gabriel Basin Watermaster will have to obtain the approval of the state court which oversees its activities. This process could take from 30 to 60 days. A condition to the Agreement becoming effective is the receipt of an

acceptable environmental insurance policy covering the operation of the Project, the final terms of which are currently being negotiated with the insurer.

Aerojet has been conducting investigations for the identification of additional PRPs related to perchlorate and NDMA. One such company was Day & Night Manufacturing Company (Day & Night) which, during World War II, manufactured photoflash bombs and flares which used perchlorate at a site adjacent to Aerojet and whose property was later acquired by Aerojet. Day & Night was acquired by Dresser Industries (Dresser) in April 1945 while it was still using perchlorate at its Azusa site. Thereafter, the assets were sold to Carrier Corporation and the corporate entity of Day & Night dissolved into Dresser. Carrier was ultimately acquired by United Technologies Corporation. It also appears that disposal practices at Day & Night for perchlorate were directed and controlled by the U.S. War Department during World War II. There may be other contributors to the new

contaminants of perchlorate, NDMA and 1,4 dioxane whom Aerojet will pursue for recovery of project and other costs.

As part of the agreement to sell the EIS business to Northrop Grumman, Aerojet has paid the EPA $9 million to be offset against Aerojet's share of EPA's past costs of approximately $22 million. A very substantial share of EPA's past costs related to the period prior to 1997 when the sole contamination being considered involved VOCs. Aerojet believes that it is responsible for less than 10 percent of these costs. As a result, in the allocation with the other PRPs, Aerojet will seek to recover a significant portion of the $9 million paid to EPA from the other PRPs. Unresolved at this time is the issue of California's past costs which were last estimated at approximately $4 million.

Aerojet intends to defend itself vigorously to assure that it is appropriately treated with other PRPs and that costs of any remediation are properly spread over all users of the San Gabriel Valley aquifer. In addition, Aerojet is also pursuing its insurance remedies. On the basis of information presently available, management believes that established environmental reserves for San Gabriel Valley groundwater remediation efforts are adequate.

On November 9, 2001, more than ten years after the General Notice given to its subsidiary (Aerojet-General Corporation), GenCorp received a General Notice Letter from the U.S. EPA asserting that GenCorp is a PRP for the BPOU. EPA alleged that in the 1940s and early 1950s GenCorp's predecessor, General Tire & Rubber Company, participated in a joint venture with Aerojet Engineering Corporation, a predecessor to Aerojet-General Corporation, sharing 50 percent of the profits on certain U.S. Navy contracts for JATO rockets and that it had some role in managing the joint venture at the Azusa facility. GenCorp strongly disagrees with the EPA designation. EPA is factually incorrect; at all times, Aerojet was the sole party that owned or operated the Azusa facility during the early production of the JATO rockets. GenCorp strongly disagrees with the EPA's PRP designation and plans to resist the designation at every level possible.

On February 28, 2002, EPA issued a unilateral First Amended Administrative Order For Remedial Design and Remedial Action (Amended Order) for the BPOU. The Amended Order does not materially alter the obligations of Aerojet under the earlier UAO; however, the Amended Order names GenCorp as a Respondent on the basis of the allegations made in the General Notice Letter. The Amended Order does not require GenCorp to undertake any action unless Aerojet fails to perform its obligations under the UAO. It states that GenCorp is being added to the Amended Order "as a backup" to Aerojet's performance; and it provides that GenCorp is deemed to be in compliance with the Amended Order on the effective date of the Amended Order. Because GenCorp does not believe it was properly designated a PRP at the site, the Company is evaluating an appropriate response to the Amended Order.

El Monte, California

On December 21, 2000, Aerojet received an order from the Los Angeles Region office of the California Regional Water Quality Control Board requiring a work plan for investigation of Aerojet's former El Monte facility. On January 22, 2001, Aerojet filed an appeal of the order with the Board asserting selective enforcement. The appeal is in abeyance pending negotiations with the Board. In March 2001, Aerojet submitted a limited work plan to the Board in light of the Board's failure to adequately seek similar investigations by lessees and owners

of the facility following Aerojet's ownership. On February 21, 2001, Aerojet received a General Notice Letter from U.S. EPA Region IX naming Aerojet as a PRP to the South El Monte Operable Unit of the San Gabriel Valley Superfund site. Aerojet continues to negotiate with the Regional Board for a limited investigation of this former facility. Aerojet has begun the process of obtaining access agreements should the Regional Board approve Aerojet's work plan.

Muskegon, Michigan

In a lawsuit filed by the EPA, the United States District Court ruled in 1992 that Aerojet and its two inactive Cordova Chemical subsidiaries (Cordova) are liable for remediation of Cordova's Muskegon, Michigan site, along with a former owner/operator of an earlier chemical plant at the site, who is the other potentially responsible party (PRP). That decision was appealed to the United States Court of Appeals.

In May 1997, the United States Court of Appeals for the Sixth Circuit issued an en banc decision reversing Aerojet's and the other PRP's liability under the CERCLA statute. Petitions for certiorari to the United States Supreme Court for its review of the appellate decision were filed on behalf of the State of Michigan and the EPA and were granted in December 1997. On June 8, 1998, the United States Supreme Court issued its opinion. The Court held that a parent corporation could be directly liable as an operator under CERCLA if it can be shown that the parent corporation operated the facility. The Supreme Court vacated the Sixth Circuit's 1997 ruling and remanded the case back to the United States District Court in Michigan for retrial. Aerojet did not expect that it would be found liable on remand. Aerojet entered into settlement discussions with the EPA and a proposed consent decree was filed with the District Court in July 1999. After a May 8, 2000 hearing, the court requested additional briefing by all parties to occur by July 2000. On August 24, 2000 the court approved the consent decree effectively dismissing the action as against Aerojet and Cordova. In November 2001, the United States District Court ruled that the other PRP was not liable under CERCLA. The EPA and the state have not appealed the ruling thus making Aerojet's and Cordova's dismissal final.

In a separate action, Aerojet and Cordova won indemnification for the Muskegon site investigation and remediation costs from the State of Michigan in the state Court of Claims. The Michigan Court of Appeals affirmed on appeal, and the Michigan Supreme Court refused to hear the case. Further, the Michigan Supreme Court also denied the State's motion for reconsideration. As a result, the Company believes that most of the $50 million to $100 million in anticipated remediation costs will be paid by the State of Michigan and the former PRP owner/operator of the site. A settlement agreement with the State of Michigan, related to the proposed consent decree discussed above, was finalized effective upon the August 24, 2000 approval of the EPA consent decree. In September 2000, Cordova received a settlement payment of $1.5 million from the State of Michigan. In addition, Aerojet settled with one of its two insurers in August 1999 for $4 million.

Aerojet's Reserve and Recovery Balances

On January 12, 1999, having finally received all necessary U.S. Government approvals, Aerojet and the U.S. Government implemented, with effect retroactive to December 1, 1998, the October 1997 Agreement in Principle resolving certain prior environmental and facility disagreements between the parties. Under this agreement, a "global" settlement covering all environmental contamination (including perchlorate) at the Sacramento and Azusa, California, sites was achieved; the U.S. Government/Aerojet environmental cost sharing ratio was raised to 88 percent/12 percent from the previous 65 percent/35 percent; the cost allocation base for these costs was expanded to include all of Aerojet (in lieu of the prior limitation to the Sacramento business base); and Aerojet obtained title to all of the remaining U.S. Government facilities on its Sacramento property, together with an advance agreement recognizing the allowability of certain facility demolition costs. These recoveries will be made for a substantial number of years as provided in the APA and an advance agreement with the government.

During the year ended November 30, 1999, Aerojet entered into a settlement agreement covering certain environmental claims with certain of its insurance carriers and received settlement proceeds of approximately $92 million. Under

the terms of its agreements with the U.S. Government, Aerojet was obliged to credit the U.S. Government a portion of the insurance recoveries for past costs paid by the U.S. Government. On March 8, 2001, Aerojet entered into a settlement agreement with the U.S. Government that resolved Aerojet's obligation to allocate a portion of the insurance recoveries to the U.S. Government.

In the fourth quarter of 1999, Aerojet obtained sufficient information to provide a reasonable basis for estimating the costs to address groundwater contamination off its Sacramento facility and its probable share of the San Gabriel Valley BPOU, and recorded those estimates in its reserve and recovery balances. Estimates regarding the Sacramento Western Groundwater Remediation were based on the Operable Unit Feasibility Study, previous references and Aerojet's opinion as to which remediation alternative proposed by the study will be approved by the EPA and the State. Estimates regarding the San Gabriel Valley BPOU remediation were based on the Good Faith Offer/Administrative Consent Order and Watermaster/purveyor negotiations referenced previously. Not resolved at this time are whether Aerojet will have any additional liability for its possible share of water purveyor past cost claims, as well as the EPA's past and future oversight costs. In regard to the matter discussed above, management believes, on the basis of presently available information, that resolution of this

matter would not materially affect liquidity, capital resources, or the consolidated financial condition of the Company.

As of November 30, 2001, Aerojet had total reserves of $252 million for costs to remediate the Sacramento and San Gabriel Valley Basin sites and has recognized $158 million for probable future recoveries. These estimates are subject to change as work progresses, additional experience is gained and environmental standards are revised. In addition, legal proceedings to obtain reimbursements of environmental costs from insurers are continuing.

Lawrence, Massachusetts

The Company has studied 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 remaining reserve of $13 million as of November 30, 2001 for estimated decontamination and long-term operating and maintenance costs of this site. The reserve represents the Company's best estimate for the remaining remediation costs. Estimates of future remediation costs could range as high as $37 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 three to five years.

Olin Corporation

In August 1991, Olin Corporation (Olin) advised GenCorp that it believed GenCorp to be jointly and severally liable for certain Superfund remediation costs, estimated by Olin to be $70 million, associated with a former Olin manufacturing facility and waste disposal sites in Ashtabula County, Ohio. In 1993, GenCorp sought declaratory judgment in the United States District Court for the Northern District of Ohio that the Company is not responsible for environmental remediation costs. Olin counterclaimed seeking a judgment that GenCorp is jointly and severally liable for a share of remediation costs. In late 1995, the Court hearing on the issue of joint and several liability was completed, and in August 1996 the Court held hearings relative to allocation. At its request, in 1998, the Court received an additional briefing regarding the impact of the United States Supreme Court's decision in the Best Foods case which the Company believes definitively addresses many issues in this case in its favor. Another hearing relative to liability and allocation was held on January 11, 1999. The Court rendered its interim decision on liability on August 16, 1999, finding GenCorp 30 percent liable for remediation costs at "Big D Campground" landfill and 40 percent liable for remediation costs attributable to the Olin TDI facility with regard to the Fields Brook site. Phase III proceedings on the allowability of those remediation costs were completed in July 2001, and a final order is expected in early to mid 2002. Upon issuance of the final order, the matter will be ripe for appeal.

The Company continues to vigorously litigate this matter and believes that it has meritorious defenses to Olin's claims. While there can be no certainty regarding the outcome of any litigation, in the opinion of management, after

reviewing the information currently available with respect to this matter and consulting with the Company's counsel, any liability which may ultimately be incurred will not materially affect the consolidated financial condition of the Company.

Other Sites

The Company is also currently involved, together with other companies, in approximately 23 other Superfund and non-Superfund remediation sites. In many instances, the Company's liability and proportionate share of costs have not been determined largely due to uncertainties as to the nature and extent of site conditions and the Company's involvement. While government agencies frequently claim PRPs 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. Based on the Company's previous experience, its allocated share has frequently been minimal, and in many instances, has been less than one percent. The Company has reserves of approximately $14 million as of November 30, 2001 which it believes are sufficient to cover its best estimate of its share of the environmental remediation costs at these other sites. Also, the Company is seeking recovery of its costs from its insurers.

Environmental Summary

A summary of the Company's environmental reserve activity is shown below (in millions):

	NOV. 30 1999	2000 EXPENDITURES	NOV. 30 2000	2001 EXPENDITURES	NOV. 30 2001
Aerojet.....	$330	$(10)	$320	$(68)	$252
Lawrence, MA...	20	(3)	17	(4)	13
Other Sites....	18	(2)	16	(2)	14
Total.....	$368	$(15)	$353	$(74)	$279

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 liquidity, capital resources or consolidated financial condition. 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.

d. GUARANTEES

As detailed in Note 9(c), the Company has guaranteed certain environmental remediation obligations of Aerojet. At Aerojet's Sacramento facility, the Company has agreed to provide a $75 million guarantee that remediation activities are fully funded. Related to Aerojet's former Azusa, California, facility, the Company has agreed to provide a $25 million guarantee for Aerojet's share of the remediation costs at that site.

e. CONCENTRATION OF CREDIT RISK

The Company invests available cash in money market securities of various banks, commercial paper and asset-backed securities of various financial institutions, other companies with high credit ratings and securities backed by the U.S. Government.

As of November 30, 2001 and 2000, the amount of commercial receivables was $141 million and $82 million, respectively. Receivables for the GDX Automotive segment of $117 million as of November 30, 2001 and $63 million as of November 30, 2000, are due primarily from General Motors and the Ford Motor Company. As of November 30, 2001 and 2000, the amount of U.S. Government receivables was $48 million and $53 million, respectively. As of November 30, 2001 and 2000, the U.S. Government receivables includes $18 million and $10 million, respectively,

for environmental remediation recovery (see Note 9(c)). The Company's accounts receivables are generally unsecured and are not backed by collateral from its customers.

As of November 30, 2001 and 2000, the U.S. Government receivables include unbilled amounts of $5 million and $3 million, respectively, relating to long-term contracts. Such amounts are billed either upon delivery of completed units or settlements of contracts. The unbilled receivables amount as of November 30, 2001 is expected to be collected in years subsequent to 2002.

10. SHAREHOLDERS' EQUITY

a. PREFERENCE STOCK AND PREFERRED SHARE PURCHASE RIGHTS

In January 1997, the Board of Directors extended for ten additional years GenCorp's Shareholder Rights Plan (Plan), as amended. When the Plan was originally adopted 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 as of November 30, 2001 and 2000 totaled 43.1 million and 42.4 million, respectively. The Plan 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 are 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 is 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 30 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 under the extended Plan expire on February 18, 2007. Until a Right is exercised, the holder has no rights as a stockholder of the Company including, without limitation, the right to vote as a stockholder or to receive dividends.

As of November 30, 2001, 575,000 shares of $1.00 par value Series A Cumulative Preference Stock were reserved for issuance upon exercise of Preferred Share Purchase Rights.

b. COMMON STOCK

As of November 30, 2001, the Company had 150.0 million authorized shares of common stock, par value $0.10 per share (Common Stock), of which 42.9 million shares were issued and 9.3 million shares were reserved for future issuance for discretionary payments of the Company's portion of Retirement Savings Plan contributions, exercise of stock options and payment of awards under stock-based compensation plans.

During the years ended November 30, 2001 and 2000, the Company paid quarterly dividends on its Common Stock of $0.03 per share (or $0.12 on an annual basis).

c. STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation under APB 25 and related interpretations. Under APB 25, stock options granted to employees by the Company generate no expense as the exercise price of the stock options at the date of grant equal the market value of the underlying common stock.

The 1999 Equity and Performance Incentive Plan (1999 Plan), which was adopted in 2000, provides key employees stock options and restricted stock generally based on the attainment of specified performance targets. Stock options issued under the 1999 Plan are, in general, exercisable in one-third increments at one year, two years, and three years from the date of grant. Under this plan, key employees of the Company were granted a total of 728,000

restricted shares. Designated shares vest annually over a five-year period if the Company meets EPS growth targets as specified in the Plan. Unvested restricted shares are canceled upon the employee's termination of employment or if earnings targets are not achieved. During fiscal 2001, 111,750 shares were canceled due to terminations, and management estimates that no shares will vest based on fiscal 2001 EPS. The Organization and Compensation Committee of the Board has negative discretion over increasing or decreasing the actual number of shares to vest in any period.

The Company's 1997 Stock Option Plan and 1993 Stock Option Plan each provide for an aggregate of 2.5 million 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 fair market value of a share of common stock on the date of grant. Stock options issued under the 1997 and 1993 Stock Option Plans are, in general, exercisable in 25 percent increments at six months, one year, two years and three years from the date of grant. No stock appreciation rights have been granted.

A summary of the Company's stock option activity, and related information for the years ended November 30 are as follows:

	2001		2000		1999	
	STOCK OPTIONS (000S)	WEIGHTED AVERAGE EXERCISE PRICE	STOCK OPTIONS (000S)	WEIGHTED AVERAGE EXERCISE PRICE	STOCK OPTIONS (000S)	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at the beginning of the year	3,545	$ 9.96	3,300	$10.13	3,226	$10.05
Granted	769	$11.10	702	$ 9.39	965	$ 9.70
Exercised	(522)	$ 7.85	(101)	$ 7.70	(371)	$ 6.69
Forfeited/cancelled	(280)	$11.49	(356)	$11.08	(520)	$12.81
Outstanding at the end of the year	3,512	$10.38	3,545	$ 9.96	3,300	$10.13
Exercisable at the end of the year	2,287	$10.37	2,481	$ 9.89	2,185	$ 9.44

The weighted average grant-date fair value of stock options granted in 2001 was $4.01, $3.64 for stock options granted in 2000 and $3.12 for stock options granted in 1999.

The following table summarizes the range of exercise prices and weighted-average exercise prices for options outstanding and exercisable as of November 30, 2001 under the Company's stock option plans:

FISCAL YEAR IN WHICH STOCK OPTIONS WERE ISSUED	RANGE OF EXERCISE PRICES	STOCK OPTIONS OUTSTANDING (000S)	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	STOCK OPTIONS EXERCISABLE (000S)	WEIGHTED AVERAGE EXERCISE PRICE
1993	$ 8.44-$8.77	109	$ 8.77	1.8	109	$ 8.77
1994	$ 6.66-$7.26	206	$ 6.83	2.7	206	$ 6.83
1995	$ 5.67-$5.94	201	$ 5.89	3.8	201	$ 5.89
1996	$ 6.53-$8.91	147	$ 8.34	4.9	147	$ 8.34
1997	$ 9.24-$15.64	545	$11.01	5.4	545	$11.01
1998	$ 9.76-$16.06	403	$15.90	6.3	403	$15.90
1999	$ 9.40-$13.59	578	$ 9.84	7.3	444	$ 9.84
2000	$ 7.06-$10.13	607	$ 9.31	8.3	232	$ 9.39

2001	$10.44-$13.10	716	$11.11	9.3	-	$ -
		3,512			2,287	

SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), requires the use of fair value techniques to determine compensation expense associated with stock-based compensation. Although the Company has opted to continue to apply the provisions of APB 25 to determine compensation expense, as permitted under SFAS 123, the Company is obligated to disclose certain information including pro forma net income and earnings per share as if SFAS 123 had been adopted by the Company to measure compensation expense. Had compensation cost been measured in accordance with SFAS 123, the Company's net income, basic EPS and diluted EPS would have been reduced by $1.2 million, $0.03 per share, and $0.03 per share, respectively, for 2001; $1 million, $0.02 per share, and $0.02 per share, respectively, for 2000, and; $3 million, $0.07 per share, and $0.06 per share, respectively, for 1999. The fair value of stock options was estimated at the date of grant using a Black-Scholes stock option pricing model with the following weighted-average assumptions: risk free interest rates of 3.5 percent for 2001, 6.0 percent for 2000, and 5.0 percent for 1999; dividend yield of 1.0 percent for 2001, 1.4 percent for 2000, and 1.9 percent for 1999; volatility factor of the expected market price of the Company's Common Stock of 0.39 for 2001, 0.40 for 2000, and 0.34 for 1999; and a weighted-average expected life of the option of five years for 2001, 2000 and 1999.

d. ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF INCOME TAXES

Comprehensive income encompasses net income and other comprehensive income items, which includes all other non-owner transactions and events that change shareholders' equity. The Company's other comprehensive loss includes the effects of foreign currency translation adjustments.

The components of other comprehensive income and the related income tax effects are presented in the following table (the Company did not recognize any items of other comprehensive income in 1999):

	YEAR ENDED NOVEMBER 30	
	2001	2000
	(MILLIONS)	
Income before cumulative effect of change in accounting principle	$128	$52
Other comprehensive income, net of income taxes: Effects of foreign currency translation adjustments	(6)	(11)
Total comprehensive income	$122	$41

11. OPERATING SEGMENTS AND RELATED DISCLOSURES

The Company's continuing operations are organized into three segments based on different products and customer bases: GDX Automotive, Aerospace and Defense, and Fine Chemicals. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 1). Beginning with fiscal year 2001 reporting, the Fine Chemicals business is presented as a distinct operating segment apart from the Company's Aerospace and Defense segment. Prior period information has been restated to reflect this change.

The Company evaluates segment performance based on several factors, of which the primary financial measure is segment operating profit. Segment operating profit represents net sales from continuing operations less applicable costs, expenses and provisions for restructuring and unusual items relating to

operations. Segment operating profit excludes corporate income and expenses, provisions for unusual items, interest expense, income taxes and the minority interest in AFC. See Note 14 related to unusual items reflected in the Company's financial results.

In November 2001, the Company's real estate business completed the sale of approximately 1,100 acres of property in Eastern Sacramento County (California) for $28 million. The consideration included cash of approximately $7 million and a promissory note for the remainder of the sales price. The five-year promissory note bears interest that is payable quarterly and includes annual minimum principle payments of $550,000. The property lies outside of the Aerojet Superfund site boundaries and is not a part of the approximate 2,600 acres of land that have been carved out of the Superfund site designation under an agreement with federal and state government regulators (see also Note 9(c)). The $23 million pre-tax gain resulting from the sale of the land is included in the activity for the Aerospace and Defense segment. The transaction was accounted for under SFAS No. 66, "Accounting for Sales of Real Estate." The promissory note portion of the consideration represents a material noncash investing activity.

Sales in 2001, 2000 and 1999 to the U.S. Government and its agencies (principally the DoD) totaled $574 million, $481 million and $519 million, respectively, and were generated almost entirely by the Aerospace and Defense segment. Sales to General Motors, by the GDX Automotive segment were $259 million in 2001, $267 million in 2000 and $250 million in 1999. Sales to Ford by the GDX Automotive segment were $188 million in 2001, $125 million in 2000 and $120 million in 1999. Intersegment sales were not material.

	YEAR ENDED NOVEMBER 30		
	2001	2000	1999
	(DOLLARS IN MILLIONS)		
NET SALES FROM CONTINUING OPERATIONS			
GDX Automotive	$ 808	$ 485	$ 456
Aerospace and Defense	640	534	570
Fine Chemicals	38	28	45
	$1,486	$1,047	$1,071
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES			
GDX Automotive	$ (4)	$ 29	$ 16
Aerospace and Defense	131	104	67
Fine Chemicals	(14)	(14)	(5)
Segment restructuring	(30)	--	--
Segment unusual items	149	--	21
Segment operating profit	232	119	99
Interest expense	(33)	(18)	(6)
Corporate and other expenses	(15)	(10)	(10)
Foreign exchange gain (loss)	11	(8)	--
Other restructuring	(10)	--	--
Other unusual items	2	4	(9)
	$ 187	$ 87	$ 74
ASSETS			
GDX Automotive	$ 543	$ 250	$ 252
Aerospace and Defense	600	753	742
Fine Chemicals	114	102	75
Identifiable assets	1,257	1,105	1,069
Corporate	207	220	163
Total assets	$1,464	$1,325	$1,232
CAPITAL EXPENDITURES			
GDX Automotive	$ 21	$ 29	$ 17
Aerospace and Defense	20	33	36

Fine Chemicals	8	20	43
Corporate	--	--	1
	$ 49	$ 82	$ 97
DEPRECIATION AND AMORTIZATION			
GDX Automotive	$ 39	$ 22	$ 19
Aerospace and Defense	26	23	21
Fine Chemicals	6	5	3
Corporate	6	--	1
	$ 77	$ 50	$ 44
EMPLOYEES (UNAUDITED)			
GDX Automotive	9,212	5,100	4,600
Aerospace and Defense	1,464	2,500	2,634
Fine Chemicals	152	250	186
Corporate	49	45	60
	10,877	7,895	7,480

The Company's operations are located primarily in the U.S., Europe and Canada. Inter-area sales are not significant to the total sales of any geographic area. Unusual items included in operating profit pertained only to U.S. operations. Geographic segment information is presented in the table below (in millions):

	YEAR ENDED NOVEMBER 30		
	2001	2000	1999
NET SALES FROM CONTINUING OPERATIONS			
United States	$1,003	$ 828	$ 825
Germany	210	84	90
Canada	110	119	103
Spain	57	--	--
France	62	--	--
U.S. export sales	34	16	53
Other	10	--	--
	$1,486	$1,047	$1,071

	AS OF NOVEMBER 30		
	2001	2000	1999
LONG-LIVED ASSETS			
United States	$263	$284	$251
Germany	82	38	45
Canada	43	43	38
Spain	23	--	--
France	20	--	--
Other	22	--	--
	453	365	334
Corporate	1	1	1
Total long-lived assets	$454	$366	$335

12. RESTATED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following quarterly financial information for the Company's fiscal years 2001 and 2000 is, by means of this filing, being restated, except for the fourth quarter of fiscal year 2001, to reflect certain adjustments discussed in Note 2. The sum of earnings per share for the four quarters may not equal the totals for the year due to changes in the weighted average number of shares outstanding.

CONSOLIDATED STATEMENTS OF INCOME

	2001						
	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER
	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED	RESTATED	
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)						
NET SALES	$ 353	$ 353	$ 410	$ 410	$ 356	$ 356	$ 367
COSTS AND EXPENSES							
Cost of products sold	309	314	354	352	309	313	301
Selling, general and administrative	11	11	10	9	13	12	10
Depreciation and amortization	18	17	20	20	21	21	19
Interest expense	9	9	9	9	10	10	5
Other income, net	(1)	(1)	(3)	(3)	(5)	(5)	(2)
Foreign exchange gain	(11)	(11)	--	--	--	--	--
Restructuring charge	--	--	19	19	--	--	21
Unusual items, net	6	6	2	2	--	--	(159)
	341	345	411	408	348	351	195
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	12	8	(1)	2	8	5	172
PROVISION (CREDIT) FOR INCOME TAXES	(5)	(6)	(4)	(3)	3	2	66
NET INCOME	$ 17	$ 14	$ 3	$ 5	$ 5	$ 3	$ 106
EARNINGS PER SHARE OF COMMON STOCK							
Basic	$0.39	$0.33	$0.08	$0.12	$0.12	$0.07	$2.49
Diluted	$0.39	$0.33	$0.08	$0.12	$0.12	$0.07	$2.47

Note: See Note 1(a) for information related to business acquisition and disposition activities, Note 13 related to restructuring activities and Note 14 related to certain unusual items included in the Company financial results for the periods presented.

CONSOLIDATED STATEMENTS OF INCOME

	2000							
	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER	
	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED	RESTATED
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)							
NET SALES	$ 239	$ 239	$ 271	$ 271	$ 260	$ 260	$ 277	$ 277
COSTS AND EXPENSES								
Cost of products sold	196	196	215	218	212	213	232	233
Selling, general and administrative	8	8	10	10	10	10	12	12
Depreciation and amortization	13	13	13	13	13	13	11	11
Interest expense	3	3	4	4	5	5	6	6
Other (income) expense, net	1	1	(3)	(3)	(5)	(5)	(5)	(5)
Foreign exchange loss	--	--	--	--	--	--	8	8

Restructuring charge.....	--	--	--	--	--	--	--	--
Unusual items, net.....	1	1	--	--	(6)	(6)	1	1
	222	222	239	242	229	230	265	266
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES.....	17	17	32	29	31	30	12	11
PROVISION FOR INCOME TAXES...	7	7	13	12	12	12	5	4
INCOME FROM CONTINUING OPERATIONS.....	10	10	19	17	19	18	7	7
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE, NET OF INCOME TAXES.....	74	74	--	--	--	--	--	--
NET INCOME.....	$ 84	$ 84	$ 19	$ 17	$ 19	$ 18	$ 7	$ 7
EARNINGS PER SHARE OF COMMON STOCK								
Basic								
Continuing operations....	$0.25	$0.25	$0.45	$0.41	$0.46	$0.43	$0.16	$0.14
Cumulative effect of a change in accounting principle.....	1.76	1.76	--	--	--	--	--	--
Total.....	$2.01	$2.01	$0.45	$0.41	$0.46	$0.43	$0.16	$0.14
Diluted								
Continuing operations....	$0.25	$0.25	$0.45	$0.41	$0.46	$0.43	$0.16	$0.14
Cumulative effect of a change in accounting principle.....	1.76	1.76	--	--	--	--	--	--
Total.....	$2.01	$2.01	$0.45	$0.41	$0.46	$0.43	$0.16	$0.14

Note: See Note 1(a) for information related to business acquisition and disposition activities, Note 13 related to restructuring activities, Note 14 related to certain unusual items included in the Company financial results for the periods presented and Note 8(a) related to the cumulative effect of a change in accounting principle.

CONSOLIDATED BALANCE SHEETS

	2001 -- RESTATED		
	FEBRUARY 28	MAY 31	AUGUST 31
CURRENT ASSETS			
Cash and cash equivalents.....	$ 42	$ 33	$ 36
Accounts receivable, net.....	239	236	215
Inventories, net.....	213	202	194
Current deferred income taxes.....	5	30	51
Prepaid expenses and other.....	10	14	14
Total current assets.....	509	515	510
NONCURRENT ASSETS			
Property, plant and equipment, net.....	533	511	512
Recoverable from the U.S. Government and other third parties for environmental remediation costs.....	199	195	188
Deferred income taxes.....	64	54	19
Prepaid pension asset.....	298	318	339
Investments and other assets.....	144	156	155
Total assets.....	$1,747	$1,749	$1,723
CURRENT LIABILITIES			
Short-term borrowings and current portion of long-term debt.....	$ 30	$ 30	$ 25
Accounts payable.....	102	93	77
Income taxes payable.....	7	19	--
Other current liabilities.....	364	372	360
Total current liabilities.....	503	514	462
NONCURRENT LIABILITIES			
Long-term debt, net of current portion.....	416	431	456
Postretirement benefits other than pensions.....	237	235	229
Reserves for environmental remediation.....	327	321	311

Other noncurrent liabilities	64	58	58
Total liabilities	1,547	1,559	1,516
COMMITMENTS AND CONTINGENT LIABILITIES			
SHAREHOLDERS' EQUITY			
Preference stock, par value of $1.00			
Common stock	4	4	4
Other capital	3	4	7
Retained earnings	221	224	226
Accumulated other comprehensive loss, net of income taxes	(28)	(42)	(30)
Total shareholders' equity	200	190	207
Total liabilities and shareholders' equity	$1,747	$1,749	$1,723

As a result of the restatement, total assets decreased $2 million, $1 million and $2 million as of February 28, May 31 and August 31, respectively. Total liabilities increased $10 million, $9 million and $10 million as of the end of the first, second and third quarters, respectively.

CONSOLIDATED BALANCE SHEETS

	2000 -- RESTATED		
	FEBRUARY 28	MAY 31	AUGUST 31
CURRENT ASSETS			
Cash and cash equivalents	$ 16	$ 27	$ 23
Accounts receivable, net	128	120	127
Inventories, net	167	154	156
Current deferred income taxes	45	46	41
Prepaid expenses and other	8	10	11
Total current assets	364	357	358
NONCURRENT ASSETS			
Property, plant and equipment, net	342	349	357
Recoverable from the U.S. Government and other third parties for environmental remediation costs	210	211	208
Deferred income taxes	96	90	83
Prepaid pension asset	253	269	287
Investments and other assets	58	55	57
Total assets	$1,323	$1,331	$1,350
CURRENT LIABILITIES			
Short-term borrowings and current portion of long-term debt	$ 3	$ --	$ 4
Accounts payable	43	37	37
Income taxes payable	32	36	37
Other current liabilities	255	282	258
Total current liabilities	333	355	336
NONCURRENT LIABILITIES			
Long-term debt, net of current portion	208	190	195
Postretirement benefits other than pensions	251	247	243
Reserves for environmental remediation	344	340	336
Other noncurrent liabilities	30	31	55
Total liabilities	1,166	1,163	1,165
COMMITMENTS AND CONTINGENT LIABILITIES			
SHAREHOLDERS' EQUITY			
Preference stock, par value of $1.00			
Common stock	4	4	4
Other capital	1	2	2
Retained earnings	171	184	204
Accumulated other comprehensive loss, net of income taxes	(19)	(22)	(25)
Total shareholders' equity	157	168	185

Total liabilities and shareholders' equity.....	$1,323	$1,331	$1,350

As a result of the restatement total assets increased by $2 million as of February 28, May 31 and August 31. Total liabilities increased $7 million, $8 million and $9 million as of the end of the first, second, and third quarters of 2000, respectively.

13. RESTRUCTURING CHARGES

During 2001, the Company incurred certain restructuring charges (in millions):

ITEM	PRE-TAX EXPENSE
GDX Automotive restructuring program.....	$29
Voluntary Enhanced Retirement Program.....	10
AFC restructuring program.....	1
Restructuring charges.....	$40

In 2001, the Company recorded an initial charge of $19 million related to a restructuring and consolidation of its GDX Automotive segment. The restructuring program included the closure of the Marion, Indiana and Ballina, Ireland manufacturing facilities and resulted in the elimination of approximately 760 employee positions. The decision to close these facilities was precipitated by excess capacity and deterioration of performance and losses at these sites. The decision to close the Ballina, Ireland plant was also due to difficulty in retaining plant personnel in light of record employment levels in the region. Remaining programs from these facilities were transferred to other facilities. Later in 2001, the Company recorded an additional charge of $10 million related to this program primarily to reflect a change in estimate for the anticipated disposition values of the idled facilities and assets and benefits costs. The restructuring charge includes approximately $14 million in cash charges primarily related to severance and employee benefit costs. The balance of the charge related to non-cash employee benefit costs and asset write-downs. This restructuring program was substantially complete by the end of the Company's fiscal year 2001.

An additional restructuring program directed at the recently acquired Draftex business was implemented in 2001. The restructuring program included the closure of a manufacturing facility in Gruchet, France and the consolidation of portions of manufacturing facilities in Chartres, France and Viersen, Germany. The restructuring resulted in the elimination of more than 500 employee positions. Restructuring costs totaling $17 million were recorded as an increase to the goodwill recorded as part of the Draftex acquisition. The restructuring charge includes approximately $15 million in cash charges primarily related to severance and employee benefit costs. The balance of the restructuring charge relates primarily to non-cash charges for the disposition of plant assets. As of November 30, 2001, the remaining accrual was approximately $4 million, substantially all of which related to severance costs paid in December 2001.

The Company implemented a restructuring of its corporate headquarters in late 2001. The program included a Voluntary Enhanced Retirement Program (VERP) which was offered to certain eligible employees. The program resulted in a $10 million pre-tax charge to expense, of which $8 million will be a cash charge to the Company.

A restructuring plan implemented at AFC included the elimination of 50 employee positions and resulted in a charge to expense of $1 million. This program was designed to "right-size" AFC's workforce.

14. UNUSUAL ITEMS

a. FISCAL YEAR 2001

Unusual items reflected in the Company's results for fiscal year 2001 include a pre-tax gain on the sale of the Company's EIS business of $206 million (see Note 1(a)), and a pre-tax inventory write-down and accrual totaling $48 million related to Aerojet's participation in a commercial launch vehicle program (see Note 3) and a gain of $2 million related to an insurance settlement for an environmental claim related to a discontinued operation. Additionally, during 2001, the Company settled outstanding claims with the Internal Revenue Service and the State of California. The benefit of the tax refunds, $13 million on an after tax basis, was recorded in the income tax provision. The portion of the tax refunds that will be repaid to the Company's defense customers is reflected as an unusual expense item of $9 million in segment income ($5 million after tax). Accordingly, after repayment to the Company's defense customers, the Company will retain $8 million of the claims settled.

b. FISCAL YEAR 2000

During fiscal year 2000, the Company incurred unusual items resulting in a net pre-tax gain of $4 million. Unusual items included a gain of $5 million from the sale of an equity interest in Aerojet Fine Chemicals to NextPharma (see also Note 1(a)) above; a $3 million gain from an environmental settlement related to a discontinued operation; a $3 million charge related to the pension settlement of a discontinued Canadian operation, and; a $1 million loss on the disposition of property related to a discontinued operation.

c. FISCAL YEAR 1999

During fiscal year 1999, the Company incurred unusual items resulting in net pre-tax income before taxes of $12 million. Unusual items included a gain of $59 million on settlements covering certain environmental claims with certain of the Company's insurance carriers; a provision of $33 million for environmental remediation costs associated principally with the Company's initial estimate of its probable share as a Potentially Responsible Party (PRP) in the portion of the San Gabriel Valley Basin Superfund Site known as the Baldwin Park Operable Unit (BPOU); a provision for environmental remediation costs at the Company's Lawrence, Massachusetts site of $6 million; a provision for environmental remediation costs associated with other Company sites of $2 million; a charge of $4 million related to a pricing dispute with a major vehicle sealing customer; a charge of $1 million for the write-down of certain GDX Automotive assets to net realizable value; and a charge of $1 million related to relocation/retention costs associated with the spin-off of OMNOVA.

15. NEW ACCOUNTING PRONOUNCEMENTS

Effective July 1, 2001, the Company adopted the provisions of SFAS No. 141, "Business Combinations" (SFAS 141), which is effective for all business combinations initiated after June 30, 2001. SFAS 141 prohibits the use of the pooling-of-interest method for business combinations and establishes the accounting and financial reporting requirements for business combinations accounted for by the purchase method. SFAS 141 also changes the criteria to recognize intangible assets apart from goodwill. The Company adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS 142) effective December 1, 2001. Under SFAS 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually, or more frequently if indications of possible impairment exist, for impairment. The Company has performed the requisite transitional impairment tests for goodwill and other intangible assets as of December 1, 2001 and has determined that these assets are not impaired as of that date. The adoption of SFAS 142 results in a reduction of annual amortization expenses of approximately $4 million related to goodwill and other indefinite lived intangible assets. The adoption of these standards will not have a material impact on the Company's results of operations, liquidity or financial condition.

In August 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143) that provides accounting guidance for the costs of retiring long-lived assets. SFAS 143 is effective for fiscal years beginning after June 15, 2002. The Company is currently assessing the impact adoption of this standard will have on its financial statements, but a preliminary review indicates that it will not have a

material effect on the Company's results of operations, liquidity or financial condition.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144) that provides accounting guidance for financial accounting and reporting for the impairment or disposal of long-lived assets. The statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for the Long-Lived Assets to be Disposed Of." SFAS 144 also supersedes the accounting and reporting provisions of Accounting Principal Board's Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" related to the disposal of a segment of a business. SFAS 144 is effective for fiscal years beginning after December 15, 2001, with early adoption encouraged. The Company has adopted the provisions of SFAS 144 as of December 1, 2001. The adoption of SFAS 144 is not expected to have a material effect on the Company's results of operations, liquidity or financial condition.

16. SUBSEQUENT EVENTS

On September 14, 2001, Aerojet reached agreement with the relevant agencies on a Stipulation to modify the Partial Consent Decree (Decree) to carve out approximately 2,600 acres from the Sacramento Superfund site designation. On September 25, 2001, the Stipulation was lodged with the United States District Court and was followed by a 30-day public comment period. Due to the anthrax attacks in Washington DC and subsequent delays in the federal mail system, the United States Department of Justice continued to receive comments after the 30 day period. In addition, three water purveyors and a public interest group have attempted to delay carve-out until the Stipulation's water replacement plan is revised. On February 14, 2002, the claims of two of the water purveyors were removed to the same Unites States District Court where the Stipulation is pending. On March 1, 2002, the agencies filed the motion to approve the Decree modification and management expects the United Stated District Court to approve the modification in due course. See also Note 9(c) for additional details.

On December 27, 2001, the Company reacquired NextPharma's 40 percent ownership interest in AFC from NextPharma for approximately $25 million. The consideration included cash of $13 million and the return of the common stock in NextPharma's parent company held by GenCorp, which represented approximately 31 percent of the common stock interest in that entity. The cash component is due in installments: $7 million paid on December 27, 2001; $2.0 million paid on February 15, 2002; $2.0 million to be paid in May 2002, and; $2.0 million to be paid in August 2002. As part of the transaction, other agreements between the two companies were terminated, including a comprehensive sales and marketing agreement. With the termination of these agreements, AFC reassumed responsibility for sales, marketing and customer interface. The acquisition agreement also contains a provision for a contingent payment of up to $12 million in the event of a disposition of AFC by GenCorp within the next two years. As discussed in Note 1(a), NextPharma acquired the minority interest in AFC in June 2000.

In February 2002 an independent arbitrator rendered a decision on the dispute between The Laird Group and the Company involving certain adjustments to the purchase price. However, there are further issues impacting the purchase price including the effect of the arbitrator's decision, which have yet to be resolved between the parties. Management believes that resolution of these issues will not have a material effect on the Company's results of operations, liquidity or financial condition.

On February 28, 2002 the Company executed an amendment to the Credit Facility, which provides an additional $25 million term loan. See Note 7.

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 27, 2002 Annual Meeting of Shareholders is

set forth on Pages 2 and 3 of the Company's 2002 Proxy Statement and is incorporated herein by reference. Information with respect to directors of the Company whose terms extend beyond the March 27, 2002 Annual Meeting of Shareholders is set forth on pages 3 and 4 of the Company's 2002 Proxy Statement and is incorporated herein by reference.

Based solely upon review of reports of ownership, reports of changes of ownership and written representations under Section 16(a) of the Securities Exchange Act of 1934 which were furnished to the Company during or with respect to 2001 by persons who were, at any time during 2001, directors or officers of the Company or beneficial owners of more than 10 percent of the outstanding shares of Common Stock, no such person failed to file on a timely basis any report required by such section during 2001, except J. Robert Anderson who had a late filing of Form 3 due to international travel.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is set forth on Pages 9 through 23 of the Company's 2002 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 2002 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain transactions and employment agreements with management is set forth on Pages 16 through 19 of the Company's 2002 Proxy Statement and is incorporated herein by reference.

PART IV

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

The following documents are filed as part of this report:

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

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

(a)(3) EXHIBITS

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

(b) REPORTS ON FORM 8-K

The Company filed a Report on Form 8-K on October 22, 2001 incorporating its press release dated October 22, 2001 announcing that Aerojet had completed the sale of EIS business to Northrop Grumman for $315 million in cash.

The Company filed a Report on Form 8-K on November 5, 2001 announcing Aerojet had completed its October 19, 2001 sale of its EIS business to Northrop Grumman for $315 million in cash, subject to certain working capital adjustments as defined in the agreement. The Report on Form 8-K included copies of the Asset Purchase Agreement and related agreements between Aerojet and Northrop Grumman, as well the unaudited pro forma combined consolidated financial statements of GenCorp.

The Company filed a Report on Form 8-K on November 26, 2001 incorporating its press release dated November 23, 2001 announcing a definitive agreement to reacquire a 40 percent ownership position in AFC from NextPharma for approximately $13 million in cash, the return of GenCorp's interest in NextPharma's parent and a provision for a contingent payment of up to $12 million in the event of a disposition of AFC within the next two years.

The Company filed a Report on Form 8-K on December 3, 2001 incorporating its press release dated November 30, 2001 announcing the sale of approximately 1,100 acres of property in East Sacramento County to Elliott Homes Inc., for approximately $28 million. The land lies outside of the Aerojet Superfund site

boundaries and is not a part of the approximate 2,600 acres of land that have been declared clean and are proposed to be carved out of the Superfund site designation under an agreement with federal and state regulators.

(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 because the required information is either incorporated herein by reference or included in the financial statements or notes thereto included in this report.

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.

March 6, 2002

GENCORP INC.

By: /s/ WILLIAM R. PHILLIPS

William R. Phillips
Senior Vice President, Law;
General Counsel and Secretary

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
By: /s/ ROBERT A. WOLFE Robert A. Wolfe	Chairman, Chief Executive Officer	March 6, 2002
By: /s/ TERRY L. HALL Terry L. Hall	Senior Vice President and Chief Operating Officer	March 6, 2002
By: /s/ YASMIN R. SEYAL Yasmin R. Seyal	Senior Vice President, Finance; Acting Chief Financial Officer (Principal Financial and Accounting Officer)	March 6, 2002
By: * J. Robert Anderson	Director	March 6, 2002
By: * J. Gary Cooper	Director	March 6, 2002
By: * Irving Gutin	Director	March 6, 2002
By: * William K. Hall	Director	March 6, 2002
By: * James M. Osterhoff	Director	March 6, 2002
By: *	Director	March 6, 2002

	Steven G. Rothmeier		
By:	*	Director	March 6, 2002
	Sheila E. Widnall		

*Signed by the undersigned as attorney-in-fact and agent for the Directors indicated

By:	/s/ WILLIAM R. PHILLIPS		March 6, 2002
	William R. Phillips		

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, 2001
GENCORP INC.
SACRAMENTO, CALIFORNIA 95853-7012

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 Part II, Item 8 of this report:	
Report of Ernst & Young LLP, Independent Accountants.....	38
Consolidated Statements of Income for each of the three years ended November 30, 2001.....	39
Consolidated Balance Sheets as of November 30, 2001 and 2000.....	40
Consolidated Statements of Shareholders' Equity for each of the three years ended November 30, 2001.....	41
Consolidated Statements of Cash Flows for each of the three years ended November 30, 2001.....	42
Notes to Consolidated Financial Statements.....	43

CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

All financial statement schedules have been omitted because they are inapplicable, not required by the instructions or because the required information is either incorporated herein by reference or included in the financial statements or notes thereto included in this report.

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in GenCorp Inc.'s Registration Statement Nos. 333-91783, 333-35621, 33-61928, 33-28056 and 2-98730 on Form S-8, Post Effective Amendment No. 1 to Registration Statement Nos. 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 February 28, 2002, with respect to the consolidated financial statements of GenCorp Inc. included in the Annual Report (Form 10-K) for the year ended November 30, 2001.

Sacramento, California
February 28, 2002

EXHIBIT INDEX

TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
2	PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION, OR SUCCESSION	
2.1	Asset Purchase Agreement By and Between Aerojet-General Corporation (Aerojet) and Northrop Grumman Systems Corporation (Northrop Grumman) dated April 19, 2001 was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated November 5, 2001 (File No. 1-1520), and is incorporated herein by reference.	
2.2	Amendment No. 1 to Asset Purchase Agreement By and Between Aerojet and Northrop Grumman, dated September 19, 2001 was filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated November 5, 2001 (File No. 1-1520), and is incorporated herein by reference.	
2.3	Amendment No. 2 to Asset Purchase Agreement By and Between Aerojet and Northrop Grumman, dated October 19, 2001 was filed as Exhibit 2.3 to the Company's Current Report on Form 8-K dated November 5, 2001 (File No. 1-1520), and is incorporated herein by reference.	
2.4	Amended and Restated Environmental Agreement By and Among Aerojet and Northrop Grumman, dated October 19, 2001 (Exhibit F to Asset Purchase Agreement By and Between Aerojet and Northrop Grumman dated April 19, 2001 was filed as Exhibit 2.4 to the Company's Current Report on Form 8-K dated November 5, 2001 (File No. 1-1520), and is incorporated herein by reference.	
2.5	Guaranty Agreement By GenCorp Inc. (GenCorp or the Company) for the Benefit of Northrop Grumman (Exhibit H to Asset Purchase Agreement By and Between Aerojet and Northrop Grumman dated April 19, 2001) was filed as Exhibit 2.5 to the Company's Current Report on Form 8-K dated November 5, 2001 (File No. 1-1520), and is incorporated herein by reference.	
2.6	Agreement between The Laird Group Public Limited Company and GenCorp for the sale and purchase of all of the issued shares of various companies comprising the Draftex International Car Body Seals Division was filed as Exhibit 10.1 to the Current Report on Form 8-K dated December 29, 2000 (File No. 1-1520), and is incorporated herein by reference.	
3	ARTICLES OF INCORPORATION AND BY-LAWS	
3.1	The Amended Articles of Incorporation of GenCorp, as amended on March 29, 2000 (as filed with the Secretary of State of Ohio on June 19, 2000), were filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2000 (File No. 1-1520), and are incorporated herein by reference.	
3.2	The Amended Code of Regulations of GenCorp, as amended on March 29, 2000, were filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2000 (File No. 1-1520), and are incorporated herein by reference.	
4	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES	
4.1	Amended and Restated Rights Agreement (with exhibits) dated as of December 7, 1987 between GenCorp 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.

TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
4.2	Amendment to Rights Agreement among GenCorp, The First Chicago Trust Company of New York, as resigning Rights Agent and The Bank of New York, as successor Rights Agent, dated August 21, 1995 was filed as Exhibit A to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1995 (File No. 1-1520), and is incorporated herein by reference.	
4.3	Amendment to Rights Agreement between GenCorp and The Bank of New York as successor Rights Agent, dated as of January 20, 1997 was filed as Exhibit 4.1 to the Company's Current Report on Form 8-K Date of Report January 20, 1997 (File No. 1-1520), and is incorporated herein by reference.	
4.4	Credit Agreement among GenCorp, as the Borrower, Bankers Trust Company, as Administrative Agent, Bank One, NA, as Syndication Agent, Deutsche Bank Securities Inc. and Banc One Capital Markets, Inc., as Joint Lead Arrangers and Joint Book Manager and Various Lending Institutions was filed as Exhibit 10.2 to the Current Report on Form 8-K dated December 29, 2000 (File No. 1-1520), and is incorporated herein by reference.	
4.5	Amendment No. 1 to Credit Agreement and Amendment No. 1 to Post Closing Agreement dated January 26, 2001, Amendment No. 2 to Credit Agreement, Amendment No. 2 to Post Closing Agreement, Amendment No. 1 to Collateral Agreements, and Limited Waiver dated August 31, 2001, Limited Waiver dated October 15, 2001, Limited Waiver and Temporary Commitment Increase Agreement dated November 20, 2001, Limited Waiver and Amendment dated December 31, 2001, Limited Waiver dated February 15, 2002, Amendment No. 4 to Credit Agreement and Waiver dated February 28, 2002, between the Company and Bankers Trust Company as a Lender and as Administrative Agent for the Lenders ("Administrative Agent"), and the other Lenders signatory to the Credit Agreement.	A
10	MATERIAL CONTRACTS	
10.1	Distribution Agreement dated September 30, 1999 between GenCorp Inc. and OMNOVA Solutions Inc. ("OMNOVA") was filed as Exhibit B to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.2	Tax Matters Agreement dated September 30, 1999 between GenCorp and OMNOVA was filed as Exhibit C to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.3	Alternative Dispute Resolution Agreement dated September 30, 1999 between GenCorp and OMNOVA was filed as Exhibit D to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.4	Agreement on Employee Matters dated September 30, 1999 between GenCorp Inc. and OMNOVA was filed as Exhibit E to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.5	Services and Support Agreement between GenCorp Inc. and OMNOVA was filed as Exhibit F to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	

TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
10(iii)(A)	MANAGEMENT CONTRACTS, COMPENSATORY PLANS OR ARRANGEMENTS	
10.6	An Employment Agreement dated July 28, 1997 between the Company and Robert A. Wolfe was filed as Exhibit A to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (File No. 1-1520), and is incorporated herein by reference.	
10.7	Employment Agreement dated May 6, 1999 between the Company and Terry L. Hall was filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1999 (File No. 1-1520) and is incorporated herein by reference.	
10.8	Severance Agreement dated as of October 1, 1999 between the Company and Robert A. Wolfe was filed as Exhibit G to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.9	Employment Retention Agreement dated November 30, 2001 between the Company and Robert A. Wolfe providing supplemental retirement benefits and other matters.	B
10.10	Form of Severance Agreement granted to certain executive officers of the Company to provide for payment of an amount equal to annual base salary and highest average annual incentive compensation awarded during three most recent previous fiscal years or, if greater, target award for the fiscal year in question, multiplied by a factor of two or three, as the case may be, 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 D to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (File No. 1-1520), and is incorporated herein by reference.	
10.11	GenCorp Inc. 1999 Equity and Performance Incentive Plan was filed as Exhibit H to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No.1-1520), and is incorporated herein by reference.	
10.12	GenCorp 1996 Supplemental Retirement Plan for Management Employees effective March 1, 1996 was filed as Exhibit B to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1996 (File No. 1-1520), and is incorporated herein by reference.	
10.13	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.	
10.14	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.	
10.15	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.	
10.16	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.	
10.17	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.	

TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
10.18	GenCorp Inc. 1997 Stock Option Plan effective March 26, 1997 was filed as Exhibit 4.1 to Form S-8 Registration Statement No. 333-35621 dated September 15, 1997 and is incorporated herein by reference.	
10.19	1999 GenCorp Key Employee Retention Plan providing for payment of up to two annual cash retention payments to Eligible Employees who satisfactorily continue their employment with GenCorp, attain specified performance objectives (including the spin-off of the GenCorp Performance Chemicals and Decorative and Building Products Divisions), and meet all plan provisions was filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.20	Form of Key Employee Retention Letter Agreement was filed as Exhibit I to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.21	1999 GenCorp Key Employee Retention Plan was filed as Exhibit J to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.22	Form of Relocation Agreement between the Company and certain Employees was filed as Exhibit K to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.23	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 was filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 1998 (File No. 1-1520), and is incorporated herein by reference.	
10.24	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 was filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.25	Form of Director and Officer Indemnification Agreement was filed as Exhibit L to the Company's Annual Report on Form10-K for the fiscal year ended November 30, 1999 (File No.1-1520), and is incorporated herein by reference.	
10.26	Form of Director Indemnification Agreement was filed as Exhibit M to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.27	Form of Officer Indemnification Agreement was filed as Exhibit N to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1999 (File No. 1-1520), and is incorporated herein by reference.	
10.28	GenCorp Inc. Executive Incentive Compensation Program, amended September 8, 1995 to be effective for the 1996 fiscal year was filed as Exhibit E to the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 1997 (File No. 1-1520), and is incorporated herein by reference.	
10.29	2001 Supplemental Retirement Plan For GenCorp Executives effective December 1, 2001, incorporating the Company's Voluntary Enhanced Retirement Program.	C
21	SUBSIDIARIES OF THE REGISTRANT Listing of subsidiaries of the Company.	D

TABLE ITEM NO.	EXHIBIT DESCRIPTION	EXHIBIT LETTER
23	CONSENT OF EXPERTS Consent of Ernst & Young LLP, Independent Accountants, 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 J. R. Anderson, J. G. Cooper, I. Gutin, W.K. Hall, J.M. Osterhoff, S.G. Rothmeier, and S.E. Widnall, Directors of the Company.	E

Item No. 4.5
Exhibit A

Execution Copy

AMENDMENT NO. 1
TO CREDIT AGREEMENT AND
AMENDMENT NO. 1 TO POST CLOSING AGREEMENT

This AMENDMENT NO. 1 TO CREDIT AGREEMENT AND AMENDMENT NO. 1 TO POST CLOSING AGREEMENT (this "Amendment"), dated as of January 26, 2001 (the "Effective Date") is made among GENCORP INC., an Ohio corporation ("Borrower"), BANKERS TRUST COMPANY, for itself, as a Lender and as Administrative Agent for the Lenders ("Administrative Agent"), and the other Lenders signatory to the hereinafter defined Credit Agreement.

RECITALS

A. The Administrative Agent, the Lenders and the Borrower are party to that certain Credit Agreement dated as of December 28, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. On and subject to the terms and conditions hereof, the Administrative Agent, the Lenders and the Borrower wish to amend certain provisions of the Credit Agreement.

C. Pursuant to that certain Post Closing Agreement dated December 28, 2000 among the Borrower and the Administrative Agent (the "Post Closing Agreement"), the Borrower has agreed to take or cause to be taken on its behalf certain actions with respect to Collateral to be provided to the Administrative Agent on behalf of the Secured Creditors.

D. The Borrower has requested that the Lenders provide additional time for the Borrower to take such actions under the Post Closing Agreement by amending the Post Closing Agreement as set forth herein.

E. On and subject to the terms and conditions hereof, the Administrative Agent, the Lenders and the Borrower wish to amend certain provisions of the Post Closing Agreement.

F. This Amendment shall constitute a Loan Document and these Recitals shall be construed as part of this Amendment; capitalized terms used herein without definition are so used as defined in the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Subject to the conditions set forth in Section 4 hereof, the Credit Agreement is hereby amended as follows:

(a) The definition of "Standby Letters of Credit" contained in Article I of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

> ""Standby Letters of Credit" means any of the irrevocable standby letters of credit issued for the account of the Borrower or any of its Subsidiaries pursuant to this Agreement, in form acceptable to the Facing Bank, together with any increases or decreases in the Stated Amount thereof and any renewals, amendments and/or extensions thereof."

(b) Subsection (a)(i) of Section 2.10 of the Credit Agreement is hereby amended by inserting the words "or any of its Subsidiaries" immediately following the words "for the account of the Borrower".

(c) Subsection (b)(C) of Section 2.10 of the Credit Agreement is hereby amended by inserting the words "or any of its Subsidiaries" immediately following the words "the Borrower".

2. Amendments to Post Closing Agreement. Subject to the conditions set forth in Section 4 hereof, the Post Closing Agreement is amended as follows:

(a) Paragraph 2 of the Post Closing Agreement is amended by deleting the words "sixty (60)" where they appear in the first line of paragraph 2 and replacing such words with the words "ninety (90)".

(b) Paragraph 3 of the Post Closing Agreement is amended by deleting the words "sixty (60)" where they appear in the first line of paragraph 3 and replacing such words with the words "ninety (90)".

(c) Paragraph 4 of the Post Closing Agreement is amended by deleting the words "thirty (30)" where they appear in the first line of paragraph 4 and replacing such words with the words "sixty (60)".

(d) Subparagraphs (a), (b) and (c) of Paragraph 7 of the Post Closing Agreement are deleted in their entirety and the following are substituted therefor:

"(a) amend Annex B to the Subsidiary Pledge Agreement to reflect the pledge by Penn International Inc. of its pro rata share of 65% of the total stock of GDX Automotive BV;

(b) amend Annex B to the Borrower Pledge Agreement to reflect the pledge by the Borrower of its pro rata share of 65% of the total stock of GDX Automotive BV;

(c) execute documentation, make filings and otherwise take such actions and deliver such documents as the Administrative Agent may require to (i) cause Penn International Inc. to grant a lien and security interest to the Collateral Agent for the benefit of the Lenders of its pro rata share of 65% of the total stock of GDX Automotive BV and to perfect such security interest and (ii) cause the Borrower to grant a lien and security interest to the Collateral Agent for the benefit of the Lenders of its pro rata share of 65% of the total stock of GDX

Automotive BV and to perfect such security interest, all under the laws of the Netherlands;"

(e) Subparagraphs (a) and (g) of Paragraph 12 of the Post Closing Agreement are deleted in their entirety and the following are substituted therefor in the appropriate alphabetical order:

"(a) (i) grant mortgages on its real estate located in (A) Batesville, Arkansas, (B) Marion, Indiana, and (C) Wabash, Indiana and (ii) use its best efforts to grant a leasehold mortgage on its real estate located in Berger, Missouri;"

"(g) execute documentation, make filings and otherwise take such actions and deliver or cause to be delivered such documents, including, without limitation, landlord's consents and estoppel letters as the Administrative Agent may require in order to create, perfect and preserve the Collateral Agent's security interest and mortgage or leasehold mortgage, as applicable, in the real estate-related Collateral and to carry into effect the purposes of this paragraph 12."

3. Representations and Warranties. As of the date hereof, the Borrower hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) After giving effect to this Amendment (i) no Unmatured Event of Default or Event of Default shall have occurred or be continuing and (ii) the representations and warranties of the Borrower contained in the Loan Documents shall each be true and correct in all material respects at and as of the date hereof to the same extent as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which event such representation and warranties shall be true and

correct as of such specified date.

(b) The execution, delivery and performance, as the case may be, by the Borrower of this Amendment and the other documents and transactions contemplated hereby are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action (including, without limitation, all necessary shareholder approvals) of the Borrower, shall have received all necessary governmental approvals, and do not and will not contravene or conflict with any provision of law applicable to the Borrower, the certificate or articles of incorporation or bylaws of the Borrower, or any order, judgment or decree of any court or other agency of government or any contractual obligation binding upon the Borrower.

(c) Each of this Amendment, the Credit Agreement, the Post Closing Agreement and any other Loan Document is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its respective terms, except to the extent enforceability is limited by bankruptcy, insolvency or similar laws affecting the rights of creditors generally or by application of general principles of equity.

4. Conditions. This Amendment shall become effective as of the Effective Date, provided that as of the Effective Date (except as otherwise noted), this Amendment, duly executed by the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Required Lenders, shall have been received by the Administrative Agent.

5. Affirmation of Subsidiary Guarantors. By its signature set forth below, each Subsidiary Guarantor hereby confirms to the Administrative Agent and the Lenders that, after giving effect to this Amendment and the transactions contemplated hereby, the Subsidiary Guaranty of such Subsidiary Guarantor and each other Loan Document to which such Subsidiary Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

6. Successors and Assigns. This Amendment shall be binding on and shall inure to the benefit of the Borrower, the Administrative Agent, the Lenders and their respective successors and assigns; provided that the Borrower may not assign its rights, obligations, duties or other interests hereunder without the prior written consent of the Administrative Agent and the Lenders. The terms and provisions of this Amendment are for the purpose of defining the relative rights and obligations of the Borrower, the Administrative Agent and the Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Amendment.

7. Entire Agreement. This Amendment, the Credit Agreement (as amended hereby), the Post Closing Agreement (as amended hereby) and the other Loan Documents constitute the entire agreement of the parties with respect to the subject matter hereof.

8. Incorporation of Credit Agreement. The provisions contained in Sections 12.9 and 12.10 of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety with respect to this Amendment.

9. Amendment; Waiver. The parties hereto agree and acknowledge that nothing contained in this Amendment in any manner or respect limits or terminates any of the provisions of the Credit Agreement, the Post Closing Agreement or any of the other Loan Documents other than as amended as expressly set forth herein and further agree and acknowledge that the Credit Agreement (as amended hereby), the Post Closing Agreement (as amended hereby) and each of the other Loan Documents remain and continue in full force and effect and are hereby ratified and confirmed. Except to the extent expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any rights, power or remedy of the Lenders or the Administrative Agent under the Credit Agreement, the Post Closing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement, the Post Closing Agreement or any other Loan Document. No delay on the part of any Lender or the Administrative Agent in exercising any of their respective rights,

remedies, powers and privileges under the Credit Agreement, the Post Closing Agreement or any of the Loan Documents or partial or single exercise thereof, shall constitute a waiver thereof. On and

after the Effective Date each reference in the Credit Agreement or the Post Closing Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Credit Agreement or to the Post Closing Agreement in the Loan Documents and all other documents delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement or the Post Closing Agreement, as applicable, as amended hereby.

10. Captions. Section captions used in this Amendment are for convenience only, and shall not affect the construction of this Amendment.

11. Severability. Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

12. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment.

[signature pages follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the date first written above.

GENCORP INC.

By: /s/ TERRY L. HALL

Name: Terry L. Hall
Title: Senior Vice President and
Chief Financial Officer

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 to Post Closing Agreement

AEROJET-GENERAL CORPORATION,
as Subsidiary Guarantor

By: /s/ TERRY L. HALL

Name: Terry L. Hall
Title: Vice President

and Amendment No. 1 to Post Closing Agreement

AEROJET ORDNANCE TENNESSEE, INC.,
as Subsidiary

By: /s/ TERRY L. HALL

Name: Terry L. Hall
Title: Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 to Post Closing Agreement

GENCORP PROPERTY INC., as Subsidiary
Guarantor

By: /s/ TERRY L. HALL

Name: Terry L. Hall
Title: President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 to Post Closing Agreement

PENN INTERNATIONAL INC, as Subsidiary
Guarantor

By: /s/ TERRY L. HALL

Name: Terry L. Hall
Title: President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 to Post Closing Agreement

GDX LLC, as Subsidiary Guarantor

By: /S/ TERRY L. HALL

Name: Terry L. Hall
Title: President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

GDX AUTOMOTIVE INC.,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasurer

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

BANKERS TRUST COMPANY
as Lender and as Administrative Agent

By: /s/ Marguerite Sutton

Name: Marguerite Sutton
Title: Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

BANKERS ONE, NA.
as Lender

By: /s/ Stephanie A. Mack

Name: Stephanie A. Mack
Title: Commercial Banking Officer

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

ABN AMRO Bank N.V.,
as Lender

By: /s/ R. Clay Jackson

Name: R. Clay Jackson
Title: Senior Vice President

By: /s/ Gina M. Brusatori

Name: Gina M. Brusatori
Title: Senior Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

THE BANK OF NEW YORK
as Lender

By: /s/ Mehrasa Raygani

Name: Mehrasa Raygani
Title: Assistant Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

THE BANK OF NOVA SCOTIA
as Lender

By: /s/ Mark Sparrow

Name: Mark Sparrow
Title: Director

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

NATIONAL CITY BANK
as Lender

By: /s/ Tom Gurbach

Name: Tom Gurbach
Title: Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

THE NORTHERN TRUST COMPANY,
as Lender

By: /S/ David J. Mitchell

Name: David J. Mitchell
Title: Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

WELLS FARGO BANK, N.A.,
as Lender

By: /s/ Daniel G. Adams

Name: Daniel G. Adams
Title: Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

CONTINENTAL ASSURANCE CORPORATION

as Lender

By: TCW Asset Management Company
As Attorney-in-Fact

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

KATONAH II, LTD
as Lender

By: Katonah Capital LLC, as Manager

By: /s/ Joyce C. DeLucca

Name: Joyce C. De Lucca
Title: Managing Principal

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

KZH CRESENT LLC
as Lender

By: /s/ Kimberly Rowe

Name: Kimberly Rowe
Title: Authorized Agent

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

KZH CRESENT-2 LLC
as Lender

By: /s/ Kimberly Rowe

Name: Kimberly Rowe
Title: Authorized Agent

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

KZH CRESENT-3 LLC
as Lender

By: /s/ Kimberly Rowe

Name: Kimberly Rowe
Title: Authorized Agent

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

SEQUILS I, LTD.,
as Lender

By: TWC Advisers, Inc.
as its Collateral Manager

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

SEQUILS IV, LTD.
as Lender

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

TCW LEVERAGED INCOME TRUST IV, LP.,
as Lender

By: TWC (LINC IV), L.L.C.
as General Partner

By: TWC Asset Management Company,
As managing member of the General Partner

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

TORONTO DOMINION (NEW YORK), INC.,
as Lender

By: Stacey Malek

Name: Stacey Malek
Title: Vice President

Signature Page to Amendment No. 1
to Credit Agreement
and Amendment No. 1 Post Closing Agreement

UNITED OF OMAHA
LIFE INSURANCE
COMPANY, as Lender

By: TCW Asset Management
Company,
its Investment Advisor

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Execution Copy

AMENDMENT NO. 2
TO CREDIT AGREEMENT, AMENDMENT NO. 2
TO POST CLOSING AGREEMENT, AMENDMENT NO. 1
TO COLLATERAL AGREEMENTS AND LIMITED WAIVER

This AMENDMENT NO. 2 TO CREDIT AGREEMENT, AMENDMENT NO. 2 TO POST CLOSING AGREEMENT, AMENDMENT NO. 1 TO COLLATERAL AGREEMENTS AND LIMITED WAIVER (this "Amendment No. 2"), dated as of August 31, 2001 (the "Effective Date") is made among GENCORP INC., an Ohio corporation ("Borrower"), BANKERS TRUST COMPANY, for itself, as a Lender and as Administrative Agent for the Lenders ("Administrative Agent"), and the other Lenders signatory to the hereinafter defined Credit Agreement.

RECITALS

A. The Administrative Agent, the Lenders and the Borrower are party to that certain Credit Agreement dated as of December 28, 2000 (as amended by that certain Amendment No. 1 to Credit Agreement and Amendment No. 1 to Post Closing Agreement dated as of January 26, 2001 ("Amendment No. 1") and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. On and subject to the terms and conditions hereof, the Administrative Agent, the Lenders and the Borrower wish to amend certain provisions of the Credit Agreement.

C. Pursuant to that certain Post Closing Agreement dated December 28, 2000 among the Borrower and the Administrative Agent (as amended by Amendment No. 1 and as further amended, restated, supplemented or otherwise modified from time to time, the "Post Closing Agreement"), the Borrower has agreed to take or cause to be taken on its behalf certain actions with respect to Collateral to be provided to the Administrative Agent on behalf of the Secured Creditors.

D. The Borrower has requested that the Lenders provide additional time for the Borrower to take such actions under the Post Closing Agreement by amending, and on a limited basis waiving, certain provisions of the Post Closing Agreement as set forth herein.

E. On and subject to the terms and conditions hereof, the Administrative Agent, the Lenders and the Borrower wish to amend and waive, on a limited basis, certain provisions of the Post Closing Agreement.

F. The Administrative Agent and the Borrower are party to that certain Borrower Security Agreement dated as of December 28, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "Borrower Security Agreement"), the Administrative Agent and the Borrower are party to that certain Borrower Pledge Agreement dated as of December 28, 2000 (as amended, restated, supplemented or otherwise modified from time to

time, the "Borrower Pledge Agreement"), the Administrative Agent and certain Subsidiaries of the Borrower (the "Assignors") are party to that certain Subsidiary Security Agreement dated as of December 28, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "Subsidiary Security Agreement") and the Administrative Agent and certain Subsidiaries of the Borrower (the "Pledgors") are party to that certain Subsidiary Pledge Agreement dated as of December 28, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "Subsidiary Pledge Agreement").

G. On and subject to the terms and conditions hereof, to reflect changes in the Uniform Commercial Code applicable thereto, the Administrative Agent (with the consent of the Required Lenders) and the Borrower wish to amend certain provisions of the Borrower Security Agreement and the Borrower Pledge Agreement, the Administrative Agent (with the consent of the Required Lenders) and the Assignors wish to amend certain provisions of the Subsidiary Security

Agreement and the Administrative Agent (with the consent of the Required Lenders) and the Pledgors wish to amend certain provisions of the Subsidiary Pledge Agreement.

H. This Amendment No. 2 shall constitute a Loan Document and these Recitals shall be construed as part of this Amendment; capitalized terms used herein without definition are so used as defined in the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Subject to the conditions set forth in Section 10 hereof, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is amended by deleting the definitions of "Scheduled Term A Repayments", "Scheduled Term B Repayments", "Subordination Agreement" and "Subsidiary Guarantor" in their entirety and by inserting the following definitions of "Scheduled Term A Repayments", "Scheduled Term B Repayments", and "Subsidiary Guarantor" in lieu thereof in the appropriate alphabetical order:

"Scheduled Term A Repayments" means, with respect to the principal payments on the Term A Loans for each date set forth below, the Dollar amount set forth opposite thereto, as reduced from time to time pursuant to Sections 4.3 and 4.4:

Term A Loan Scheduled Repayment Date	Repayment Amount
March 28, 2001	$3,750,000.00
June 28, 2001	$3,750,000.00
September 28, 2001	$2,373,903.51
December 28, 2001	$2,373,903.51

Term A Loan Scheduled Repayment Date	Repayment Amount
March 28, 2002	$4,747,807.02
June 28, 2002	$4,747,807.02
September 28, 2002	$4,747,807.02
December 28, 2002	$4,747,807.02
March 28, 2003	$4,747,807.02
June 28, 2003	$4,747,807.02
September 28, 2003	$4,747,807.02
December 28, 2003	$4,747,807.02
March 28, 2004	$4,747,807.02
June 28, 2004	$4,747,807.02
September 28, 2004	$4,747,807.02
December 28, 2004	$4,747,807.02
March 28, 2005	$7,121,710.52
June 28, 2005	$7,121,710.52
September 28, 2005	$7,121,710.52
December 28, 2005	$7,121,710.49

"Scheduled Term B Repayments" means, with respect to the principal payments on the Term B Loans for each date set forth below, the Dollar amount set forth opposite thereto, as reduced from time to time pursuant to Sections 4.3 and 4.4:

Term B Loan Scheduled Repayment Date	Repayment Amount

March 28, 2001	$500,000.00
June 28, 2001	$500,000.00
September 28, 2001	$664,886.93
December 28, 2001	$664,886.93
March 28, 2002	$664,886.93
June 28, 2002	$664,886.93
September 28, 2002	$664,886.93
December 28, 2002	$664,886.93
March 28, 2003	$664,886.93
June 28, 2003	$664,886.93
September 28, 2003	$664,886.93
December 28, 2003	$664,886.93
March 28, 2004	$664,886.93
June 28, 2004	$664,886.93
September 28, 2004	$664,886.93

December 28, 2004	$ 664,886.93
March 28, 2005	$ 664,886.93
June 28, 2005	$ 664,886.93
September 28, 2005	$ 664,886.93
December 28, 2005	$ 664,886.93
March 28, 2006	$ 664,886.93
June 28, 2006	$ 664,886.93
September 28, 2006	$ 664,886.93
December 28, 2006	$250,662,000.03

""Subsidiary Guarantor" means each Material Domestic Subsidiary of the Borrower, any Domestic Subsidiary of the Borrower which is a party to the Subsidiary Guaranty and any Subsidiary of the Borrower that becomes a party to the Subsidiary Guaranty or delivers a guaranty pursuant to Section 7.12 or 7.14."

(b) Section 7.1 of the Credit Agreement is amended by inserting the following new subsection (d) immediately after subsection (c) therein:

"(d) Interim Financial Statements. Within thirty (30) days after the end of the Fiscal Year of the Borrower ended as of November 30, 2001, unaudited financial statements consisting of a consolidated and consolidating balance sheet and statement of stockholders' equity of the Borrower and its Subsidiaries as at the end of such Fiscal Year and a consolidated and consolidating statement of income of the Borrower and its Subsidiaries for such Fiscal Year, all in reasonable detail and certified on behalf of the Borrower by a Responsible Officer of the Borrower as having been prepared, to the best knowledge of such Responsible Officer, in accordance with generally accepted accounting principles consistently applied (other than for normal year-end adjustments and, unless then required by the Borrower's reporting obligations to the Securities and Exchange Commission or by generally accepted accounting principles, footnote disclosure); provided, however, if as of November 30, 2001, the EIS Business Sale has occurred, this Section 7.1(d) shall not apply to the Borrower."

(c) Subsection (b) of Section 7.2 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"(b) Officer's Certificates. Concurrently with the delivery of the financial statements referred to in Sections 7.1(a), 7.1(b) and 7.1(d) (if such statements are required to be delivered by the terms of said Section 7.1(d)), a certificate of a Responsible Financial Officer substantially in the form of Exhibit 7.2(b) stating that, to the best of

such officer's knowledge, (i) such financial statements present fairly, in accordance with GAAP, the financial condition and results of operations of the Borrower and its Subsidiaries for the period referred to therein (subject, in the case of interim statements, to normal recurring adjustments), (ii) no Event of Default or Unmatured Event of Default has occurred, except as specified in such certificate and, if so specified, the action

which the Borrower proposes to take with respect thereto, which certificate shall set forth detailed computations to the extent necessary to establish the Borrower's compliance with the covenants set forth in Article IX of this Agreement and (iii) setting forth the then current outstanding amount of each Intercompany Loan;"

(d) The last sentence of Section 8.1 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"Notwithstanding the foregoing clauses (a) through (g) of this Section 8.1, the Borrower agrees that it will not, nor will it permit any of its Subsidiaries to pledge, encumber or otherwise suffer to exist thereon any Lien (other than Customary Permitted Liens), on (w) any real property owned by the Borrower or any of its Subsidiaries which is located in the State of California or the State of Nevada, (x) the Borrower's membership interest in AFC or the Borrower's rights as lender under the AFC Credit Agreement, (y) the Borrower's interest in the capital stock of Next Pharma or (z) (A) the Borrower's interest in the capital stock of GDX Automotive (Pribor) s.r.o. and of LNR Capital s.r.o. or (B) any real or personal property of either GDX Automotive (Pribor) s.r.o. or LNR Capital s.r.o."

(e) Subsections (g) and (h) of Section 8.2 of the Credit Agreement are deleted in their entirety and the following are substituted in lieu thereof:

"(g) unsecured Indebtedness of the Borrower and its Subsidiaries to the Borrower or any of its Subsidiaries; provided, however, that (x) in the case of such intercompany Indebtedness consisting of a loan or advance by a Credit Party, each such loan or advance made on or after the Closing Date shall be evidenced by an Intercompany Note payable to the Credit Party, in form and substance satisfactory to Administrative Agent, which Intercompany Notes shall be delivered and pledged to the Collateral Agent as part of the Collateral, and (y) in the case of such intercompany Indebtedness consisting of a loan or advance to a Subsidiary of the Borrower which is not a Credit Party, each such loan or advance, together with all other outstanding Indebtedness permitted by this clause (g)(y), plus the amount of all outstanding Indebtedness referred to in clause (h)(y) below that is incurred by Subsidiaries that are not Credit Parties, shall not exceed in the aggregate at any time $60,000,000 (without giving effect to Indebtedness issued as consideration in, or to provide all or any portion of the funds utilized to consummate the Draftex Acquisition);

(h) Indebtedness incurred by a Foreign Subsidiary to the Borrower or any of its Subsidiaries; provided, however, that (x) in the case of such Indebtedness consisting of a loan or advance by a Credit Party, each such loan or advance made on or after the Closing Date shall be evidenced by an Intercompany Note payable to the Credit Party, in form and substance satisfactory to Administrative Agent, which Intercompany Notes shall be delivered and pledged to the Collateral Agent as part of the Collateral and (y) in the case of such Indebtedness consisting of a loan or advance to a Foreign Subsidiary of the

Borrower which is not a Credit Party, each such loan or advance, together with all other outstanding Indebtedness permitted by this clause (h)(y), plus the amount of all outstanding Indebtedness referred to in clause (g)(y) above that is incurred by Foreign Subsidiaries that are not Credit Parties, shall not exceed in the aggregate at any time $60,000,000 (without giving effect to Indebtedness issued as consideration in, or to provide all or any portion of the funds utilized to consummate the Draftex Acquisition);"

(f) Subsection (k) of Section 8.2 of the Credit Agreement is amended by deleting the word "and" immediately before the phrase "(y) to support obligations of Subsidiaries" in the first sentence and inserting the word "or" in lieu thereof.

(g) Subsection (n) of Section 8.2 of the Credit Agreement is amended by deleting the phrase "; and" and inserting in lieu thereof ";".

(h) Subsection (o) of Section 8.2 of the Credit Agreement is amended by (i) deleting the phrase "; and" immediately before the phrase "(4) GenCorp's and AFC's obligations under the Indemnity Agreement" and inserting ";" in lieu thereof, and (ii) inserting the following immediately after clause (4) therein:

"and (5) GenCorp's obligation to make advances to AFC in accordance with the AFC Credit Facility and AFC's obligation to repay such advances; and"

(i) Section 8.2 of the Credit Agreement is amended by inserting the following new subsection (p) immediately after subsection (o) therein:

"(p) Indebtedness of the Borrower consisting of unsecured Guarantee Obligations in favor of the United States Environmental Protection Agency which are incurred on behalf of Aerojet in connection with the EIS Business Sale or in connection with future carve-outs of restricted real property; provided, that such Guarantee Obligations permitted under this clause (p) shall not at any time exceed $100,000,000."

(j) Subsection (g) of Section 8.7 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"(g) the Borrower may make intercompany loans and advances (x) to any of its Wholly-Owned Subsidiaries, any Subsidiary of the Borrower may make intercompany loans and advances to the Borrower, and any Subsidiary of the Borrower may make intercompany loans and advances to any other Wholly-Owned Subsidiary of the Borrower (collectively, "Intercompany Loans"), in accordance with and to the extent permitted by Section 8.2(g) and (h) and (y) to AFC in accordance with the terms and conditions of the AFC Credit Facility;"

(k) Section 9.3 of the Credit Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"Section 9.3 Interest Coverage Ratio.

The Borrower will not permit the Interest Coverage Ratio for any Test Period ending on the last day of each Fiscal Quarter set forth below to be less than the ratio set forth opposite such date:

Fiscal Quarter	Ratio

February 28, 2001	3.50 to 1.00
May 31, 2001	3.50 to 1.00
August 31, 2001	2.75 to 1.00
November 30, 2001	3.50 to 1.00
February 28, 2002	3.75 to 1.00
May 31, 2002	3.75 to 1.00
August 31, 2002	3.75 to 1.00
November 30, 2002 and thereafter	4.00 to 1.00"

(l) Section 9.4 of the Credit Agreement is amended by deleting the ratio "3.25 to 1.00" directly across from the Fiscal Quarter ended August 31, 2001 and by inserting the ratio "4.25 to 1.00" in lieu thereof.

2. Reallocation of Certain Commitments and Loans. In order to provide financial flexibility and additional liquidity to the Borrower prior to the completion of the EIS Business Sale, the Borrower hereby requests approval by the Lenders of the following actions:

(a) that the Term B Commitment be increased by an aggregate principal amount of $65,625,000.03 (the "Term B Commitment Increase Amount"), subject to the terms and conditions of this Amendment No. 2, such that the aggregate principal amount of the Term B Commitment shall equal $264,625,000.03 as of the date of this Amendment No. 2; and Bank One, NA, BT and ABN Amro Bank, B.V. each hereby agree to advance, severally, the entire amount of the Term B Commitment Increase Amount on the terms and conditions set forth in this Amendment No. 2, namely that: (i) $6,666,666.67 principal amount of Revolving Loans outstanding as of the date hereof and owing to BT and $6,666,666.67 principal amount of Revolving Loans outstanding as of the date hereof and owing to Bank One, NA, shall be reallocated from the Revolving Facility to the Term B Facility in satisfaction (together with the reallocation described in (ii) below) of the funding of the Term B Commitment Increase Amount, provided, that such reallocation of Loans from the Revolving Facility shall not cause a reduction in the Revolving Commitments of either BT or Bank One, NA (other than in accordance with (b) below); and (ii) $20,083,333.35 principal amount of Term A Loans outstanding as of the date hereof and owing to BT, $20,083,333.35 principal amount of Term A Loans outstanding as of the date hereof and owing to Bank One, NA, and $12,124,999.99 principal amount of Term A Loans outstanding as of the date hereof and owing to ABN Amro Bank, B.V., shall be reallocated from the Term A Facility to the Term B Facility in satisfaction (together with the reallocation described in (i) above) of the funding of the

Term B Commitment Increase Amount, thereby reducing the aggregate principal amount of the Term A Facility to $90,208,333.31 as of the date of this Amendment No. 2;

(b) that, on or prior to the earlier of 5:00 p.m. (New York City time) (a) on October 15, 2001 or (b) on the date of closing of the EIS Business Sale, the Borrower shall cause the Revolving Commitment to be permanently reduced, in part, in the aggregate principal amount of $13,333,333.34, and shall cause any Revolving Loans relating thereto to be paid in full, provided, that such reduction of Revolving Commitment and repayment of Revolving Loans, if any, shall be applied solely to the Revolving Commitments and/or related Revolving Loans, as the case may be, of BT and Bank One, NA, on a pro rata basis, and shall not apply to the Revolving Commitments or Revolving Loans of any other Revolving Lender;

(c) that, upon the effectiveness of this Amendment No. 2, (i) Schedule 1.1(a) to the Credit Agreement

shall be deemed modified to reflect the revised Term A Commitment and the revised Term B Commitment and (ii) in all necessary respects, the Credit Agreement, including, without limitation, Sections 4.1, 4.3, 4.4(k) and 4.5 of the Credit Agreement, shall be deemed amended without further action by any Lender to reflect such revised Term A Commitment and revised Term B Commitment and the terms of this Section 2 of this Amendment No. 2; and

(d) Bank One, NA, BT and ABN Amro Bank, B.V. each hereby agree to waive any compensation which they are otherwise entitled to pursuant to Section 3.5 of the Credit Agreement for funding losses resulting from the reallocation of Loans described in the preceding clauses.

3. Amendments to Post Closing Agreement. Subject to the conditions set forth in Section 10 hereof, the Post Closing Agreement is hereby amended as follows:

(a) Paragraph 2 (including the subsections therein) of the Post Closing Agreement is deleted in its entirety and the words "Intentionally Omitted" are substituted in lieu thereof.

(b) Paragraph 3 (including the subsections therein) of the Post Closing Agreement is deleted in its entirety and the words "Intentionally Omitted" are substituted in lieu thereof.

(c) Subparagraph (a) of Paragraph 4 of the Post Closing Agreement is amended by deleting the phrase "GDX LLC" where it appears and by inserting the phrase "HENNIGES Elastomer-und Kunststofftechnik GmbH & Co. KG" in lieu thereof.

(d) Paragraph 8 of the Post Closing Agreement is amended by deleting the first line thereof and clauses (a), (b) and (c) in their entirety and by inserting the phrase "Intentionally Omitted" in lieu thereof.

(e) Subparagraph (b) of Paragraph 9 of the Post Closing Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"(b) execute documentation, make filings and otherwise take such actions and deliver such documents as the Administrative Agent may require to cause the Borrower to grant a lien and security interest to the Collateral Agent for the benefit of the Lenders in 65% of the stock of GDX Automotive SAS and to perfect such security interest, all under the laws of France;"

(f) Paragraph 10 (including the subsections therein) of the Post Closing Agreement is deleted in its entirety and the words "Intentionally Omitted" are substituted in lieu thereof.

(g) Subparagraph (a) of Paragraph 11 of the Post Closing Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"(a) execute documentation, make filings and otherwise take such actions and deliver such documents as the Administrative Agent may require to cause Penn International Inc. to grant a lien and security interest to the Collateral Agent for the benefit of the Lenders in 65% of the stock of GenCorp GmbH and to perfect such security interest, all under the laws of Germany;"

(h) (i) Subparagraph (c) of Paragraph 11 of the Post

Closing Agreement is amended by deleting the phrase "; and" and by inserting "." in lieu thereof, and (ii) subparagraph (d) of Paragraph 11 of the Post Closing Agreement is deleted in its entirety.

(i) Subparagraph (a) of Paragraph 12 of the Post Closing Agreement is amended by deleting the phrase "Berger, Missouri" where it appears in clause (ii) and by inserting the phrase "New Haven, Missouri" in lieu thereof.

4. Amendments to Borrower Security Agreement. Subject to the conditions set forth in Section 10 hereof, the Borrower Security Agreement is amended as follows:

(a) Article I of the Borrower Security Agreement is amended by deleting the definition of "Investment Property" in its entirety and inserting in lieu thereof the following:

""Investment Property" shall have the meaning ascribed thereto in Section 9-102 of the New York UCC and shall include, without limitation (i) all securities, whether certificated or uncertificated, including, without limitation, stocks, bonds, interests in limited liability companies, partnership interests, treasury securities, certificates of deposit, and mutual fund shares; (ii) all securities entitlements of the Borrower, including without limitation, the rights of the Borrower to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (iii) all

securities accounts held by the Borrower; (iv) all commodity contracts held by the Borrower; and (v) all commodity accounts held by the Borrower."

(b) Article I of the Borrower Security Agreement is amended by inserting the following definitions in the appropriate alphabetical order:

"Deposit Accounts" shall have the meaning provided in the New York UCC.

"Letter-of-Credit Rights" shall have the meaning provided in the New York UCC".

"Software" shall have the meaning provided in the New York UCC.

"Supporting Obligations" shall have the meaning provided in the New York UCC.

(c) Subsection (a) of Section 2.1 of the Borrower Security Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"(a) As security for the prompt and complete payment and performance when due of all of the Obligations, the Borrower does hereby collaterally assign and transfer unto the Collateral Agent, for the benefit of the Secured Creditors, and does hereby pledge and grant to the Collateral Agent for the benefit of the Secured Creditors, a continuing security interest of first priority (subject to Liens evidenced by Permitted Filings and other Permitted Liens) in, all of the right, title and interest of the Borrower in, to and under all of the personal property of the Borrower, wherever located, whether now existing or hereafter from time to time acquired, including the following: (i) each and every Receivable, (ii) all Contracts, together with all Contract Rights, (iii) all Inventory, (iv) all Equipment, (v) all Marks, together with the registrations and right to all renewals thereof, and the goodwill of the business of the Borrower symbolized by the Marks, (vi) all Patents and Copyrights, and all reissues,

renewals or extensions thereof, (vii) all Software of the Borrower and all intellectual property rights therein and all other proprietary information of the Borrower, including, but not limited to, Trade Secrets, (viii) all other Goods, General Intangibles, Chattel Paper, Documents, Investment Property and Instruments, (ix) all Supporting Obligations and Letter-of-Credit Rights, (x) all cash, accounts, deposits, Deposit Accounts, securities and insurance policies now or at any time hereafter in the possession or under control of the Borrower or its respective bailees and any interest thereon, (xi) all other personal property of the Borrower, whether now owned or hereafter acquired, (xii) all documents of title evidencing or issued with respect to any of the foregoing, and (xiii) all Proceeds and products of any and all of the foregoing (including, without limitation, all insurance and claims for insurance effected or held for the benefit of the Borrower in respect thereof) (all of the above, collectively, the "Collateral")."

(d) Section 3.7 of the Borrower Security Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"3.7. Trade Names; Change of Name. The Borrower has not operated nor does operate in any jurisdiction under, or in the preceding 12 months has had nor has operated in any jurisdiction under, any trade names, fictitious names or other names (including, without limitation, any names of divisions or operations) except its legal name (which is as set forth in the preamble of this Agreement) and such other trade, fictitious or other names as are listed on Annex D hereto. The Borrower shall not change its legal name nor assume or operate in any jurisdiction under any trade, fictitious or other name in any manner which might make any financing statement or continuation statement filed in connection therewith seriously misleading within the meaning of Section 9-506 of the UCC unless and until (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new name and the jurisdictions in which such new name shall be used and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new name, it shall have taken all action to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect, (iii) at the request of the Collateral Agent, it shall have furnished an opinion of counsel reasonably acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and (iv) upon its reasonable request, the Collateral Agent shall have received evidence that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interest granted hereby."

(e) Article III of the Borrower Security Agreement is amended by inserting the following immediately after Section 3.7 therein:

"3.8. State of Incorporation. The state of incorporation of the Borrower is Ohio. The Borrower shall not change the state in which it is incorporated. The Borrower shall preserve its corporate existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets."

(f) Article IV of the Borrower Security Agreement is amended by (i) inserting the words "OTHER COLLATERAL" to the title of

said Article immediately after the words "RIGHTS; INSTRUMENTS;" and (ii) inserting the following immediately after Section 4.6 therein:

"4.7. Other Collateral. If the Borrower owns or acquires any Deposit Accounts, Investment Property, Letter-of-Credit Rights or electronic chattel paper constituting Collateral, the Borrower will within 15 days notify the Collateral

Agent thereof, and upon request by the Collateral Agent will cooperate with the Collateral Agent in obtaining control with respect to such Collateral. The Borrower will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to the Collateral Agent indicating that the Collateral Agent has a security interest in the Chattel Paper."

(g) Section 7.4 of the Borrower Security Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"7.4. Financing Statements. The Borrower authorizes the Collateral Agent to file such financing statements, in form acceptable to the Collateral Agent, as the Collateral Agent may from time to time request or as are necessary or desirable in the opinion of the Collateral Agent to establish and maintain a valid, enforceable, first priority perfected security interest (subject only to Permitted Liens) in the Collateral as provided herein and the other rights and security contemplated hereby all in accordance with the UCC or other relevant law as enacted from time to time in any relevant jurisdiction. The Borrower will pay any applicable filing fees, recordation taxes and related expenses relating to its Collateral."

5. Amendments to Subsidiary Security Agreement. Subject to the conditions set forth in Section 10 hereof, the Subsidiary Security Agreement is hereby amended as follows:

(a) Article I of the Subsidiary Security Agreement is amended by deleting the definition of "Investment Property" in its entirety and substituting in lieu thereof the following:

""Investment Property" shall have the meaning ascribed thereto in Section 9-102 of the New York UCC and shall include, without limitation (i) all securities, whether certificated or uncertificated, including, without limitation, stocks, bonds, interests in limited liability companies, partnership interests, treasury securities, certificates of deposit, and mutual fund shares; (ii) all securities entitlements of any Assignor, including without limitation, the rights of any Assignor to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (iii) all securities accounts held by any Assignor; (iv) all commodity contracts held by any Assignor; and (v) all commodity accounts held by any Assignor."

(b) Article I of the Subsidiary Security Agreement is amended by inserting the following definitions in the appropriate alphabetical order:

""Deposit Accounts" shall have the meaning provided in the New York UCC.

"Letter-of-Credit Rights" shall have the meaning provided in the New York UCC.

"Software" shall have the meaning provided in the New York UCC.

"Supporting Obligations" shall have the meaning provided in the New York UCC."

(c) Subsection (a) of Section 2.1 of the Subsidiary Security Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"(a) As security for the prompt and complete payment and performance when due of all of the Obligations, each Assignor does hereby collaterally assign and transfer unto the Collateral Agent, for the benefit of the Secured Creditors, and does hereby pledge and grant to the Collateral Agent for the benefit of the Secured Creditors, a continuing security interest of first priority (subject to Liens evidenced by Permitted Filings and other Permitted Liens) in, all of the right, title and interest of such Assignor in, to and under all of the personal property of such Assignor, wherever located, whether now existing or hereafter from time to time acquired, including the following: (i) each and every Receivable, (ii) all Contracts, together with all Contract Rights, (iii) all Inventory, (iv) all Equipment, (v) all Marks, together with the registrations and right to all renewals thereof, and the goodwill of the business of such Assignor symbolized by the Marks, (vi) all Patents and Copyrights, and all reissues, renewals or extensions thereof, (vii) all Software of the Borrower and all intellectual property rights therein and all other proprietary information of such Assignor, including, but not limited to, Trade Secrets, (viii) all other Goods, General Intangibles, Chattel Paper, Documents, Investment Property and Instruments, (ix) all Supporting Obligations and Letter-of-Credit Rights, (x) all cash, accounts, deposits, Deposit Accounts, securities and insurance policies now or at any time hereafter in the possession or under control of such Assignor or its respective bailees and any interest thereon, (xi) all other personal property of such Assignor, whether now owned or hereafter acquired, (xii) all documents of title evidencing or issued with respect to any of the foregoing, and (xiii) all Proceeds and products of any and all of the foregoing (including, without limitation, all insurance and claims for insurance effected or held for the benefit of such Assignor in respect thereof) (all of the above, collectively, the "Collateral").

(d) Section 3.7 of the Subsidiary Security Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"3.7. Trade Names; Change of Name. Each Assignor has not operated nor does operate in any jurisdiction under, or in the preceding 12 months has had nor has operated in any jurisdiction under, any trade names, fictitious names or other names (including, without limitation, any names of divisions or operations) except its legal name (which is as set forth in Annex B to this Agreement) and such other trade, fictitious or other names as are listed on Annex D hereto. Each Assignor shall not change its legal name nor assume or operate in any jurisdiction under any trade, fictitious or other name in any manner which might make any financing statement or continuation statement filed in connection therewith

seriously misleading within the meaning of Section 9-506 of the UCC unless and until (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new name and the jurisdictions in which such new name shall be used and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new name, it shall have taken all action to maintain the security interest of the Collateral Agent in the

Collateral intended to be granted hereby at all times fully perfected and in full force and effect, (iii) at the request of the Collateral Agent, it shall have furnished an opinion of counsel reasonably acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and (iv) upon its reasonable request, the Collateral Agent shall have received evidence that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interest granted hereby."

(e) Article III of the Subsidiary Security Agreement is amended by inserting the following immediately after Section 3.7 therein:

"3.8. State of Incorporation. The state of incorporation of each Assignor is set forth on Annex B hereto. Each Assignor shall not change the state in which it is incorporated. Each Assignor shall preserve its corporate existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets."

(f) Article IV of the Subsidiary Security Agreement is amended by (i) inserting the words "OTHER COLLATERAL" to the title of said Article immediately after the words "RIGHTS; INSTRUMENTS;" and (ii) inserting the following immediately after Section 4.6 therein:

"4.7. Other Collateral. If any Assignor owns or acquires any Deposit Accounts, Investment Property, Letter-of-Credit Rights or electronic chattel paper constituting Collateral, such Assignor will within 15 days notify the Collateral Agent thereof, and upon request by the Collateral Agent will cooperate with the Collateral Agent in obtaining control with respect to such Collateral. Each Assignor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to the Collateral Agent indicating that the Collateral Agent has a security interest in the Chattel Paper."

(g) Section 7.4 of the Subsidiary Security Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"7.4. Financing Statements. Each Assignor authorizes the Collateral Agent to file such financing statements, in form acceptable to the Collateral Agent, as the Collateral Agent may from time to time request or as are necessary

or desirable in the opinion of the Collateral Agent to establish and maintain a valid, enforceable, first priority perfected security interest (subject only to Permitted Liens) in the Collateral as provided herein and the other rights and security contemplated hereby all in accordance with the UCC or other relevant law as enacted from time to time in any relevant jurisdiction. Each Assignor will pay any applicable filing fees, recordation taxes and related expenses relating to its Collateral."

(h) Annex B of the Subsidiary Security Agreement is deleted in its entirety and Annex B attached to this Amendment No. 2 is substituted in lieu thereof.

6. Amendments to Borrower Pledge Agreement. Subject to the conditions set forth in Section 10 hereof, the Borrower Pledge Agreement is hereby amended as follows:

(a) Section 2.2 of Borrower Pledge Agreement is amended

by inserting the word "Pledged" immediately preceding the word "Notes" in the first sentence thereof.

(b) Section 2.3 of Borrower Pledge Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"2.3. Uncertificated Securities. Notwithstanding anything to the contrary contained in Sections 2.1 and 2.2 hereof, if any Securities (whether now owned or hereafter acquired) are uncertificated securities, the Pledgor shall promptly notify the Pledgee thereof, and shall promptly take all actions required to perfect the security interest of the Pledgee under applicable law (including cooperating with the Collateral Agent in obtaining control with respect to such Securities). The Pledgor further agrees to take such actions as the Pledgee deems reasonably necessary or desirable to effect the foregoing and to permit the Pledgee to exercise any of its rights and remedies hereunder, and agrees to provide an opinion of counsel reasonably satisfactory to the Pledgee with respect to any such pledge of uncertificated Securities promptly upon request of the Pledgee."

7. Amendments to Subsidiary Pledge Agreement. Subject to the conditions set forth in Section 10 hereof, the Subsidiary Pledge Agreement is hereby amended as follows:

(a) Section 2.2 of Subsidiary Pledge Agreement is amended by inserting the word "Pledged" immediately preceding the word "Notes" in the first sentence thereof.

(b) Section 2.3 of Subsidiary Pledge Agreement is deleted in its entirety and the following is substituted in lieu thereof:

"2.3. Uncertificated Securities. Notwithstanding anything to the contrary contained in Sections 2.1 and 2.2 hereof, if any Securities (whether now owned or hereafter acquired) are uncertificated securities, the respective Pledgor shall promptly notify the Pledgee thereof, and shall promptly take all actions required to perfect the security interest of the Pledgee under applicable law

(including cooperating with the Collateral Agent in obtaining control with respect to such Securities). Each Pledgor further agrees to take such actions as the Pledgee deems reasonably necessary or desirable to effect the foregoing and to permit the Pledgee to exercise any of its rights and remedies hereunder, and agrees to provide an opinion of counsel reasonably satisfactory to the Pledgee with respect to any such pledge of uncertificated Securities promptly upon request of the Pledgee."

8. Limited Waiver. The Lenders hereby waive (a) for the period commencing April 1, 2001 and ending on September 15, 2001, any Event of Default or Unmatured Event of Default arising solely as a result of the Borrower's failure to meet, in the time frames provided therein, the requirements of Paragraphs 4, 9 and 12 of the Post Closing Agreement (as amended by Amendment No. 1) and (b) for the period commencing May 31, 2001 and ending on October 31, 2001, any Event of Default or Unmatured Event of Default arising solely as a result of the Borrower's failure to meet, in the time frame provided therein, the requirements of Section 7.11 of the Credit Agreement (as amended by Amendment No. 1). Upon expiration of the waiver set forth in clause (a) of the preceding sentence without compliance by the Borrower with the requirements specified therein, such waiver shall be automatically revoked and the requirements of the Post Closing Agreement (as amended by Amendment No. 1) waived thereby shall again be in full force with retroactive effect to the dates specified in the Post Closing Agreement (as amended by Amendment No. 1). Upon expiration of the waiver set forth in clause (b) of the second preceding sentence without compliance by the Borrower with the requirements specified therein, such waiver shall be automatically revoked and the requirements of the Credit Agreement (as amended by Amendment No. 1) waived thereby shall again be in full force with retroactive effect to the date specified in the Credit Agreement (as amended by Amendment No. 1). In each case, following such

expiration and noncompliance as described in the respective preceding sentences, the Administrative Agent and the Lenders shall have all rights and remedies under the Post Closing Agreement, the Credit Agreement and any other Loan Document or otherwise that the Administrative Agent and the Lenders would have had if any such waiver had never been granted.

9. Representations and Warranties. As of the date hereof, the Borrower hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) After giving effect to this Amendment No. 2 (i) no Unmatured Event of Default or Event of Default shall have occurred or be continuing and (ii) the representations and warranties of the Borrower contained in the Loan Documents shall each be true and correct in all material respects at and as of the date hereof to the same extent as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which event such representation and warranties shall be true and correct as of such specified date.

(b) The execution, delivery and performance, as the case may be, by the Borrower of this Amendment No. 2 and the other documents and transactions contemplated hereby are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action (including, without limitation, all necessary shareholder approvals) of the Borrower, shall have received all necessary governmental

approvals, and do not and will not contravene or conflict with any provision of law applicable to the Borrower, the certificate or articles of incorporation or bylaws of the Borrower, or any order, judgment or decree of any court or other agency of government or any contractual obligation binding upon the Borrower.

(c) Each of this Amendment No. 2, the Credit Agreement, the Post Closing Agreement and any other Loan Document is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its respective terms, except to the extent enforceability is limited by bankruptcy, insolvency or similar laws affecting the rights of creditors generally or by application of general principles of equity.

10. Conditions. This Amendment No. 2 shall become effective as of the date first above written; provided, that the Administrative Agent shall have received:

(a) counterparts of this Amendment No. 2 duly executed by the Borrower, the Subsidiary Guarantors, the Assignors (solely with respect to Section 5 above), the Pledgors (solely with respect to Section 7 above), the Administrative Agent and the percentage of Lenders required by the Credit Agreement; and

(b) from the Borrower all fees and expenses of legal counsel due and payable pursuant to Section 12.4 of the Credit Agreement (to the extent then invoiced).

11. Affirmation of Subsidiary Guarantors. By its signature set forth below, each Subsidiary Guarantor hereby confirms to the Administrative Agent and the Lenders that, after giving effect to this Amendment No. 2 and the transactions contemplated hereby, the Subsidiary Guaranty of such Subsidiary Guarantor and each other Loan Document to which such Subsidiary Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

12. Amendment Fee. The Borrower hereby agrees to pay, without setoff, deduction or counterclaim, a non-refundable amendment fee for the account of each Lender, other than the Agents or ABN Amro Bank, N.V., that has executed and delivered (including delivery of way of telecopy) a copy of this

Amendment No. 2 to the attention of Kay McNab at Winston & Strawn, 35 West Wacker Drive, Chicago, Illinois 60601, telecopy number 312-558-5700, at or prior to noon, New York City time, on Friday, August 31, 2001, in an amount equal to 0.10% of such Lender's Commitment. The aggregate amount of such amendment fee shall be paid at or prior to noon, New York City time, on Tuesday, September 4, 2001 to the Administrative Agent for the pro rata account of the Lenders entitled to receive such amendment fee.

13. Successors and Assigns. This Amendment No. 2 shall be binding on and shall inure to the benefit of the Borrower, the Administrative Agent, the Lenders and their respective successors and assigns; provided that the Borrower may not assign its rights, obligations, duties or other interests hereunder without the prior written consent of the Administrative Agent and the Lenders. The terms and provisions of this Amendment No. 2 are for the purpose of defining the

relative rights and obligations of the Borrower, the Administrative Agent and the Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Amendment No. 2.

14. Entire Agreement. This Amendment No. 2, the Credit Agreement (as amended hereby), the Post Closing Agreement (as amended hereby) and the other Loan Documents (as amended hereby, if applicable) constitute the entire agreement of the parties with respect to the subject matter hereof.

15. Incorporation of Credit Agreement. The provisions contained in Sections 12.4, 12.9 and 12.10 of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety with respect to this Amendment No. 2.

16. Amendment; Waiver. The parties hereto agree and acknowledge that nothing contained in this Amendment No. 2 in any manner or respect limits or terminates any of the provisions of the Credit Agreement, the Post Closing Agreement or any of the other Loan Documents other than as amended as expressly set forth herein and further agree and acknowledge that the Credit Agreement (as amended hereby), the Post Closing Agreement (as amended hereby) and each of the other Loan Documents (as amended hereby, if applicable) remain and continue in full force and effect and are hereby ratified and confirmed. Except to the extent expressly set forth herein, the execution, delivery and effectiveness of this Amendment No. 2 shall not operate as a waiver of any rights, power or remedy of the Lenders or the Administrative Agent under the Credit Agreement, the Post Closing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement, the Post Closing Agreement or any other Loan Document. No delay on the part of any Lender or the Administrative Agent in exercising any of their respective rights, remedies, powers and privileges under the Credit Agreement, the Post Closing Agreement or any of the Loan Documents or partial or single exercise thereof, shall constitute a waiver thereof. On and after the Effective Date each reference in the Credit Agreement or the Post Closing Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Credit Agreement, the Post Closing Agreement in the Loan Documents and all other documents delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement, the Post Closing Agreement, the Borrower Security Agreement, the Subsidiary Security Agreement, the Borrower Pledge Agreement or the Subsidiary Pledge Agreement, as applicable, as amended hereby.

17. Captions. Section captions used in this Amendment No. 2 are for convenience only, and shall not affect the construction of this Amendment No. 2.

18. Severability. Whenever possible each provision of this Amendment No. 2 shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment No. 2 shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

19. Counterparts. This Amendment No. 2 may be executed in any

number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment No. 2 by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment No. 2.

[signature pages follow]

IN WITNESS WHEREOF, this Amendment No. 2 has been duly executed as of the date first written above.

GENCORP INC.

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Amendment No. 2

AEROJET-GENERAL CORPORATION, as
Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Amendment No. 2

AEROJET ORDNANCE TENNESSEE, INC., as
Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Brian E. Sweeney

BRIAN E. SWEENEY
Vice President and Secretary

Signature Page to Amendment No. 2

GENCORP PROPERTY INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Amendment No. 2

PENN INTERNATIONAL INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Robert C. Anderson

ROBERT C. ANDERSON
Secretary

Signature Page to Amendment No. 2

GDX LLC, as Subsidiary Guarantor, Assignor

and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Amendment No. 2

GDX AUTOMOTIVE INC., as
Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Amendment No. 2

BANKERS TRUST COMPANY,
as Lender, Administrative Agent and
Collateral Agent

By: /s/ Marguerite Sutton

Name: Marguerite Sutton
Title: Vice President

Signature Page to Amendment No. 2

BANK ONE, NA,
as Lender

By: /s/ Karen C. Ryan

Name: Karen C. Ryan
Title: Vice President

Signature Page to Amendment No. 2

ABN AMRO Bank N.V.,
as Lender

By: /s/ Peter Hsu

Name: PETER HSU
Title: Vice President

By: /s/ Edward John Hill III

Name: EDWARD JOHN HILL III
Title: Assistant Vice President

Signature Page to Amendment No. 2

THE BANK OF NEW YORK,
as Lender

By: /s/ Lisa Y. Brown

Name: Lisa Y. Brown
Title Vice President

Signature Page to Amendment No. 2

BANK OF NOVA SCOTIA,
as Lender

By: /s/Mark Sparrow

Name: Mark Sparrow
Title: Director

Signature Page to Amendment No. 2

THE NORTHERN TRUST COMPANY,
as Lender

By: /s/Melissa A. Whitson

Name: Melissa A. Whitson
Title: Vice President

Signature Page to Amendment No. 2

WELLS FARGO BANK, N.A.,
as Lender

By: /s/ Rick A. Souza

Name: Rick A. Souza
Title: Vice President

Signature Page to Amendment No. 2

CONTINENTAL ASSURANCE COMPANY,
as Lender

By: TCW Asset Management Company,

By: /s/ Richard F. Kurth

Name: RICHARD F. KURTH
Title: Vice President

By: /s/ Mark L. Gold

Name: MARK l. GOLD
Title: Managing Director

Signature Page to Amendment No. 2

KATONAH II, LTD ,
as Lender

By: Katonah Capital LLC, as Manager

By: /s/ Ralph Della Rocca

Name: Ralph Della Rocca
Title: Authorized Officer Katonah Capital, LLC As Manager

Signature Page to Amendment No. 2

KZH CRESCENT LLC,
as Lender

By: /s/ Brian Turkfeld

Name: BRIAN TURKFELD
Title: Authorized Agent

Signature Page to Amendment No. 2

KZH CRESCENT-2 LLC,
as Lender

By: /s/ Brian Turkfeld

Name: BRIAN TURKFELD
Title: Authorized Agent

Signature Page to Amendment No. 2

KZH CRESCENT-3 LLC,
as Lender

y: /s/ Brian Turkfeld

Name: BRIAN TURKFELD
Title: Authorized Agent

Signature Page to Amendment No. 2

SEQUILS I, LTD.,
as Lender

By: TCW Advisers, Inc.
as its Collateral Manager

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Signature Page to Amendment No. 2

SEQUILS IV, LTD.,
as Lender

By: TCW Advisers, Inc.
as its Collateral Manager

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Signature Page to Amendment No. 2

TCW LEVERAGED INCOME TRUST IV, L.P.,
as Lender

By: TCW (LINC IV), L.L.C.,
as General Partner

By: TCW Asset Management Company,
as managing member of the General Partner

By: /s/ Richard F. Kurth

Name: Richard F. Kurth
Title: Vice President

By: /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

Signature Page to Amendment No. 2

TORONTO DOMINION (NEW YORK), INC.,
as Lender

By: /s/ Stacey Malek

Name: STACEY MALEK
Title: Vice President

Signature Page to Amendment No. 2

UNITED OF OMAHA LIFE INSURANCE
COMPANY, as Lender

By: TCW Asset Management Company,
its Investment Advisor

By: /s/ Richard F. Kurth

Name: RICHARD F. KURTH
Title: Vice President

By: /s/ Mark L. Gold

Name: MARK L. GOLD
Title: Managing Director

Signature Page to Amendment No. 2

FIRST UNION NATIONAL BANK,
as Lender

By: /s/ Frederick E. Blumer

Name: FREDERICK E. BLUMER
Title: Vice President

Signature Page to Amendment No. 2

CIGNA COLLATERALIZED HOLDINGS 1999-1
CDO, LIMITED, as Lender

By: /s/ John P. Connor

Name: John P. Connor
Title: Vice President

Signature Page to Amendment No. 2

CAPTIVA II FINANCE LTD.,
as Lender

By: /s/ David Dyer

Name: DAVID DYER
Title: Director

Signature Page to Amendment No. 2

Execution Copy

LIMITED WAIVER

This LIMITED WAIVER (this "Waiver"), dated as of October 15, 2001, is made among GENCORP INC., an Ohio corporation (the "Borrower"), BANKERS TRUST COMPANY, for itself, as Lender and as Administrative Agent for the Lenders (the "Administrative Agent"), and the other Lenders signatory to the hereinafter defined Credit Agreement.

RECITALS

A. The Administrative Agent, the Lenders and the Borrower are party to that certain Credit Agreement dated as of December 28, 2000 (as amended by that certain Amendment No. 1 to Credit Agreement and Amendment No. 1 to Post Closing Agreement dated as of January 26, 2001 (the "Amendment No. 1") and by that certain Amendment No. 2 to Credit Agreement, Amendment No. 2 to Post Closing Agreement, Amendment No. 1 to Collateral Agreements and Limited Waiver dated as of August 31, 2001 (the "Amendment No. 2")) (collectively, the "Credit Agreement"). Unless otherwise specified herein, capitalized terms used in this Waiver shall have the meanings ascribed to them by the Facility Agreement.

B. Pursuant to Amendment No. 2, the Borrower agreed to cause the Revolving Commitment to be permanently reduced in part, and Revolving Loans relating thereto to be repaid, on the earlier of 5:00 p.m. (New York City time) (a) on October 15, 2001 or (b) the date of closing of the EIS Business Sale

C. The Borrower has requested a waiver of, and the Lenders wish to waive, on a limited basis the provision of Amendment No. 2 described in B. above on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual execution hereof and other good and valuable consideration, the parties hereto agree as follows:

1. Limited Waiver. The Lenders hereby waive, for the period commencing October 15, 2001 and ending on October 31, 2001, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans as required by the terms of said Section. Upon expiration of the waiver set forth in the preceding sentence without compliance by the Borrower with the requirements specified therein, such waiver shall be automatically revoked and the requirements of the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2) waived thereby shall again be in full force with retroactive effect to the dates specified in the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2). In such case, following such expiration and noncompliance as described in the preceding sentences, the Administrative Agent and the Lenders shall have all rights and remedies under the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2) and any other Loan Document or otherwise that the

Administrative Agent and the Lenders would have had if any such waiver had never been granted.

2. Representation and Warranty. As an inducement to the Lenders to grant the foregoing waiver, the Borrower represents and warrants that, after giving effect to this Waiver, as of the date hereof (a) there exists no Event of Default or Unmatured Event of Default and (b) the representations and warranties contained in the Credit Agreement are true and correct except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

3. Effective Time. This Waiver shall become effective upon the execution and delivery hereof by the Borrower, the Administrative Agent

and the Required Lenders.

4. Miscellaneous.

(a) The execution, delivery and effectiveness of this Waiver shall not operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under the Credit Agreement or any Loan Document, nor constitute a waiver of any Event of Default, Unmatured Event of Default, condition or provision of the Credit Agreement or any Loan Document, except as specifically set forth herein. Except as specifically waived above, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. The Borrower hereby reaffirms its obligations under the Credit Agreement and all of the other Loan Documents to which it is a party.

(b) Section headings in this Waiver are included herein for convenience of reference only and shall not constitute a part of this Waiver for any other purposes.

(c) This Waiver may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument

5. Affirmation of Subsidiary Guarantors. By its signature set forth below, each Subsidiary Guarantor hereby confirms to the Administrative Agent and the Lenders that, after giving effect to this Waiver and the transactions contemplated hereby, the Subsidiary Guaranty of such Subsidiary Guarantor and each other Loan Document to which such Subsidiary Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

6. Successors and Assigns. This Waiver shall be binding on and shall inure to the benefit of the Borrower, the Administrative Agent, the Lenders and their respective successors and assigns; provided that the Borrower may not assign its rights, obligations, duties or other interests hereunder without the prior written consent of the Administrative Agent and the

Lenders. The terms and provisions of this Waiver are for the purpose of defining the relative rights and obligations of the Borrower, the Administrative Agent and the Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Waiver.

7. Incorporation of Credit Agreement. The provisions contained in Sections 12.4, 12.9 and 12.10 of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety with respect to this Amendment No. 2.

8. Counterparts. This Waiver may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Waiver by telecopy shall be effective as delivery of a manually executed counterpart of this Waiver.

[signature pages follow]

IN WITNESS WHEREOF, this Waiver. has been duly executed as of the date first written above.

GENCORP INC.

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL

Signature Page to Limited Waiver

AEROJET-GENERAL CORPORATION,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: YASMIN R. SEYAL

Signature Page to Limited Waiver

AEROJET ORDANCE TENNESSEE, INC., as
Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Brian E. Sweeney

BRIAN E. SWEENEY
Vice President and Secretary

Signature Page to Limited Waiver

GENCORP PROPERTY INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL

Signature Page to Limited Waiver

PENN INTERNATIONAL INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Terry L. Hall

TERRY L. HALL

Signature Page to Limited Waiver

GDX LLC, as Subsidiary Guarantor,
Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL

Signature Page to Limited Waiver

GDX AUTOMOTIVE INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL

Signature Page to Limited Waiver

BANKERS TRUST COMPANY,
as Lender, Administrative Agent and
Collateral Agent

By: /s/ Marguerite Sutton

Name: Marguerite Sutton
Title: Vice President

Signature Page to Limited Waiver

BANK ONE, NA,
as Lender

By: /s/ Stephen C. Price

Name: Stephen C. Price
Title: First Vice President

Signature Page to Limited Waiver

ABN AMRO Bank, N.V.,
as Lender

By: /s/ Mary L. Honda

Name: MARY L. HONDA
Title: Group Vice President

By: /s/ Edward John Hill III

Name: EDWARD JOHN HILL III
Title: Assistant Vice President

Signature Page to Limited Waiver

THE BANK OF NEW YORK,
as Lender

By: /s/ Elizabeth Ying

Name: Elizabeth Ying
Title Vice President

Signature Page to Limited Waiver

BANK OF NOVA SCOTIA,
as Lender

By: /s/ Mark Sparrow

Name: Mark Sparrow
Title: Director

Signature Page to Limited Waiver

NATIONAL CITY BANK,
as Lender

By: /s/ Tom Gurbach

Name: Tom Gurbach
Title: Vice President

Signature Page to Limited Waiver

THE NORTHERN TRUST COMPANY,
as Lender

By: /s/ Patrick J. Connelly

Name: Patrick J. Connelly
Title: Vice President

Signature Page to Limited Waiver

WELLS FARGO BANK, N.A.,
as Lender

By: /s/ Rick A. Souza

Name: Rick A. Souza
Title: Vice President

Signature Page to Limited Waiver

KATONAH II, LTD.,
as Lender

By: Katonah Capital LLC, as Manager

By: /s/ Ralph Della Rocca

Name: Ralph Della Rocca
Title: Authorized Officer Katonah Capital, LLC As Manager

Signature Page to Limited Waiver

TORONTO DOMINION (NEW YORK), INC.,
as Lender

By: /s/ Stacey Malek

Name: STACEY MALEK
Title: Vice President

Signature Page to Limited Waiver

FIRST UNION NATIONAL BANK,
as Lender

By: /s/ Frederick E. Blumer

Name: Frederick E. Blumer
Title: Vice President

Signature Page to Limited Waiver

LIMITED WAIVER AND TEMPORARY COMMITMENT INCREASE AGREEMENT

This LIMITED WAIVER AND TEMPORARY COMMITMENT INCREASE AGREEMENT (this "Waiver and Agreement"), dated as of November 20, 2001, is made among GENCORP INC., an Ohio corporation (the "Borrower"), BANKERS TRUST COMPANY, for itself, as Lender and as Administrative Agent for the Lenders (the "Administrative Agent"), and the other Lenders signatory to the hereinafter defined Credit Agreement.

RECITALS

A. The Administrative Agent, the Lenders and the Borrower are party to that certain Credit Agreement dated as of December 28, 2000 (as amended by that certain Amendment No. 1 to Credit Agreement and Amendment No. 1 to Post Closing Agreement dated as of January 26, 2001 ("Amendment No. 1") and by that certain Amendment No. 2 to Credit Agreement, Amendment No. 2 to Post Closing Agreement, Amendment No. 1 to Collateral Agreements and Limited Waiver dated as of August 31, 2001 ("Amendment No. 2")) (collectively, the "Credit Agreement"). Unless otherwise specified herein, capitalized terms used in this Waiver shall have the meanings ascribed to them by the Credit Agreement.

B. Pursuant to Amendment No. 2, the Borrower agreed to cause the Revolving Commitment to be permanently reduced in part, and Revolving Loans relating thereto to be repaid, on the earlier of 5:00 p.m. (New York City time) (a) on October 15, 2001 or (b) the date of closing of the EIS Business Sale.

C. The Borrower, the Lenders and the Administrative Agent are party to that certain Limited Waiver dated as of October 15, 2001, pursuant to which the Lenders agreed to waive, for the period commencing October 15, 2001 and ending on October 31, 2001, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 (the "Waived Section") as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section.

D. Acting pursuant to Section 2.8 of the Credit Agreement, the Borrower has elected to increase the aggregate Revolving Commitment by $2,833,333.33 (the "Revolving Commitment Increase") to $152,833,333.33, on a temporary basis, and has notified the Administrative Agent of such election.

E. The Borrower has requested an extension of the limited waiver of the Waived Section, and has requested certain additional waivers relating to the Revolving Commitment Increase, and the Lenders are willing, on and subject to the terms and conditions set forth below, to consent to such extension of the limited waiver of the Waived Section and to consent to such other waivers, all as provided below.

NOW, THEREFORE, in consideration of the premises and the mutual execution hereof and other good and valuable consideration, the parties hereto agree as follows:

Signature Page to Waiver and Agreement

1. Limited Waiver. The Lenders hereby waive, for the period commencing October 31, 2001 and ending on December 31, 2001, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section. Upon expiration of the waiver set forth in the preceding sentence without compliance by the Borrower with the requirements specified therein, such waiver shall be automatically revoked and the requirements of the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2) waived thereby shall again be in full force with retroactive effect to the dates specified in the Credit Agreement (as amended by Amendment

No. 1 and Amendment No. 2). In such case, following such expiration and noncompliance as described in the preceding sentences, the Administrative Agent and the Lenders shall have all rights and remedies under the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2) and any other Loan Document or otherwise that the Administrative Agent and the Lenders would have had if any such waiver had never been granted.

2. Temporary Revolving Commitment Increase and related Waivers. In accordance with Section 2.8 of the Credit Agreement, Bank One, NA hereby agrees to increase its Revolving Commitment by the amount of $2,833,333.33 (the "Revolving Commitment Increase"), effective for the period commencing October 31, 2001 and ending on December 31, 2001, for a total Revolving Commitment under the Credit Agreement of $34,500,000 with respect to such Lender, and each of the Administrative Agent and the Borrower consents to the foregoing additional, temporary Revolving Commitment. The Borrower, the Administrative Agent and the Lenders hereby acknowledge that, pursuant to Section 2.8 of the Credit Agreement, the Credit Agreement is deemed amended without further action by any party to reflect the revised Revolving Commitment of Bank One, NA. In connection with the foregoing Revolving Commitment Increase, the Lenders hereby waive any terms or conditions precedent provided for in said Section 2.8 of the Credit Agreement with regard to the implementation of the Revolving Commitment Increase, including, without limitation, the prescribed minimum amount of such increase, advance notice of such increase, delivery of financial projections, and the solicitation of the existing Lenders in connection with such increase, and the Borrower, the Administrative Agent and the Lenders agree that the Revolving Commitment Increase shall become effective on the effective date of this Waiver and Amendment without further action on the part of the Borrower, the Administrative Agent, Bank One, NA, or the Lenders. On or prior to 5:00 p.m. (New York City time) on December 31, 2001, the Borrower shall cause the Revolving Commitment to be permanently reduced, in part, in the aggregate principal amount of the Revolving Commitment Increase, and shall cause any Revolving Loans relating thereto to be paid in full.

3. Limitation on Borrowings. Notwithstanding the foregoing paragraphs 1. and 2., the Borrower hereby agrees that at such time as the Borrower shall request Revolving Loans which, together with the Assigned Dollar Value of all outstanding Revolving Loans, would cause the then outstanding Revolving Loans (including the proposed Revolving Loans) to exceed an Assigned Dollar Value of $146,833,333.33, such proposed Revolving Loans shall be applied by the Borrower solely to repay in full the Bank One, NA loan facility currently outstanding to Henniges (as further identified on Schedule 8.2(b) to the Credit Agreement) (the "Henniges Line of Credit") and, simultaneously with such repayment, the Borrower shall cause the Henniges

Line of Credit to be cancelled, with such repayment and cancellation occurring not later than the second (2nd) Business Day following the distribution of proceeds of such Revolving Loans to the Borrower from the Administrative Agent; provided that in no event shall the Henniges Line of Credit be repaid and cancelled later than November 30, 2001. Upon repayment and cancellation of the Henniges Line of Credit, the limitation on the Borrower set forth in this paragraph 3. shall expire and shall no longer apply to the Borrower or to the aggregate Revolving Commitments.

4. Representation and Warranty. As an inducement to the Lenders to grant the foregoing waivers, the Borrower represents and warrants that, after giving effect to this Waiver and Agreement, as of the date hereof (a) there exists no Event of Default or Unmatured Event of Default and (b) the representations and warranties contained in the Credit Agreement are true and correct except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

5. Effective Time. This Waiver and Agreement shall become effective upon the execution and delivery hereof by the Borrower, the Administrative Agent and the Required Lenders.

6. Miscellaneous.

(a) The execution, delivery and effectiveness of this Waiver and Agreement shall not operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under the Credit Agreement or any Loan Document, nor constitute a waiver of any Event of

Default, Unmatured Event of Default, condition or provision of the Credit Agreement or any Loan Document, except as specifically set forth herein. Except as specifically waived above, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. The Borrower hereby reaffirms its obligations under the Credit Agreement and all of the other Loan Documents to which it is a party.

(b) Section headings in this Waiver and Agreement are included herein for convenience of reference only and shall not constitute a part of this Waiver and Agreement for any other purposes.

(c) This Waiver and Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument

7. Affirmation of Subsidiary Guarantors. By its signature set forth below, each Subsidiary Guarantor hereby confirms to the Administrative Agent and the Lenders that, after giving effect to this Waiver and Agreement and the transactions contemplated hereby, including, the Revolving Commitment Increase, the Subsidiary Guaranty of such Subsidiary Guarantor and each other Loan Document to which such Subsidiary Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the

enforcement of creditors' rights generally or by equitable principles relating to enforceability.

8. Successors and Assigns. This Waiver and Agreement shall be binding on and shall inure to the benefit of the Borrower, the Administrative Agent, the Lenders and their respective successors and assigns; provided that the Borrower may not assign its rights, obligations, duties or other interests hereunder without the prior written consent of the Administrative Agent and the Lenders. The terms and provisions of this Waiver and Agreement are for the purpose of defining the relative rights and obligations of the Borrower, the Administrative Agent and the Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Waiver and Agreement.

9. Incorporation of Credit Agreement. The provisions contained in Sections 12.4, 12.9 and 12.10 of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety with respect to this Waiver and Agreement.

10. Counterparts. This Waiver and Agreement may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Waiver and Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Waiver and Agreement.

[signature pages immediately follow]

IN WITNESS WHEREOF, this Waiver. has been duly executed as of the date first written above.

GENCORP INC.

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Senior Vice President, Finance

Signature Page to Waiver and Agreement

AEROJET-GENERAL CORPORATION,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Waiver and Agreement

AEROJET ORDANCE TENNESSEE, INC., as
Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Brian E. Sweeney

BRIAN E. SWEENEY
Vice President and Secretary

Signature Page to Waiver and Agreement

GENCORP PROPERTY INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Waiver and Agreement

PENN INTERNATIONAL INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Terry L. Hall

TERRY L. HALL
President

Signature Page to Waiver and Agreement

GDX LLC, as Subsidiary Guarantor, Assignor and
Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Waiver and Agreement

GDX AUTOMOTIVE INC.,
as Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Waiver and Agreement

BANKERS TRUST COMPANY,
as Lender, Administrative Agent and Collateral Agent

By: /s/ Marguerite Sutton

Name: Marguerite Sutton
Title: Vice President

Signature Page to Waiver and Agreement

BANK ONE, NA,
as Lender

By: /s/ Karen C. Ryan

Name: Karen C. Ryan
Title: Director

Signature Page to Waiver and Agreement

ABN AMRO Bank, N.V.,
as Lender

By: /s/ Mary L. Honda

Name: MARY L. HONDA
Title: Group Vice President

By: /s/ Edward John Hill III

Name: EDWARD JOHN HILL III
Title: Assistant Vice President

Signature Page to Waiver and Agreement

THE BANK OF NEW YORK,
as Lender

By: /s/ Elizabeth Ying

Name: Elizabeth Ying
Title: Vice President

Signature Page to Waiver and Agreement

BANK OF NOVA SCOTIA,
as Lender

By: /s/ Mark Sparrow

Name: Mark Sparrow
Title: Director

Signature Page to Waiver and Agreement

WELLS FARGO BANK, N.A.,
as Lender

By: /s/ Rick A. Souza

Name: Rick A. Souza
Title: Vice President

Signature Page to Waiver and Agreement

FIRST UNION NATIONAL BANK,
as Lender

By: /s/ Frederick E. Blumer

Name: Frederick E. Blumer
Title: Vice President

Signature Page to Waiver and Agreement

LIMITED WAIVER AND AMENDMENT

This LIMITED WAIVER AND AMENDMENT (this "Waiver and Amendment"), dated as of December 31, 2001, is made among GENCORP INC., an Ohio corporation (the "Borrower"), BANKERS TRUST COMPANY, for itself, as Lender and as Administrative Agent for the Lenders (the "Administrative Agent"), and the other Lenders signatory to the hereinafter defined Credit Agreement.

RECITALS

A. The Administrative Agent, the Lenders and the Borrower are party to that certain Credit Agreement dated as of December 28, 2000 (as amended by that certain Amendment No. 1 to Credit Agreement and Amendment No. 1 to Post Closing Agreement dated as of January 26, 2001 ("Amendment No. 1") and by that certain Amendment No. 2 to Credit Agreement, Amendment No. 2 to Post Closing Agreement,

Amendment No. 1 to Collateral Agreements and Limited Waiver dated as of August 31, 2001 ("Amendment No. 2")) (collectively, the "Credit Agreement"). Unless otherwise specified herein, capitalized terms used in this Waiver and Amendment shall have the meanings ascribed to them by the Credit Agreement.

B. Pursuant to Amendment No. 2, the Borrower agreed to cause the Revolving Commitment to be permanently reduced in part, and Revolving Loans relating thereto to be repaid, on the earlier of 5:00 p.m. (New York City time) (a) on October 15, 2001 or (b) the date of closing of the EIS Business Sale.

C. The Borrower, the Lenders and the Administrative Agent are party to that certain Limited Waiver dated as of October 15, 2001, pursuant to which the Lenders agreed to waive, for the period commencing October 15, 2001 and ending on October 31, 2001, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 (the "Waived Section") as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section.

D. The Borrower, the Lenders and the Administrative Agent are party to that certain Limited Waiver and Temporary Increase Agreement dated as of November 20, 2001, pursuant to which (i) the Lenders agreed to waive, for the period commencing October 31, 2001 and ending on December 31, 2001, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of the Waived Section as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section and (ii) acting pursuant to Section 2.8 of the Credit Agreement, the Borrower elected to increase the aggregate Revolving Commitment by $2,833,333.33 (the "Revolving Commitment Increase") to $152,833,333.33, on a temporary basis, and Bank One, NA agreed to increase its Revolving Commitment by the Revolving Commitment Increase for the period commencing October 31, 2001 and ending on December 31, 2001.

E. By its terms, the Revolving Commitment Increase will terminate on December 31, 2001 and the aggregate Revolving Commitment of the Lenders after such date shall be equal to $150,000,000.

F. The Borrower has requested an extension of the limited waiver of the Waived Section and an amendment of the Credit Agreement to permit its subsidiary, GenCorp Canada, Inc. to enter into a certain credit arrangement with The Bank of Nova Scotia, and the Lenders are willing, on and subject to the terms and conditions set forth below, (i) to consent to such extension of the limited waiver of the Waived Section and (ii) to amend the Credit Agreement to provide for the extension of credit to GenCorp Canada, Inc., all as provided below.

NOW, THEREFORE, in consideration of the premises and the mutual execution hereof and other good and valuable consideration, the parties hereto agree as follows:

1. Limited Waiver. The Lenders hereby waive, for the period commencing December 31, 2001 and ending on February 15, 2002, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section. Upon expiration of the waiver set forth in the preceding sentence without compliance by the Borrower with the requirements specified therein, such waiver shall be automatically revoked and the requirements of the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2) waived thereby shall again be in full force with retroactive effect to the dates specified in the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2). In such case, following such expiration and noncompliance as described in the preceding sentences, the Administrative Agent and the Lenders shall have all rights and remedies under the Credit Agreement (as amended by Amendment No. 1 and Amendment No. 2) and any other Loan Document or otherwise that the Administrative Agent and the Lenders would have had if any such waiver had never been granted.

2. Amendment of Credit Agreement. Section 8.2 of the Credit Agreement is hereby amended by (i) in subsection (o) thereof, deleting the word "and" immediately following the phrase "AFC's obligation to repay such advances" and inserting in lieu thereof the following ";", (ii) in subsection (p) thereof, deleting the period immediately following the phrase "any any time exceed $100,000,000" and inserting in lieu thereof the phrase "; and", and (iii) inserting the following new subsection (q) immediately after subsection (p)

therein:

"(q) Indebtedness of GenCorp Canada, Inc. under a credit facility made available by The Bank of Nova Scotia or such other lender; provided, that the amount of such Indebtedness shall not exceed $5,000,000 in the aggregate at any one time outstanding."

3. Representation and Warranty. As an inducement to the Lenders to grant the foregoing waiver and to consent to the foregoing amendment, the Borrower represents and warrants that, after giving effect to this Waiver and Amendment, as of the date hereof (a) there exists no Event of Default or Unmatured Event of Default and (b) the representations and warranties contained in the Credit Agreement are true and correct except to the extent any such

representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

4. Effective Time. This Waiver and Amendment shall become effective upon the execution and delivery hereof by the Borrower, the Administrative Agent and the Required Lenders.

5. Miscellaneous.

(a) The execution, delivery and effectiveness of this Waiver and Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under the Credit Agreement or any Loan Document, nor constitute a waiver of any Event of Default, Unmatured Event of Default, condition or provision of the Credit Agreement or any Loan Document, except as specifically set forth herein. Except as specifically waived or amended above, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. The Borrower hereby reaffirms its obligations under the Credit Agreement and all of the other Loan Documents to which it is a party.

(b) Section headings in this Waiver and Amendment are included herein for convenience of reference only and shall not constitute a part of this Waiver and Amendment for any other purposes.

(c) This Waiver and Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument

6. Affirmation of Subsidiary Guarantors. By its signature set forth below, each Subsidiary Guarantor hereby confirms to the Administrative Agent and the Lenders that, after giving effect to this Waiver and Amendment and the transactions contemplated hereby, the Subsidiary Guaranty of such Subsidiary Guarantor and each other Loan Document to which such Subsidiary Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

7. Successors and Assigns. This Waiver and Amendment shall be binding on and shall inure to the benefit of the Borrower, the Administrative Agent, the Lenders and their respective successors and assigns; provided that the Borrower may not assign its rights, obligations, duties or other interests hereunder without the prior written consent of the Administrative Agent and the Lenders. The terms and provisions of this Waiver and Amendment are for the purpose of defining the relative rights and obligations of the Borrower, the Administrative Agent and the Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Waiver and Amendment.

8. Incorporation of Credit Agreement. The provisions contained in Sections 12.4, 12.9 and 12.10 of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety with respect to this Waiver and Amendment.

9. Counterparts. This Waiver and Amendment may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Waiver and Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Waiver and Amendment.

[signature pages immediately follow]

IN WITNESS WHEREOF, this Waiver. has been duly executed as of the date first written above.

GENCORP INC.

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Senior Vice President, Finance

Signature Page to Waiver and Amendment

AEROJET-GENERAL CORPORATION,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: YASMIN R. SEYAL
Title: Treasurer

Signature Page to Waiver and Amendment

AEROJET ORDANCE TENNESSEE, INC., as
Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Brian E. Sweeney

BRIAN E. SWEENEY
Vice President and Secretary

Signature Page to Waiver and Amendment

GENCORP PROPERTY INC., as Subsidiary
Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Waiver and Amendment

PENN INTERNATIONAL INC., as Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Terry L. Hall

TERRY L. HALL
President

Signature Page to Waiver and Amendment

GDX LLC, as Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Waiver and Amendment

GDX AUTOMOTIVE INC.,
as Subsidiary Guarantor, Assignor and Pledgor

By: /s/ Yasmin R. Seyal

YASMIN R. SEYAL
Treasurer

Signature Page to Waiver and Amendment

BANKERS TRUST COMPANY,
as Lender, Administrative Agent and Collateral Agent

By: /s/ Marguerite Sutton

Name: Marguerite Sutton
Title: Vice President

Signature Page to Waiver and Amendment

BANK ONE, NA,
as Lender

By: /s/ Karen C. Ryan

Name: Karen C. Ryan
Title: Director

Signature Page to Waiver and Amendment

ABN AMRO Bank, N.V.,
as Lender

By: /s/ Terrence J. Ward

Name: TERRENCE J. WARD
Title: Group Vice President

By: /s/ Wendy E. Pace

Name: WENDY E. PACE
Title: Assistant Vice President

Signature Page to Waiver and Amendment

THE BANK OF NEW YORK,
as Lender

By: /s/ Lisa Y. Brown

Name: LISA Y. BROWN
Title: Vice President & Division Head

Signature Page to Waiver and Amendment

NATIONAL CITY BANK,
as Lender

By: /s/ Tom Gurbach

Name: Tom Gurbach
Title: Vice President

Signature Page to Waiver and Amendment

THE NORTHERN TRUST COMPANY,
as Lender

By: /s/ Joseph A. Wemhoff

Name: JOSEPH A. WEMHOFF
Title: Vice President

Signature Page to Waiver and Amendment

WELLS FARGO BANK, N.A.,
as Lender

By: /s/ Rick A. Souza

Name: Rick A. Souza
Title: Vice President

Signature Page to Waiver and Amendment

BANK OF NOVA SCOTIA, as Lender

By: /s/ Mark Sparrow

Name: MARK SPARROW
Title: Director

Signature Page to Waiver and Amendment

FIRST UNION NATIONAL BANK,
as Lender

By: /s/ Frederick E. Blumer

Name: FREDERICK E. BLUMER
Title: Vice President

Signature Page to Waiver and Amendment

LIMITED WAIVER

This LIMITED WAIVER (this "Waiver"), dated as of February 15, 2002, is made among GENCORP INC., an Ohio corporation (the "Borrower"), BANKERS TRUST COMPANY, for itself, as Lender and as Administrative Agent for the Lenders (the "Administrative Agent"), and the other Lenders signatory to the hereinafter defined Credit Agreement.

RECITALS

A. The Administrative Agent, the Lenders and the Borrower are party to that certain Credit Agreement dated as of December 28, 2000 (as amended by that certain Amendment No. 1 to Credit Agreement and Amendment No. 1 to Post Closing Agreement dated as of January 26, 2001 ("Amendment No. 1"), by that certain Amendment No. 2 to Credit Agreement, Amendment No. 2 to Post Closing Agreement, Amendment No. 1 to Collateral Agreements and Limited Waiver dated as of August 31, 2001 ("Amendment No. 2") and by that certain Limited Waiver and Amendment dated as of December 31, 2001 (the "Limited Waiver and Amendment")) (collectively, the "Credit Agreement"). Unless otherwise specified herein, capitalized terms used in this Waiver shall have the meanings ascribed to them by the Credit Agreement.

B. Pursuant to Amendment No. 2, the Borrower agreed to cause the Revolving Commitment to be permanently reduced in part, and Revolving Loans relating thereto to be repaid, on the earlier of 5:00 p.m. (New York City time) (a) on October 15, 2001 or (b) the date of closing of the EIS Business Sale.

C. The Borrower, the Lenders and the Administrative Agent are party to that certain Limited Waiver dated as of October 15, 2001, pursuant to which the Lenders agreed to waive, for the period commencing October 15, 2001 and ending on October 31, 2001, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 (the "Waived Section") as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section.

D. The Borrower, the Lenders and the Administrative Agent are party to that certain Limited Waiver and Temporary Commitment Increase Agreement dated as of November 20, 2001, pursuant to which (i) the Lenders agreed to waive, for the period commencing October 31, 2001 and ending on December 31, 2001, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of the Waived Section as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section and (ii) acting pursuant to Section 2.8 of the Credit Agreement, the Borrower elected to increase the aggregate Revolving Commitment by $2,833,333.33 (the "Revolving Commitment Increase") to $152,833,333.33, on a temporary basis, and Bank One, NA agreed to increase its Revolving Commitment by the Revolving Commitment Increase for the period commencing October 31, 2001 and ending on December 31, 2001.

E. The Borrower, the Lenders and the Administrative Agent are party to the Limited Waiver and Amendment, pursuant to which the Lenders agreed to waive, for the period commencing December 31, 2001 and ending on February 15, 2002, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of the Waived Section as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section.

F. By its terms, the Revolving Commitment Increase will terminate on February 15, 2002 and the aggregate Revolving Commitment of the Lenders after such date shall be equal to $150,000,000.

G. The Borrower has requested an extension of the limited waiver of the Waived Section, and the Lenders are willing, on and subject to the terms and conditions set forth below, to consent to such extension of the limited waiver of the Waived Section, as provided below.

NOW, THEREFORE, in consideration of the premises and the mutual execution hereof and other good and valuable consideration, the parties hereto agree as follows:

1. Limited Waiver. The Lenders hereby waive, for the period commencing February 15, 2002 and ending on the earlier of (i) the date on which the Borrower has completed an unsecured subordinated debt or equity financing of not less than $35,000,000 or (ii) March 8, 2002, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 as result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section. Upon expiration of the waiver set forth in the preceding sentence without compliance by the Borrower with the requirements specified therein, such waiver shall be automatically revoked and the requirements of the Credit Agreement (as amended by Amendment No. 1, Amendment No. 2 and the Limited Waiver and Amendment) waived thereby shall again be in full force with retroactive effect to the dates specified in the Credit Agreement (as amended by Amendment No. 1, Amendment No. 2 and the Limited Waiver and Amendment). In such case, following such expiration and noncompliance as described in the preceding sentences, the Administrative Agent and the Lenders shall have all rights and remedies under the Credit Agreement (as amended by Amendment No. 1, Amendment No. 2 and the Limited Waiver and Amendment) and any other Loan Document or otherwise that the Administrative Agent and the Lenders would have had if any such waiver had never been granted.

2. Representation and Warranty. As an inducement to the Lenders to grant the foregoing waiver, the Borrower represents and warrants that, after giving effect to this Waiver, as of the date hereof (a) there exists no Event of Default or Unmatured Event of Default and (b) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

3. Effective Time. This Waiver shall become effective upon the execution and delivery hereof by the Borrower, the Administrative Agent and the Required Lenders.

4. Miscellaneous.

(a) The execution, delivery and effectiveness of this Waiver shall not operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under the Credit Agreement or any other Loan Document, or constitute a waiver of any Event of Default, Unmatured Event of Default, condition or provision of the Credit Agreement or any other Loan Document, except as specifically set forth herein. Except as specifically waived above, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. The Borrower hereby reaffirms its obligations under the Credit Agreement and all of the other Loan Documents to which it is a party.

(b) Section headings in this Waiver are included herein for convenience of reference only and shall not constitute a part of this Waiver for any other purposes.

(c) This Waiver may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument

6. Affirmation of Subsidiary Guarantors. By its signature set forth below, each Subsidiary Guarantor hereby confirms to the Administrative Agent and the Lenders that, after giving effect to this Waiver and the transactions contemplated hereby, the Subsidiary Guaranty of such Subsidiary Guarantor and each other Loan Document to which such Subsidiary Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

7. Successors and Assigns. This Waiver shall be binding on and shall inure to the benefit of the Borrower, the Administrative Agent, the Lenders and their respective successors and assigns; provided that the Borrower may not assign its rights, obligations, duties or other interests hereunder without the prior written consent of the Administrative Agent and the Lenders. The terms and provisions of this Waiver are for the purpose of defining the relative rights and obligations of the Borrower, the Administrative Agent and the Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Waiver.

8. Incorporation of Credit Agreement. The provisions contained in Sections 12.4, 12.9 and 12.10 of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety with respect to this Waiver.

9. Counterparts. This Waiver may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Waiver by telecopy shall be effective as delivery of a manually executed counterpart of this Waiver.

[signature pages immediately follow]

IN WITNESS WHEREOF, this Waiver has been duly executed as of the date first written above.

GENCORP INC.

By: /s/ Yasmin R. Seyal

Name: YASMIN R. SEYAL

Title: Senior Vice President, Finance

Signature Page to GenCorp Waiver

AEROJET-GENERAL CORPORATION,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: YASMIN R. SEYAL
Title: Treasurer

Signature Page to GenCorp Waiver

AEROJET ORDNANCE TENNESSEE, INC.,
as Subsidiary

By: /s/ Brian E. Sweeney

Name: Brian E. Sweeney
Title: Vice President and Secretary

Signature Page to GenCorp Waiver

PENN INTERNATIONAL INC, as Subsidiary
Guarantor

By: /s/ Yasmin R. Seyal

Name: YASMIN R. SEYAL
Title: Treasurer

Signature Page to GenCorp Waiver

GDX LLC, as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: YASMIN R. SEYAL
Title: TREASURER

Signature Page to GenCorp Waiver

GDX AUTOMOTIVE INC.,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasurer

Signature Page to GenCorp Waiver

GENCORP PROPERTY INC.,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasurer

Signature Page to GenCorp Waiver

BANKERS TRUST COMPANY,
as Lender and Administrative Agent

By: /s/ Gregory Shefrin

Name: GREGORY SHEFRIN
Title: Director

Signature Page to GenCorp Waiver

BANK ONE, NA, as Lender

By: /s/ Karen C. Ryan

Name: KAREN C. RYAN
Title: Director

Signature Page to GenCorp Waiver

THE BANK OF NEW YORK, as Lender

By: /s/ Lisa Y. Brown

Name: LISA Y. BROWN
Title: Vice President & Division Manager
Title:

Signature Page to GenCorp Waiver

NATIONAL CITY BANK, as Lender

By: /s/ Tom Gurbach

Name: TOM GURBACH
Title: Vice President

Signature Page to GenCorp Waiver

THE NORTHERN TRUST COMPANY,
as Lender

By: /s/ Melissa A. Whitson

Name: MELISSA A. WHITSON
Title: Vice President

Signature Page to GenCorp Waiver

WELLS FARGO BANK, N.A.,

as Lender

By: /s/ Rick A. Souza

Name: RICK A. SOUZA
Title: Vice President

Signature Page to GenCorp Waiver

ABN AMRO Bank N.V.,
as Lender

By: /s/ Terrence J. Ward

Name: TERRENCE J. WARD
Title: Group Vice President

By: /s/ Edward John Hill III

Name: EDWARD JOHN HILL III
Title: Assistant Vice President

Signature Page to GenCorp Waiver

Execution Copy

AMENDMENT NO. 4 TO CREDIT AGREEMENT AND WAIVER

This AMENDMENT NO. 4 TO CREDIT AGREEMENT AND WAIVER (this "Amendment No. 4"), dated as of February 28, 2002 (the "Effective Date") is made among GENCORP INC., an Ohio corporation ("Borrower"), BANKERS TRUST COMPANY, for itself, as a Lender and as Administrative Agent for the Lenders ("Administrative Agent"), and the other Lenders signatory to the hereinafter defined Credit Agreement.

RECITALS

A. The Administrative Agent, the Lenders and the Borrower are party to that certain Credit Agreement dated as of December 28, 2000 (as amended by that certain Amendment No. 1 to Credit Agreement and Amendment No. 1 to Post Closing Agreement dated as of January 26, 2001 ("Amendment No. 1"), that certain Amendment No. 2 to Credit Agreement, Amendment No. 2 to Post Closing Agreement, Amendment No. 1 to Collateral Agreements and Limited Waiver dated as of August 31, 2001 ("Amendment No. 2") and that certain Limited Waiver and Amendment dated as of December 31, 2001 (the "Limited Waiver and Amendment")) (collectively with Amendment No. 1, Amendment No. 2 and the Limited Waiver and Amendment, and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. On and subject to the terms and conditions hereof, the Administrative Agent, the Lenders and the Borrower wish to amend certain provisions of the Credit Agreement (i) to add a Term C Facility under the Credit Agreement and (ii) to reflect certain modifications to the Credit Agreement as set forth herein, all subject to the express terms and conditions specified in this Amendment No. 4 and, in connection with the actions contemplated by such amendments, waive certain provisions of the Credit Agreement.

C. On and subject to the terms and conditions hereof, and in order to cause the Term C Lenders to extend additional credit to the Borrower through the addition of the Term C Facility, the Borrower wishes to grant to the Administrative Agent, on behalf of the Initial Term C Lenders, on a first priority basis, a collateral interest in certain real estate located in California and Nevada and in certain additional collateral, all subject to the terms and conditions specified in this Amendment No. 4.

D. On and subject to the terms and conditions hereof, and in order to cause the Lenders to (i) forbear from enforcement of an Event of

Default resulting from the Borrower's failure to a maintain a certain maximum leverage ratio or a certain minimum interest coverage, each as of the Borrower's fiscal quarter ended November 30, 2001, and (ii) amend certain provisions of the Credit Agreement, including, without limitation, the maximum leverage ratio, the minimum interest coverage ratio and the fixed charge coverage ratio applicable to the Borrower under the Credit Agreement as described herein, the Borrower wishes to grant to the Administrative Agent certain collateral interests, which shall be held on behalf of the Initial Term C Lenders, on a first priority basis, and on behalf of certain additional Lenders, on a second or third priority basis, as the case may be, all subject to the terms and conditions specified in this Amendment No. 4.

E. This Amendment No. 4 shall constitute a Loan Document and these Recitals shall be construed as part of this Amendment No. 4; capitalized terms used herein without definition are so used as defined in the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Subject to the conditions set forth in Section 6 hereof, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement shall be amended by deleting the lead-in paragraph to the definition of "Applicable Base Rate Margin" and by inserting in lieu thereof the following:

> ""Applicable Base Rate Margin" means at any date, (i) with respect to Revolving Loans and Term A Loans, the applicable percentage set forth in the following table under the column Applicable Base Rate Margin opposite the Most Recent Leverage Ratio as of such date, (ii) with respect to Term B Loans, 2.25%, and (ii) with respect to Term C Loans, (A) 3.50% with respect to Term C Loans with Interest Periods commencing on or prior to June 28, 2002, (B) 4.00% with respect to Term C Loans with Interest Periods commencing after June 28, 2002 but on or prior to September 28, 2002, (C) 4.50% with respect to Term C Loans with Interest Periods commencing after September 28, 2002 but on or prior to December 28, 2002, (D) 5.00% with respect to Term C Loans with Interest Periods commencing after December 28, 2002 but on or prior to March 28, 2003, (E) 5.50% with respect to Term C Loans with Interest Periods commencing after March 28, 2003 but on or prior to June 28, 2003, (F) 6.00% with respect to Term C Loans with Interest Periods commencing after June 28, 2003 but on or prior to September 28, 2003, (G) 6.50% with respect to Term C Loans with respect to Interest Periods commencing after September 28, 2003 but on or prior to December 28, 2003, (H) 7.00% with respect to Term C Loans with respect to Interest Periods commencing after December 28, 2003 but on or prior to March 28, 2004 and (I) 7.50% with respect to Term C Loans with respect to Interest Periods commencing after March 28, 2004:"

(b) Section 1.1 of the Credit Agreement shall be amended by deleting the lead-in paragraph to the definition of "Applicable Eurocurrency Margin" and by inserting in lieu thereof the following:

> ""Applicable Eurocurrency Margin" means at any date, (i) with respect to Revolving Loans and Term A Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin opposite the Most Recent Leverage Ratio on such date, (ii) with respect to Term B Loans, 3.25%, and (iii) with respect to Term C Loans, (A) 4.50% with respect to Term C Loans with Interest Periods commencing on or prior to June 28, 2002, (B) 5.00% with respect to Term C Loans with Interest Periods commencing after June 28, 2002 but on or prior to September 28, 2002, (C) 5.50% with respect to Term C

> Loans with Interest Periods commencing after September 28, 2002 but on or prior to December 28, 2002, (D) 6.00% with respect to Term C Loans with Interest Periods commencing after

December 28, 2002 but on or prior to March 28, 2003, (E) 6.50% with respect to Term C Loans with Interest Periods commencing after March 28, 2003 but on or prior to June 28, 2003, (F) 7.00% with respect to Term C Loans with Interest Periods commencing after June 28, 2003 but on or prior to September 28, 2003, (G) 7.50% with respect to Term C Loans with respect to Interest Periods commencing after September 28, 2003 but on or prior to December 28, 2003, (H) 8.00% with respect to Term C Loans with respect to Interest Periods commencing after December 28, 2003 but on or prior to March 28, 2004 and (I) 8.50% with respect to Term C Loans with respect to Interest Periods commencing after March 28, 2004:"

(c) Section 1.1 of the Credit Agreement shall be amended by deleting clause (ii) of the definition of "Asset Disposition" and by inserting in lieu thereof the following:

"(ii) a sale, transfer or other disposition of real property by the Borrower or any of its Subsidiaries as part of its trade or business shall not constitute an "Asset Disposition" for purposes of this Agreement (provided that such real estate sales, transfers or other dispositions subject to this clause (ii), individually or in the aggregate, shall not exceed $40,000,000 in any Fiscal Year, and provided, further, that for so long as the Term C Loans shall be outstanding, this clause (ii) shall not apply)."

(d) Section 1.1 of the Credit Agreement shall be amended by deleting the definitions of "Commitment", "Facility", "Interest Payment Date", "Loan", "Maximum Commitment", "Scheduled Repayments", "Term C Facility", "Term Loans" and "Total Commitment" in their entirety and by inserting the following definitions of "Commitment", "Facility", "Interest Payment Date", "Loan", "Maximum Commitment", "Scheduled Repayments", "Term C Facility", "Term Loans" and "Total Commitment" in lieu thereof in the appropriate alphabetical order:

"Commitment" means, with respect to each Lender, the aggregate of the Revolving Commitment, the Term A Commitment, the Term B Commitment and the Term C Commitment of such Lender and "Commitments" means such commitments of all of the Lenders collectively."

"Facility" means any of the credit facilities established under this Agreement, i.e., the Term A Facility, the Term B Facility, the Term C Facility or the Revolving Facility."

"Interest Payment Date" means (i) as to any Base Rate Loan, each Quarterly Payment Date to occur while such Loan is outstanding, (ii) as to any Eurocurrency Loan, the last day of the Interest Period applicable thereto and (iii) as to any Eurocurrency Loan having an Interest Period longer than three months, each three (3) month anniversary of the first day of the Interest Period applicable thereto and the last day of the Interest Period applicable thereto; provided,

however, that, in addition to the foregoing, each of (A) the date upon which both the Revolving Commitments have been terminated and the Revolving Loans have been paid in full and (B) the Term A Loan Maturity Date, the Term B Loan Maturity Date and the Term C Loan Maturity Date shall be deemed to be an "Interest Payment Date" with respect to any interest which is then accrued hereunder for such Loan."

"Loan" means any Term A Loan, Term B Loan, Term C Loan, Revolving Loan or Swing Line Loan and "Loans" means all such Loans collectively."

"Maximum Commitment" means, when used with reference to any Lender, the aggregate of such Lender's Term A Commitment, its Term B Commitment, its Term C Commitment, and its Revolving Commitment in the amounts not to exceed those set forth opposite the name of such Lender on Schedule 1.1(a) hereto,

subject to reduction from time to time in accordance with the terms of this Agreement."

"Scheduled Repayments" means a Scheduled Term A Repayment, a Scheduled Term B Repayment or a Scheduled Term C Repayment."

"Term C Facility" means the credit facility under this Agreement evidenced by the Term C Commitments and the Term C Loans."

"Term Loans" means the Term A Loans, the Term B Loans and the Term C Loans collectively."

"Total Commitment" means, at the time any determination thereof is made, the sum of the Term A Commitments, Term B Commitments, Term C Commitments and the Revolving Commitments at such time."

(e) Section 1.1 of the Credit Agreement is amended by inserting the definitions of "1900 Lease", "AFC Assets", "AFC Collateral", "Amendment No. 4", "Assignment and Pledge Collateral", "California Collateral Valuation", "California Collateral Valuation Date", "Equity Capital", "Elliott Note", "Elliott Note Assignment and Pledge", "Fourth Amendment Effective Date", "Initial Term C Lenders", "Mortgaged California Real Estate", "Mortgaged Nevada/California Real Estate", "Nevada/California Collateral Valuation", "Nevada/California Collateral Valuation Date", "Scheduled Term C Repayments", "Second Drawing Amount," "Second Term C Lenders", "Subordinated Notes", "Subordinated Notes Issue Date", "Term C Commitment", "Term C Commitment Increase Amount", "Term C Lender", "Term C Lenders", "Term C Loan", "Term C Loan Maturity Date", "Term C Note", "Term C Percentage" and "Term C Pro Rata Share" in the appropriate alphabetical order:

"1900 Lease" means that certain Lease dated March 1, 1995, by and between Aerojet and the State of California, acting by and through the Director of the Department of General Services, as such agreement may be modified or amended in accordance with the terms thereof and hereof."

"AFC Assets" means all right, title and interest of AFC in, to and under all of the following, whether now existing or hereafter from time to time acquired, (i) each and every receivable, (ii) all contracts, together with all contract rights, (iii) all inventory, (iv) all equipment, (v) all trademarks, together with the registrations and right to all renewals thereof, and the goodwill of the business of AFC symbolized by the trademarks, (vi) all patents and copyrights, and all reissues, renewals or extensions thereof, (vii) all software of AFC and all intellectual property rights therein and all other proprietary information of AFC, including, but not limited to, trade secrets, (viii) all other goods, general intangibles, chattel paper, documents, investment property and instruments, (ix) all supporting obligations and letters-of-credit rights, (x) all cash, accounts, deposits, deposit accounts, securities and insurance policies now or at any time hereafter in the possession or under control of AFC or its respective bailees and any interest thereon, (xi) all other personal property of AFC, whether now owned or hereafter acquired, (xii) all documents of title evidencing or issued with respect to any of the foregoing, and (xiii) all proceeds and products of any and all of the foregoing (including, without limitation, all insurance and claims for insurance effected or held for the benefit of AFC in respect thereof)."

"AFC Collateral" has the meaning assigned to that term in Section 7.19(a)(i)."

"Amendment No. 4" means that certain Amendment No. 4 to Credit Agreement and Waiver dated as of February 28, 2002, by and among the Borrower, the Administrative Agent for the Lenders, and the other Lenders signatory to the Credit Agreement."

"Assignment and Pledge Collateral" has the meaning assigned to that term in Section 7.19(a)(ii)."

"California Collateral Valuation" means, as of the California Collateral Valuation Date, the fair market value of the Mortgaged California Real Estate as reflected in the appraisal delivered to the Administrative Agent and the Term C Lenders pursuant to Section 7.19(c)."

"California Collateral Valuation Date" has the meaning assigned to that term in Section 7.19(c)."

"Equity Capital" means an equity contribution to the Borrower by a third party which shall be evidenced through an issuance of Capital Stock by the Borrower and/or any of its Subsidiaries, the proceeds of which shall be applied in accordance with Section 4.4(o)."

"Elliott Note" means that certain Promissory Note dated November 28, 2001 from Elliott Whiterock, LLC in favor of Aerojet Investments Ltd. in the principal amount of $20,900,625.00, as secured by that certain Deed of Trust with

Assignment of Rents dated November 29, 2001, as such Promissory Note or Deed may be amended or modified in accordance with the term thereof and hereof."

"Elliott Note Assignment and Pledge" means, collectively, (i) that certain endorsement of the Elliot Note dated as of the Fourth Amendment Effective Date from Aerojet Investments Ltd. in favor of the Collateral Agent on behalf of the Secured Creditors, and (ii) that certain Assignment of Deed of Trust and Secured Indebtedness dated as of the Fourth Amendment Effective Date from Aerojet Investments Ltd. in favor of the Collateral Agent on behalf of the Secured Creditors, as such endorsement or assignment may be amended or modified in accordance with the term thereof and hereof."

"Fourth Amendment Effective Date" means February 28, 2002."

"Initial Term C Lenders" has the meaning assigned to that term in Section 2.1(e)(i)."

"Mortgaged California Real Estate" has the meaning assigned to that term in Section 7.19(a)(iv)."

"Mortgaged Nevada/California Real Estate" has the meaning assigned to that term in Section 7.19(a)(iii)."

"Nevada/California Collateral Valuation" means, as of the Nevada/California Collateral Valuation Date, the fair market value of the Mortgaged Nevada/California Real Estate, the Elliot Note and the 1900 Lease, all as reflected in the appraisal (or appraisals) delivered to the Administrative Agent and the Initial Term C Lenders pursuant to Section 7.19(b)."

"Nevada/California Collateral Valuation Date" has the meaning assigned to that term in Section 7.19(b)."

"Scheduled Term C Repayments" means, with respect to principal payments on the Term C Loans, the Dollar amount payable on each Quarterly Payment Date, commencing on June 28, 2002 (as such amount may be reduced from time to time pursuant to Sections 4.3 and 4.4), equal to 2.5% of the principal amount of the Term C Loans; provided, that the last of such principal payments shall be in an amount equal to the aggregate principal amount of the Term C Loans outstanding on the Term C Loan Maturity Date."

"Second Drawing Amount" has the meaning assigned to that term in Section 2.1(e)(ii)."

"Second Term C Lenders" has the meaning assigned to that term in Section 2.1(e)(ii)."

"Subordinated Notes" means, collectively, those certain unsecured subordinated notes to be issued by the Borrower in a maximum principal amount which shall not exceed $70,000,000 at any one time outstanding, as the same may be amended, restated, supplemented or otherwise modified from time to time as permitted hereunder; provided, that warrants, if any, issued by the Borrower, directly or indirectly, to the holders of such unsecured subordinated notes shall not constitute "Subordinated Notes" for purposes of this definition and shall not be considered in the calculation of the dollar limitation described herein."

"Subordinated Notes Issue Date" means the date of issuance of the Subordinated Notes by the Borrower."

"Term C Commitment" means, with respect to any Term C Lender, the principal amount set forth opposite such Lender's name on Schedule 1.1(a) hereto or in any Assignment and Assumption Agreement under the caption "Amount of Term C Commitment", as such commitment may be adjusted from time to time pursuant to this Agreement, and "Term C Commitments" means such commitments collectively, which commitments equal $25,000,000 in the aggregate as of the date hereof."

"Term C Commitment Increase Amount" has the meaning assigned to that term in Section 2.1(e)."

"Term C Lender" means any Lender (which for all purposes shall include the Second Term C Lenders) which has a Term C Commitment or is owed a Term C Loan (or a portion thereof)."

"Term C Lenders" means, collectively, all of the Term C Lenders (which for all purposes shall include the Second Term C Lenders)."

"Term C Loan" and "Term C Loans" have the meanings assigned to those terms in Section 2.1(e)."

"Term C Loan Maturity Date" means December 28, 2002; provided, however, that in the event the Borrower has completed an unsecured subordinated debt or equity financing of not less than $35,000,000 on or prior to December 28, 2002 in accordance with the terms of this Agreement, the Term C Loan Maturity Date shall be amended, on the date of completion of such financing, to be December 28, 2004 without any further action on the part of the Term C Lenders or any other Lender party to this Agreement."

"Term C Note" and "Term C Notes" have the meanings assigned to those terms in Section 2.2(a)."

"Term C Percentage" means, at any time, a fraction (expressed as a percentage) the numerator of which is equal to the aggregate principal amount of all Term C Loans outstanding at such time and the denominator of which is equal to the

aggregate principal amount of all Term Loans outstanding at such time."

"Term C Pro Rata Share" means, when used with reference to any Term C Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction the numerator of which shall be such Term C Lender's then outstanding Term C Loan and the denominator of which shall be

all then outstanding Term C Loans."

(f) Section 2.1 of the Credit Agreement shall be amended by inserting the following new subsection (e) immediately after subsection (d) thereof:

"(e) Term C Loans. (i) Each Term C Lender, severally and for itself alone, hereby agrees, on the terms and subject to the conditions hereinafter set forth and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, to make a loan (each such loan, a "Term C Loan" and collectively, the "Term C Loans") to the Borrower on the Fourth Amendment Effective Date in an aggregate principal amount equal to the Term C Commitment of such Term C Lender (the Term C Lenders making loans on the Fourth Amendment Effective Date shall be collectively referred to herein as the "Initial Term C Lenders"). The Term C Loans (1) shall be incurred by the Borrower pursuant to a single drawing, which shall be on the Fourth Amendment Effective Date (and the Borrower is hereby deemed to have requested the Term C Loans be advanced on the Fourth Amendment Effective Date and the Term C Lenders hereby waive the delivery of a written Notice of Borrowing from the Borrower in connection with the initial funding of Term C Loans on the Fourth Amendment Effective Date), (2) shall be denominated in Dollars, (3) shall be made as Base Rate Loans and, except as hereinafter provided, may, at the option of the Borrower, be maintained as and/or converted into Base Rate Loans or Eurocurrency Loans, provided, that all Term C Loans made by the Term C Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Term C Loans of the same Type and (4) shall not exceed for any Lender at the time of incurrence thereof, such Term C Lender's Term C Commitment. Each Term C Lender's Term C Commitment shall expire immediately and without further action on the Fourth Amendment Effective Date if the Term C Loans are not made on such date. No amount of a Term C Loan which is repaid or prepaid by the Borrower may be reborrowed hereunder. Notwithstanding anything to the contrary herein, the Borrower may elect only Base Rate Loans or Eurocurrency Loans with a one month Interest Period until the earlier of (x) ninety (90) days after the Fourth Amendment Effective Date or (y) the date upon which the Administrative Agent determines (and notifies the Borrower) that the primary syndication (and the resultant addition of Persons as Lenders pursuant to Section 12.8) has been completed.

(ii) On or prior to March 28, 2002 and so long as no Event of Default or Unmatured Event of Default has occurred and is continuing, the Borrower may, upon 10 Business Days' prior written notice to the Administrative Agent, request on one occasion that the Term C Commitment be increased by any or all of the

Lenders party to this Agreement as of the date of such request; provided that (i) no Lender shall be under any obligation to increase its Term C Commitment or to participate in the Term C Facility, and (ii) the aggregate amount of any increase in the Term C Commitment (the "Term C Commitment Increase Amount") shall not exceed $25,000,000 (the "Second Drawing Amount"). Such notice shall (A) specify the requested Term C Commitment Increase Amount; and (B) specify the effective date of such Term C Commitment increase, which date shall not be less than 10 Business Days following the date of such written notice. Any increase in the Term C Commitment hereunder is subject to the conditions precedent that the Borrower and the Lenders participating in the Term C Commitment Increase Amount (collectively, the "Second Term C Lenders") shall have executed and delivered any documentation reasonably required by the Administrative Agent to evidence such increase of the Term C Commitment hereunder. The documentation of the Term C Commitment Increase Amount shall

reflect such terms and conditions as agreed to by the Borrower and the Second Term C Lenders, including, without limitation, the pro rata sharing with the Second Term C Lenders of the first priority security interest of the Initial Term C Lenders in the AFC Collateral, the Assignment and Pledge Collateral, the Mortgaged Nevada/California Real Estate and the Mortgaged California Real Estate. On the date that the event described in this Section 2.1(e) become effective, Schedule 1.1(a) shall be deemed modified to reflect the revised Term C Commitment. Notwithstanding any other provision of this Agreement, until such time as the increase in the Term C Commitment described herein shall have been requested by the Borrower or otherwise terminated in accordance with the terms of this subclause (ii), the Borrower shall be prohibited from requesting any increase in the Revolving Commitment or the Term A Commitment pursuant to Section 2.8 of the Credit Agreement.

(iii) To the extent the Term C Commitment Increase Amount is provided to the Borrower pursuant to subclause (ii) above, the Term C Loans made pursuant to the aggregate Term C Commitment Increase Amount (i) shall be incurred by the Borrower pursuant to a single drawing subject to the conditions set forth in this Section 2.1(e), (ii) shall be denominated in Dollars, (iii) shall be made as Base Rate Loans and, except as hereinafter provided, may, at the option of the Borrower, be maintained as and/or converted into Base Rate Loans or Eurocurrency Loans, provided, that all Term C Loans made by the Term C Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Term C Loans of the same Type and (iv) shall not exceed for any Second Term C Lender at the time of incurrence thereof such Second Term C Lender's portion of the Term C Commitment Increase Amount. To the extent made available pursuant to subclause (ii) above, each Second Term C Lender's portion of the Term C Commitment Increase Amount shall expire immediately and without further action on March 28, 2002 if the Term C Loans with respect to the Term C Commitment Increase Amount are not made on or before such date. Notwithstanding anything in this Agreement to the contrary, in no event shall the Second Term C Lenders make a loan to the Borrower under the Term C Commitment Increase Amount until such time as (i) the Borrower has

completed an unsecured subordinated debt or equity financing of not less than the principal amount of $35,000,000 on or prior to the date of funding of the Second Drawing Amount, on terms and conditions satisfactory to the Administrative Agent, (ii) no Unmatured Event of Default or Event of Default has occurred and is continuing, (iii) the Borrower's final report on Form 10-K for Fiscal Year ending November 30, 2001 (the "2001 Form 10-K") has been filed with the SEC, and (iv) Ernst & Young LLP, the Borrower's independent public accountants, have not qualified their audit report in any material respect as to the reliability of the financial statements set forth in the 2001 Form 10-K."

(g) Subsection (a) of Section 2.2 of the Credit Agreement shall be amended by (i) deleting the word "and" immediately before the phrase "(4) if Swing Line Loans," and inserting "," in lieu thereof, and (ii) inserting immediately prior to the period at the end of such sentence, the phrase "and (5) if Term C Loans, by a promissory note (each, a "Term C Note" and, collectively, the "Term C Notes") duly executed and delivered by the Borrower substantially in the form of Exhibit 2.2(a)(5) hereto, with blanks appropriately completed in conformity herewith."

(h) Section 2.6 of the Credit Agreement shall be amended by inserting immediately after the fourth sentence thereof, the following sentence:

"Each conversion or continuation of Term C Loans shall be allocated among the Term C Loans of the Term C Lenders in

accordance with their respective Term C Pro Rata Shares."

(i) Section 2.7 of the Credit Agreement shall be amended by deleting the first sentence thereof in its entirety and inserting the following in lieu thereof:

"No later than 1:00 p.m. (local time at the place of funding) on the date specified in each Notice of Borrowing, each Lender will make available its Term A Pro Rata Share of Term A Loans, Term B Pro Rata Share of Term B Loans, Term C Pro Rata Share of Term C Loans and Revolver Pro Rata Share of Revolving Loans, as the case may be, of the Borrowing requested to be made on such date in Dollars or Euro, as the case may be, and in immediately available funds, at the Payment Office (for the account of such non-U.S. office of the Administrative Agent as the Administrative Agent may direct in the case of Eurocurrency Loans) and the Administrative Agent will make available to the Borrower at its Payment Office the aggregate of the amounts so made available by the Lenders not later than 2:00 p.m. (local time in the place of payment)."

(j) Section 2.7 of the Credit Agreement shall be amended by deleting the third to last sentence thereof in its entirety and inserting the following in lieu thereof:

"Further, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans, amounts due with respect to its Letters of Credit (or its participations therein) and any other amounts due to it hereunder first to the Administrative Agent to fund any outstanding Loans made

available on behalf of such Lender by the Administrative Agent pursuant to this Section 2.7 until such Loans have been funded (as a result of such assignment or otherwise) and then to fund Loans of all Lenders other than such Lender until each Lender has outstanding Loans equal to its Term A Pro Rata Share of all Term A Loans, its Term B Pro Rata Share of all Term B Loans, its Term C Pro Rata Share of all Term C Loans, and its Revolver Pro Rata Share of all Revolving Loans (as a result of such assignment or otherwise)."

(k) Section 2.9 of the Credit Agreement shall be amended by deleting the first sentence thereof in its entirety and inserting the following in lieu thereof:

"All Borrowings of Term A Loans, Term B Loans, Term C Loans and Revolving Loans under this Agreement shall be loaned by the Lenders pro rata on the basis of their Term A Commitments, Term B Commitments, Term C Commitments and Revolving Commitments, as the case may be."

(l) Subsection (vi) of Section 3.4 of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(vi) no Interest Period shall extend beyond the Term A Loan Maturity Date for any Term A Loan, the Term B Loan Maturity Date for any Term B Loan, the Term C Loan Maturity Date for any Term C Loan, or the Revolver Termination Date for any Revolving Loan; and"

(m) Subsection (vii) of Section 3.4 of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(vii) no Interest Period in respect to any Borrowing of Term A Loans, Term B Loans or Term C Loans, as the case may be, shall be selected which extends beyond any date upon which a mandatory repayment of such Term Loans will be required to be made under Section 4.4(b), (c) or (l), as the case may be, if the aggregate principal amount of Term A Loans, Term B

Loans or Term C Loans, as the case may be, which have Interest Periods which will expire after such date will be in excess of the aggregate principal amount of Term A Loans, Term B Loans or Term C Loans, as the case may be, then outstanding less the aggregate amount of such required prepayment."

(n) Subsection (b) of Section 4.2 of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(b) Reduction of Term A Commitments, Term B Commitments and Term C Commitments. The Term A Commitments and Term B Commitments shall terminate on the Initial Borrowing Date, after giving effect to the Borrowing of the Term A Loans and Term B Loans on such date. The Term C Commitments shall terminate on the Fourth Amendment Effective Date after giving effect to the Borrowing of the Term C Loans on such date; provided, however, that in the event of an increase in the Term C Commitments pursuant to Section 2.1(e), the

Term C Commitment Increase Amount shall terminate on the earlier of (i) the date of the initial funding of Term C Loans made under the Term C Commitment Increase Amount or (ii) March 28, 2002, in either case, after giving effect to the Borrowing of Term C Loans on such date."

(o) Subsection (c) of Section 4.2 of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(c) Proportionate Reductions. Each reduction or adjustment to the Term Commitments or the Revolving Commitments pursuant to this Section 4.2 shall apply proportionately to the Term A Commitment, the Term B Commitment, the Term C Commitment or the Revolving Commitment, as the case may be, of each Lender."

(p) Subsection (d) of Section 4.2 of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(d) Reduction of Commitments. The Commitments (other than the Term C Commitment) will terminate in their entirety on January 31, 2001 unless the Initial Borrowing Date has occurred on or before such date. The Term C Commitment will terminate in its entirety on the Fourth Amendment Effective Date after giving effect to the initial Borrowing of the Term C Loans on such date; provided, however, that in the event of an increase in the Term C Commitments pursuant to Section 2.1(e), the Term C Commitment Increase Amount shall terminate on the earlier of (i) the date of the initial funding of Term C Loans made under the Term C Commitment Increase Amount or (ii) March 28, 2002, in either case, after giving effect to the Borrowing of Term C Loans on such date."

(q) Subclause (v) of Section 4.3(a) of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(v) each voluntary prepayment of Term Loans shall be applied first to the Scheduled Term C Repayments due within the 12 month period following the date of such prepayment in direct order of maturity and, thereafter, shall be applied (in each case, after giving effect to the prepayments made to the Scheduled Term C Repayments due within such twelve month period as specified above) to reduce the remaining Scheduled Term C Repayments on a pro rata basis (based upon the then remaining principal amount of such Scheduled Term C Repayments) and, second to the Scheduled Term A Repayments and Scheduled Term B Repayments due within the 12 month period following the date of such prepayment in direct order of maturity and, thereafter, subject to Section 4.5(c) shall be

applied in proportional amounts equal to the Term A Percentage and the Term B Percentage (in each case, after giving effect to the prepayments made to the Scheduled Term A Repayments and the Scheduled Term B Repayments due within such twelve month period as specified above), as the case may be, of such remaining prepayment, if any, and within each Term Loan, shall be applied to

reduce the remaining Scheduled Term A Repayments and Scheduled Term B Repayments on a pro rata basis (based upon the then remaining principal amount of such Scheduled Term A Repayments and Scheduled Term B Repayments, respectively)."

(r) The last sentence of Section 4.4(d) of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"Notwithstanding the foregoing or the terms of Section 4.5(a), if, as of the date of any prepayment from Net Sale Proceeds required pursuant to this Section 4.4(d), (A) the Borrower has repaid in full all principal and interest on the Term B Loans and on the Term C Loans and no amounts remain outstanding to any Term B Lender with respect to the Term B Loans or to any Term C Lender with respect to the Term C Loans and (B) the Leverage Ratio of the Borrower, calculated for the Test Period ending on the last day of the most recently ended Fiscal Quarter, is less than 2.50 to 1.00, the Borrower may elect, in its sole discretion, to apply 100% of such Net Sale Proceeds (x) to purchase assets used or to be used in the businesses referred to in Section 8.9, (y) to repay, pro rata, Term A Loans or (z) to repay, pro rata, Revolving Loans (without a permanent reduction of the Revolving Commitments)."

(s) Subsection (f) of Section 4.4 of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(f) Mandatory Payment With Proceeds of Capital Stock. On the first Business Day after receipt thereof by the Borrower and/or any of their Subsidiaries, an amount equal to 100% of the Net Offering Proceeds of the sale or issuance of Capital Stock of (or cash capital contributions to) the Borrower or any of their Subsidiaries shall be applied as a mandatory repayment of principal of the Term Loans pursuant to the terms of Section 4.5(a) (in each case subject to modification of such application as set forth in Section 4.5(c)); provided, however, that notwithstanding the foregoing, Net Offering Proceeds derived from the issuance of Capital Stock in accordance with the Equity Capital shall first be applied in accordance with Section 4.4(o). Notwithstanding the foregoing or the terms of Section 4.5(a), if, as of the date of any prepayment from Net Offering Proceeds required pursuant to this Section 4.4(f), (A) the Borrower has repaid in full all principal and interest on the Term B Loans and on the Term C Loans and no amounts remain outstanding to any Term B Lender with respect to the Term B Loans or to any Term C Lender with respect to the Term C Loans and (B) the Leverage Ratio of the Borrower, calculated for the Test Period ending on the last day of the most recently ended Fiscal Quarter, is less than 2.50 to 1.00, the Borrower may elect, in its sole discretion, to apply 100% of such Net Offering Proceeds (x) to purchase assets used or to be used in the businesses referred to in Section 8.9, (y) to repay, pro rata, Term A Loans or (z) to repay, pro rata, Revolving Loans (without a permanent reduction of the Revolving Commitments)."

(t) The last sentence of Section 4.4(g) of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"Notwithstanding the foregoing or the terms of Section 4.5(a), if, as of the date of any prepayment from net cash proceeds of a Sale and Leaseback Transaction required pursuant to this Section 4.4(g), (A) the Borrower has repaid in full all principal and interest on the Term B Loans and on the Term C Loans and no amounts remain outstanding to any Term B Lender with respect to the Term B Loans or to any Term C Lender with respect to the Term C Loans and (B) the Leverage Ratio of the Borrower, calculated for the Test Period ending on the last day of the most recently ended Fiscal Quarter, is less than 2.50 to 1.00, the Borrower may elect, in its sole discretion, to apply 100% of such net cash proceeds (x) to purchase assets used or to be used in the businesses referred to in Section 8.9, (y) to repay, pro rata, Term A Loans or (z) to repay, pro rata, Revolving Loans (without a permanent reduction of the Revolving Commitments)."

(u) The last sentence of Section 4.4(h) of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"Notwithstanding the foregoing or the terms of Section 4.5(a), if, as of the date of any prepayment from Net Offering Proceeds required pursuant to this Section 4.4(h), (A) the Borrower has repaid in full all principal and interest on the Term B Loans and on the Term C Loans and no amounts remain outstanding to any Term B Lender with respect to the Term B Loans or to any Term C Lender with respect to the Term C Loans and (B) the Leverage Ratio of the Borrower, calculated for the Test Period ending on the last day of the most recently ended Fiscal Quarter, is less than 2.50 to 1.00, the Borrower may elect, in its sole discretion, to apply 100% of such Net Offering Proceeds (x) to purchase assets used or to be used in the businesses referred to in Section 8.9, (y) to repay, pro rata, Term A Loans or (z) to repay, pro rata, Revolving Loans (without a permanent reduction of the Revolving Commitments)."

(v) Section 4.4(i) of the Credit Agreement shall be amended by deleting the amount of "10,000,000" in the proviso thereto and inserting in lieu thereof the amount of "15,000,000".

(w) The last sentence of Section 4.4(j) of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"Notwithstanding the foregoing or the terms of Section 4.5(a), if, as of the date of any prepayment from net proceeds of any Recovery Event required pursuant to this Section 4.4(j), (A) the Borrower has repaid in full all principal and interest on the Term B Loans and on the Term C Loans and no amounts remain outstanding to any Term B Lender with respect to the Term B Loans or to any Term C Lender

with respect to the Term C Loans and (B) the Leverage Ratio of the Borrower, calculated for the Test Period ending on the last day of the most recently ended Fiscal Quarter, is less than 2.50 to 1.00, the Borrower may elect, in its sole discretion, to apply 100% of such net proceeds (x) to purchase assets used or to be used in the businesses referred to in Section 8.9, (y) to repay, pro rata, Term A Loans or (z) to repay, pro rata, Revolving Loans (without a permanent reduction of the Revolving Commitments)."

(x) Section 4.4 of the Credit Agreement shall be amended by inserting the following new subsections (l), (m) and (n) immediately after subsection (k) thereof:

"(l) Scheduled Term C Repayments. The Borrower shall cause to be paid Scheduled Term C Repayments on the Term C Loans until the Term C Loans are paid in full in the amounts and at the times specified in the definition of Scheduled Term

C Repayments to the extent that prepayments have not previously been applied to such Scheduled Term C Repayments (and such Scheduled Term C Repayments have not otherwise been reduced) pursuant to the terms hereof. To the extent not previously paid, all Term C Loans shall be due and payable on the Term C Maturity Date.

(m) Mandatory Prepayment Upon Nevada/California Collateral Valuation. To the extent that the Nevada/California Collateral Valuation reflects an aggregate fair market value of less than $50,000,000, on the Business Day following the Nevada/California Collateral Valuation Date, the Borrower shall cause to be paid all outstanding Term C Loans and shall cause the Term C Commitments (to the extent not otherwise terminated) to be permanently reduced in whole as provided in Section 4.5(a).

(n) Mandatory Prepayment Upon California Collateral Valuation. To the extent that the California Collateral Valuation reflects an aggregate fair market value of less than $100,000,000, on the Business Day following the California Collateral Valuation Date, the Borrower shall cause to be paid all outstanding Term C Loans and shall cause the Term C Commitments (to the extent not otherwise terminated) to be permanently reduced in whole as provided in Section 4.5(a).

(o) Mandatory Prepayment Upon Issuance of Subordinated Notes or Equity Capital. On the Business Day of receipt thereof by the Borrower, an amount equal to 100% of the sum of the Net Offering Proceeds of (x) the Subordinated Notes and (y) the Equity Capital (provided, however, that in no amount shall the Net Offering Proceeds applied under this Section 4.4(o) exceed $70,000,000) shall be applied as a mandatory prepayment to repay outstanding Revolving Loans pro rata (without a permanent reduction of the Revolving Commitments). Amounts, if any, remaining after the prepayment described in the preceding sentence (including, without limitation, Net Offering Proceeds in excess of the $70,000,000 limitation applicable to this Section 4.4(o) as described

above) shall be applied in accordance with the terms of this Agreement, including, without limitation, the other mandatory prepayment provisions of this Section 4.4, as applicable."

(y) Section 4.5(a) of the Credit Agreement shall be deleted in its entirety and the following is substituted in lieu thereof:

"(a) Prepayments. Subject in all events to the final proviso set forth in Section 4.4(d), (f), (g), (h) and (j) and except as otherwise expressly provided in Section 4.4(d), (j), (k), (m), (n) and (o), all prepayments of principal made by the Borrower pursuant to Section 4.4 (other than with respect to 4.4(b), (c) and (l)) shall be applied to repay, first, the Term C Loans, and second, the Term A Loans and the Term B Loans (with the Term A Percentage of such repayment to be applied as a repayment of Term A Loans and the Term B Percentage of such repayment to be applied as a repayment of Term B Loans). Any prepayment of Loans pursuant to Section 4.4(d) and (j) shall be applied (i) first, to the payment of the unpaid principal amount of the Term C Loans, second, to the payment of the unpaid principal amount of the Term A Loans and the Term B Loans (with the Term A Percentage of such repayment to be applied as a repayment of Term A Loans and the Term B Percentage of such repayment to be applied as a repayment of Term B Loans), third, to the prepayment of the then outstanding balance of Swing Line Loans, fourth, to the payment, pro rata, of the then outstanding balance of the Revolving Loans, and fifth, to the cash collateralization of LC Obligations; (ii) within each of the foregoing Loans, first to the payment of Base Rate Loans and second to the payment of Eurocurrency Loans; and (iii) with respect to Eurocurrency

Loans, in such order as the Borrower shall request (and in the absence of such request, as the Administrative Agent shall determine). Each prepayment of Term Loans made pursuant to Section 4.4(d), (e), (f), (g), (h) and (j) shall be allocated first to the Term C Loans and applied on a pro rata basis against all Scheduled Term C Repayments until all such amounts are paid in full, second to the Term A Loans and the Term B Loans based on the aggregate principal amount of the Scheduled Term A Repayments and the Scheduled Term B Repayments due within the twelve month period following the date of such prepayment in direct order of maturity, and, thereafter, shall be allocated third to the Term A Loans and the Term B Loans in proportional amounts equal to the Term A Percentage and the Term B Percentage (in each case, after giving effect to the prepayments made to the Scheduled Term A Repayments and Scheduled Term B Repayments due within such twelve month period as specified above), as the case may be, of such remaining prepayment, if any, and, within each Term A Loan or Term B Loan, shall be applied to reduce the remaining Scheduled Term A Repayments and Scheduled Term B Repayments on a pro rata basis (based upon the then remaining principal amount of such Scheduled Term A Repayments and Scheduled Term B Repayments, respectively). Any prepayment of Term Loans pursuant to Section 4.4(i) shall be applied, first, pro rata to each of the Scheduled Term C Repayments until all such amounts are paid in full and second, pro rata to each of the Scheduled Term A Repayments and Term B Repayments. Any prepayment of Loans pursuant to Section 4.4(k) shall be applied first to a

repayment of Term B Loans, applied to the Scheduled Term B Repayments on a pro rata basis, and second, to repay outstanding Revolving Loans (without a permanent reduction of the Revolving Commitment) (and within such Facility, first, to the prepayment of the then outstanding balance of Swing Line Loans, second, to the payment, pro rata, of the then outstanding balance of the Revolving Loans, and third, to the cash collateralization of LC Obligations), and third, to the Term A Loans, applied to reduce the Scheduled Term A Repayments on a pro rata basis. Any repayment of Loans pursuant to Section 4.4(m) and (n) shall be applied to a repayment of Term C Loans (allocated to the Scheduled Term C Repayments on a pro rata basis) and, concurrently therewith, the Term C Commitments, if any, in effect shall be permanently reduced to zero. Any prepayment of Loans pursuant to Section 4.4(o) shall be applied to repay outstanding Revolving Loans (without a permanent reduction of the Revolving Commitment) (and within such Facility, first, to the prepayment of the then outstanding balance of Swing Line Loans, second, to the payment, pro rata, of the then outstanding balance of the Revolving Loans, and third, to the cash collateralization of LC Obligations). If any prepayment of Eurocurrency Loans made pursuant to a single Borrowing shall reduce the outstanding Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount, such Borrowing shall immediately be converted into Base Rate Loans, in the case of Loans denominated in Dollars, or into Loans with a 30 day Interest Period, in the case of Loans denominated in Euro. All prepayments shall include payment of accrued interest on the principal amount so prepaid, shall be applied to the payment of interest before application to principal and shall include amounts payable, if any, under Section 3.5."

(z) Subsection (a) of Section 6.8 the Credit Agreement shall be amended by inserting the following sentence immediately following the only sentence thereof as follows:

"All proceeds of the Term C Loans incurred in accordance with Section 2.1 hereof shall be used by the Borrower (i) to pay fees and expenses incurred in connection with the addition of the Term C Facility (or the increase thereof, if applicable) and the transactions contemplated in accordance therewith and

(ii) for ongoing working capital needs and general corporate purposes (other than to voluntarily prepay any Term Loan)."

(aa) Article VII of the Credit Agreement shall be amended to insert the following new section immediately following Section 7.18 thereof:

"Section 7.19. Addition of Collateral Concurrent with Addition of Term C Facility and Forbearance of Lenders.

(a) In order to cause the Initial Term C Lenders to extend additional credit to the Borrower in the form of the Term C Facility on the Fourth

Amendment Effective Date and in order to cause the Lenders to forbear from certain actions as described in Amendment No. 4, the Borrower hereby agrees:

(i) to deliver or cause to be delivered to the Administrative Agent, all in accordance with the terms of Section 7.12 of this Agreement, on the Fourth Amendment Effective Date, a pledge by the Borrower of the Common Stock of AFC and a pledge and grant of a security interest by AFC of all of the AFC Assets (collectively, the pledges and the security interest described herein are referred to as the "AFC Collateral"), each in favor of the Administrative Agent (A) on behalf of the Initial Term C Lenders to secure payment of their respective Term C Loans, a continuing security interest of first priority in all the right, title and interest of the Borrower and AFC, as the case may be, in the AFC Collateral and (B) on behalf of the Lenders to secure payment of their respective Obligations, a continuing security interest of second priority in all the right, title and interest of the Borrower and AFC, as the case may be, in the AFC Collateral; and

(ii) to deliver or cause to be delivered to the Administrative Agent, all on terms and conditions satisfactory to the Administrative Agent, on the Fourth Amendment Effective Date, (A) a pledge by Aerojet Investments Ltd. of the Elliott Note, together with a pledge by Aerojet Investments Ltd. of its rights to the Deed of Trust securing the Elliot Note, all pursuant to the Elliott Note Assignment and Pledge and (B) an assignment by Aerojet of the 1900 Lease pursuant to a collateral assignment of leases and rents ((collectively, the pledges and the assignment described herein are referred to as the "Assignment and Pledge Collateral"), each of favor of the Administrative Agent (A) on behalf of the Initial Term C Lenders to secure payment of their respective Term C Loans, a continuing security interest of first priority in all the right, title and interest of Aerojet Investments Ltd. and Aerojet, as the case may be, in the Assignment and Pledge Collateral, (B) on behalf of the Initial Term C Lenders to secure payment of their respective Revolving Loans and Term A Loans, a continuing security interest of second priority in all the right, title and interest of Aerojet Investments Ltd. and Aerojet, as the case may be, in the Assignment and Pledge Collateral and (C) on behalf of the Lenders to secure payment of their respective Obligations, a continuing security interest of third priority in all the right, title and interest of Aerojet Investments Ltd. and Aerojet, as the case may be, in the Assignment and Pledge Collateral; and

(iii) to grant a mortgage (or cause its applicable Subsidiary to grant a mortgage) to the Administrative

Agent, all in accordance with the terms of Section 7.12 of this Agreement, as soon as possible but in no event later than 30 days after the Fourth Amendment Effective Date, on the following real property: (A) two parcels of approximately 800 acres and

approximately 400 acres of land located near the Company's facilities in Rancho Cordova, California, (B) approximately 400 acres of land located in or near Chino Hills, California, (C) approximately 10 acres located in Hollywood, California and (D) approximately 10,000 acres located near Hawthorne, Nevada, owned by the Borrower or any of its Subsidiaries holding title of such real property and as further identified to the Administrative Agent ((A) through (D) are referred to herein collectively as the "Mortgaged Nevada/California Real Estate"), in favor of the Administrative Agent (x) on behalf of the Initial Term C Lenders to secure payment of their respective Term C Loans, a continuing security interest of first priority in all the right, title and interest of the Borrower and such applicable Subsidiaries, as the case may be, in the Mortgaged Nevada/California Real Estate, (y) on behalf of the Initial Term C Lenders to secure payment of their respective Revolving Loans and Term A Loans, a continuing security interest of second priority in all the right, title and interest of the Borrower and such applicable Subsidiaries, as the case may be, in the Mortgaged Nevada/California Real Estate, and (z) on behalf of the Lenders to secure payment of their respective Obligations, a continuing security interest of third priority in all the right, title and interest of the Borrower and such applicable Subsidiaries, as the case may be, in the Mortgaged Nevada/California Real Estate; and

(iv) to grant a mortgage (or cause its applicable Subsidiary to grant a mortgage) to the Administrative Agent, all in accordance with the terms of Section 7.12 of this Agreement, as soon as possible but in no event later than 120 days after the Fourth Amendment Effective Date, on the real property of the Borrower or any of its Subsidiaries holding such title located in or near Sacramento, California and as further identified to the Administrative Agent (the "Mortgaged California Real Estate"), in favor of the Administrative Agent (A) on behalf of the Initial Term C Lenders to secure payment of their respective Term C Loans, a continuing security interest of first priority in all the right, title and interest of the Borrower and such applicable Subsidiaries, as the case may be, in the Mortgaged California Real Estate, (B) on behalf of the Initial Term C Lenders to secure payment of their respective Revolving Loans and Term A Loans, a continuing security interest of second priority in all the right, title and interest of the Borrower and such applicable Subsidiaries, as the case may be, in the Mortgaged California Real Estate, and (C) on behalf of the Lenders to secure payment of their respective Obligations, a continuing security interest of third priority in all the right, title and interest of the Borrower and Aerojet, as the case may be, in the Mortgaged California Real Estate.

(b) Within 60 days after the Fourth Amendment Effective Date (the "Nevada/California Collateral Valuation Date"), the Borrower will deliver to the Administrative Agent and the Initial Term C Lenders, an appraisal (or appraisals)

setting forth the fair market value of the Mortgaged Nevada/California Real Estate, the Elliot Note and the 1900 Lease, in each case as prepared by a nationally recognized real estate appraisal firm acceptable to the Administrative Agent and the Initial Term C Lenders. Such appraisal (or appraisals) shall expressly provide that it (or they) may be relied upon by the Administrative Agent and the Initial Term C Lenders.

(c) Within 90 days after the Fourth Amendment Effective Date (the "California Collateral Valuation Date"), the Borrower will deliver to the Administrative Agent and the Term C Lenders, an appraisal setting forth the fair market value of the Mortgaged California Real Estate prepared by a nationally recognized real estate appraisal firm acceptable to the Administrative Agent and the Term C Lenders. Such appraisal shall expressly provide that it may be relied upon by the Administrative Agent and the Term C Lenders.

(d) Notwithstanding the foregoing, in the event the Borrower has repaid in full all principal and interest on the Term C Loans and no amounts remain outstanding to any Term C Lender with respect to the Term C Loans and the Term C Commitments have been permanently reduced in whole, the Administrative Agent shall release, and is hereby authorized to release without further action of the Term C Lenders, the first priority security interest of the Initial Term C Lenders in the AFC Collateral, the Assignment and Pledge Collateral, the Mortgaged California Real Estate and the Mortgaged Nevada/California Real Estate; provided, that in no event shall the Administrative Agent release or in any way modify the second priority security interest in the AFC Collateral, or the second or third priority security interests in the Assignment and Pledge Collateral, the Mortgaged California Real Estate and the Mortgaged Nevada/California Real Estate except in accordance with the terms of this Agreement."

(bb) The last sentence of Section 8.1 of the Credit Agreement shall be deleted in its entirety and the following sentence shall be inserted in lieu thereof:

"Notwithstanding the foregoing clauses (a) through (g) of this Section 8.1, the Borrower agrees that it will not, nor will it permit any of its Subsidiaries to pledge, encumber or otherwise suffer to exist thereon any Lien (other than Customary Permitted Liens or the mortgages provided for in Section 7.19(a)(iii) and (iv)), on any real property owned by the Borrower or any of its Subsidiaries which is located in the State of California or the State of Nevada."

(cc) Section 8.2 of the Credit Agreement is hereby amended by (i) in subsection (q) thereof, deleting the "." and inserting in lieu thereof the following phrase "; and" and (ii) inserting the following new subsection (r) immediately after subsection (q) therein:

"(r) Indebtedness of the Borrower arising under the Subordinated Notes; provided, that the principal amount of such Indebtedness shall not exceed $70,000,000 in the aggregate at any one time outstanding."

(dd) Section 8.11 of the Credit Agreement is hereby amended (i) in subsection (iii) thereof, deleting the word "or", (ii) in subsection (iv) thereof, deleting the "." and inserting in lieu thereof the following phrase "; or" and (iii) inserting the following new subsection (v) immediately after subsection (iv) therein:

"(v) amend, modify or permit the amendment, termination or modification of any term or provision of the Elliot Note or the 1900 Lease without the prior written consent of 66 2/3% of the Initial Term C Lenders."

(ee) Article VIII of the Credit Agreement is hereby

amended by inserting the following new Section 8.14 immediately after Section 8.13 therein:

"Section 8.14 Sale of Mortgaged Nevada/California Property or Mortgaged California Property.

Notwithstanding any other provision in this Agreement to the contrary, including, without limitation, Section 8.3(l), the Borrower will not, nor will it permit any of its Subsidiaries to, sell all or any portion of the Mortgaged Nevada/California Real Estate or the Mortgaged California Real Estate on or after the Fourth Amendment Effective Date to the extent that the sum of the estimated fair market value (as determined by the Borrower in good faith and as agreed to by the Administrative Agent) of the remaining Mortgaged Nevada/California Real Estate and the Mortgaged California Real Estate, together with the appraised fair market value of the Elliot Note and the 1900 Lease, (assuming the consummation of such sale) shall be less than an amount equal to (x) the sum of the total Revolving Commitments, Term A Commitments and Term C Commitments then outstanding, as adjusted to reflect any mandatory repayments required from the net proceeds from such sale of Mortgaged Nevada/California Real Estate or Mortgaged California Real Estate, multiplied by (y) the number 2.0; provided, however, that this Section 8.14 shall not apply to sales of Mortgaged Nevada/California Real Estate or Mortgaged California Real Estate which in the aggregate do not exceed $25,000,000 in any Fiscal Year, and provided, further, however, that if as of any date of sale of all or any portion of the Mortgaged Nevada/California Real Estate or the Mortgaged California Real Estate, (A) the Borrower has repaid in full all principal and interest on the Term C Loans and no amounts remain outstanding to any Term C Lender with respect to the Term C Loans and (B) the Leverage Ratio of the Borrower, calculated for the Test Period ending on the last day of the most recently ended Fiscal Quarter, is less than 2.50 to 1.00, this Section 8.14 shall not apply to the Borrower or its Subsidiaries."

(ff) Section 9.3 of the Credit Agreement shall be amended by deleting the ratio set forth opposite the Fiscal Quarter ending February 28, 2002, and inserting in lieu thereof the ratio of "3.50 to 1.00".

(gg) Section 9.4 of the Credit Agreement shall be amended by deleting the Fiscal Quarters ending February 28, 2002 and May 31, 2002 and the ratios immediately set forth opposite such Fiscal Quarters, and inserting the following in lieu thereof:

Fiscal Quarter	Ratio
February 28, 2002	3.10 to 1.00
May 31, 2002	3.10 to 1.00
August 31, 2002	2.75 to 1.00
November 30, 2002 and thereafter	2.50 to 1.00"

(hh) Section 9.5 of the Credit Agreement shall be deleted in its entirety and the following shall be inserted in lieu thereof:

"Section 9.5 Fixed Charge Coverage Ratio.

The Borrower will not permit the Fixed Charge Coverage Ratio for any Test Period ending on the last day of each Fiscal Quarter set forth below to be less than the ratio set forth opposite such date:

Fiscal Quarter	Ratio
February 28, 2002	1.00 to 1.00
May 31, 2002	1.00 to 1.00
August 31, 2002 and thereafter	1.05 to 1.00"

(ii) Section 10.1(l) of the Credit Agreement shall be amended by (i) deleting the word "Parties" and inserting the word "Creditors" in lieu thereof and (ii) inserting the phrase "in the order of priority of interest set forth in such Security Document" immediately following the phrase "Collateral Agent, for the benefit of the Secured Creditors".

(jj) Section 10.1 of the Credit Agreement shall be amended by (i) deleting the "." immediately following the phrase "self-help or otherwise" in subsection (o) thereof and inserting the phrase "; or" in lieu thereof, and (ii) inserting the following new subsections immediately following subsection (o) thereof:

> "(p) Failure of Deliveries Benefiting Initial Term C Lenders. The Borrower or any of its Subsidiaries shall default (i) in the due performance or observance of any term, covenant, condition or agreement on its part to be performed or observed under Sections 7.19(a)(iii) or 7.19(b) or (ii) in the payment of principal or interest on any of the Term C Loans when due; or
>
> (q) Failure of Deliveries Benefiting Term C Lenders. The Borrower or any of its Subsidiaries shall default (i) in the due performance or observance of any term, covenant, condition or agreement on its part to be performed or observed under Sections 7.19(a)(iv) or 7.19(c) or (ii) in the payment of principal or interest on any of the Term C Loans when due."

(kk) The first sentence of the second to last paragraph of Section 10.1 of the Credit Agreement shall be amended by inserting immediately following the phrase "all of the Liens and security interests created pursuant to the Security Documents" the following phrase "; provided, however, that notwithstanding the foregoing or anything else in this Agreement to the contrary, in the event of any Event of Default described in Section 10.1(p) with respect to the Borrower or any of its Subsidiaries, until such time as the Borrower has repaid in full all principal and interest on the Term C Loans and no amounts remain outstanding to any Initial Term C Lender with respect to the Term C Loans, the Administrative Agent, at the written direction of 66 2/3% of the Initial Term C Lenders (and without any action or consent of the Lenders other than the Initial Term C Lenders) shall take one or more of the actions described in (i) through (v) of this paragraph, and provided, further, however, that notwithstanding the foregoing or anything else in this Agreement to the contrary, in the event of any Event of Default described in Section 10.1(q) with respect to the Borrower or any of its Subsidiaries, until such time as the Borrower has repaid in full all principal and interest on the Term C Loans and no amounts remain outstanding to any Term C Lender with respect to the Term C Loans, the Administrative Agent, at the written direction of 66 2/3% of the Term C Lenders (and without any action or consent of the Lenders other than the Term C Lenders) shall take one or more of the actions described in (i) through (v) of this paragraph".

(ll) The second paragraph of Section 11.5 of the Credit Agreement shall be amended by (i) deleting the word "and" immediately before the phrase "Term B Lender" and inserting "," in lieu thereof, and (ii) inserting the phrase "and Term C Loan" immediately before the phrase "and the denominator of which".

(mm) The first sentence of Section 11.6 of the Credit Agreement shall be amended by (i) deleting the word "and" immediately before the phrase "Term B Pro Rata Share" and inserting "," in lieu thereof, and (ii) inserting the phrase "and Term C Pro Rata Share"

immediately before the phrase ", as applicable thereof),".

(nn) Subclause (7) of the second to last sentence of Section 12.1(a) of the Credit Agreement shall be amended by inserting immediately before the phrase "without the consent of the Majority Lenders of the Revolving Facility", the phrase "without the consent of the Majority Lenders of the Term C Facility, amend the definition of Term C Pro Rata Share;".

(oo) Subclause (8) of the second to last sentence of Section 12.1(a) of the Credit Agreement shall be amended by inserting immediately following the phrase "amend the definition of Scheduled Term B Repayments,", the phrase "and without the consent of the Majority Lenders of the Term C Facility, amend the definition of Scheduled Term C Repayments,".

(pp) The second to last sentence of Section 12.1(a) of the Credit Agreement shall be amended by (i) deleting the word "or" immediately prior to subclause (9) and inserting "," in lieu thereof, and (ii) inserting the phrase ", (10) without the consent of the Majority Lenders of the Term C Facility, amend, modify or waive the conditions to funding of the Term C Commitment Increase Amount, (11) without the consent of each

Term C Lender, release the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate, the AFC Collateral or the Assignment and Pledge Collateral (except, in each case, as expressly provided in this Agreement), or (12) without the consent of 66 2/3% of the Initial Term C Lenders, amend, modify or waive the terms of the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate, the AFC Collateral or the Assignment and Pledge Collateral (other than with respect to a release as provided in (11) above), including, without limitation, any repayments required by the terms of this Agreement as a result of or in connection with such collateral, including, without limitation, any mandatory prepayments as provided in Sections 4.4(m) and (n)", immediately after the phrase "amend, modify or waive any provision of Section 9.4".

(qq) Section 12.1(a) of the Credit Agreement shall be amended by inserting the following sentence immediately following the last sentence thereof as follows:

> "Notwithstanding the foregoing, prior to the date upon which the Administrative Agent determines (and notifies the Borrower) that the primary syndication (and the resultant addition of Persons as Lenders pursuant to Section 12.8) of the Term C Facility has been completed, the Borrower and the Administrative Agent may, without the consent of any Lender, agree to increase the interest rate pricing of the Term C Facility."

(rr) Subclause (i) of the last sentence of Section 12.8(b) of the Credit Agreement shall be amended by (i) by deleting the word "and" immediately before the phrase "Scheduled Term B Repayments" and inserting "," in lieu thereof, and (ii) inserting the phrase ", and Scheduled Term C Repayments (other than the Term C Loan Maturity Date)" immediately following the phrase "(other than the Term B Loan Maturity Date)".

(ss) Subclause (i)(B) of the first sentence of Section 12.8(c) of the Credit Agreement shall be amended by inserting the phrase "or of the Term C Facility" immediately following the phrase "of the Term B Facility".

(tt) The last sentence of Section 12.8(c) of the Credit Agreement shall be amended by inserting the phrase "Term C Pro Rata Share," immediately following the phrase "Term B Pro Rata Share,".

(uu) Section 12.15(b)(i) is shall be amended by inserting the following paragraph immediately following subclause (E) thereof:

> "Notwithstanding anything in this clause (i) to the contrary,

in no event shall the Administrative Agent or the Collateral Agent, as the case may be, release the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate, the AFC Collateral or the Assignment and Pledge Collateral (except, in each case, as expressly provided in this Agreement), without the consent of each Term C Lender."

(vv) Exhibit 12.8(c) to the Credit Agreement shall be deleted in its entirety and the Exhibit 12.8(c) attached to this Amendment No. 4 is substituted in lieu thereof

(ww) Schedule 1.1(a) to the Credit Agreement shall be amended by inserting a fifth column immediately following the column titled "Multicurrency Commitment (as a subcomponent of the Revolving Commitment)" and inserting in such fifth column, the Term C Commitment amounts in effect as of the Effective Date across from the name of each Lender which is a Term C Lender as follows:

Lender	Term C Commitment
Bankers Trust Company	$21,344,416.53
ABN AMRO Bank N.V.	$3,655,583.47

(xx) The Credit Agreement shall be amended to insert the form of "Exhibit 2.2(a)(5) - Form of Term C Note" immediately following Exhibit 2.2(a)(4) attached thereto.

2. Waivers and Acknowledgement. Subject to the conditions and effectiveness of this Amendment No. 4 and otherwise notwithstanding the provisions of any Loan Document:

(a) the Lenders hereby waive, solely with respect to the Term C Facility, compliance by the Borrower with Section 2.8 of the Credit Agreement regarding the addition of the Term C Facility and any increase thereof in accordance with the Credit Agreement, as amended by this Amendment No. 4, and hereby acknowledge that the Term C Facility added to the Credit Agreement in accordance with the terms and provisions of this Amendment No. 4 shall constitute the Term C Facility described in said Section 2.8.(b);

(b) notwithstanding any other provision of the Credit Agreement or the other Loan Documents to the contrary, the Lenders hereby acknowledge and agree that the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate, the AFC Collateral or the Assignment and Pledge Collateral shall constitute collateral on a first priority security interest basis for the Initial Term C Lenders with respect to all of the Obligations relating to the Term C Loans due and owing to the Initial Term C Lenders, and with respect to the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate and the Assignment and Pledge Collateral shall constitute collateral on a second priority security interest basis for the Initial Term C Lenders with respect to all of the Obligations relating to the Term A Loans and Revolving Loans due and owing to the Initial Term C Lenders. In furtherance of the foregoing, the Lenders, including the Term A Lenders and the Revolving Lenders, hereby authorize and consent to the execution by the Administrative Agent or the Collateral Agent, as the case may be (without any further action of such Lenders) of such amendments and other modifications to the Security Documents which the Administrative Agent or the Collateral Agent, as the case may be, reasonably determines are necessary to reflect the above-described Liens in favor of the Initial Term C Lenders with respect to the collateral described above and the priority of payments in favor of the Initial Term C Lenders made with the proceeds thereof and, in connection with such collateral, the voting percentages of Initial Term C Lenders required to amend, modify or release such collateral as further described in Section 12.1(a) of the Credit Agreement (as amended by this Amendment No. 4) . In addition, the Administrative Agent or the Collateral Agent, as the case may be, is authorized to execute any amendments or other modifications to the Security

Documents as may be necessary to evidence to reflect the pro rata sharing with the Second Term C Lenders of the first priority security interest of the Initial Term C Lenders in the AFC Collateral, the Assignment and Pledge Collateral, the Mortgaged Nevada/California Real Estate and the Mortgaged California Real Estate;

(c) the Lenders hereby waive any Event of Default arising under Section 10.1(c)(i) of the Credit Agreement resulting solely from the Borrower's failure to comply with the ratio applicable to the Fiscal Quarter ended November 30, 2001 as set forth in, and required by, each of Section 9.3 and Section 9.4 of the Credit Agreement;

(d) the Lenders hereby waive, for the period commencing the Effective Date and ending on the earlier of (i) the date on which the Borrower has completed an unsecured subordinated debt or equity financing of not less than $35,000,000 or (ii) March 28, 2002, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 2(b) of Amendment No. 2 as a result of the Borrower's failure to permanently reduce the Revolving Commitment and repay Revolving Loans, in part, as required by the terms of said Section. Upon expiration of the waiver set forth in the preceding sentence without compliance by the Borrower with the requirements specified in said Section, such waiver shall be automatically revoked and the requirements of the Credit Agreement waived thereby shall again be in full force with retroactive effect to the dates specified in the Credit Agreement. In such case, following such expiration and noncompliance as described in the preceding sentences, the Administrative Agent and the Lenders shall have all rights and remedies under the Credit Agreement and any other Loan Document or otherwise that the Administrative Agent and the Lenders would have had if any such waiver had never been granted; and

(e) the Lenders hereby waive, for the period commencing the Effective Date and ending on the date which is ten (10) Business Days following the Effective Date, any Event of Default or Unmatured Event of Default arising solely out of the Borrower's breach of Section 7.1(b) of the Credit Agreement as a result of the Borrower's failure to deliver its audited annual financial statements for the Fiscal Year ending November 30, 2001 within ninety (90) days after the end of such Fiscal Year, as required by the terms of said Section. Upon expiration of the waiver set forth in the preceding sentence without compliance by the Borrower with the requirements specified in said Section, such waiver shall be automatically revoked and the requirements of the Credit Agreement waived thereby shall again be in full force with retroactive effect to the date specified in the Credit Agreement. In such case, following such expiration and noncompliance as described in the preceding sentence, the Administrative Agent and the Lenders shall have all rights and remedies under the Credit Agreement and any other Loan Document or otherwise that the Administrative Agent and the Lenders would have had if any such waiver had never been granted.

3. Consent of Lenders to Equity. The Administrative Agent and the Lenders hereby consent (i) to the issuance by the Borrower of Capital Stock in connection with the Equity Capital and (ii) to the issuance of warrants of the Borrower in connection with the Subordinated Notes. The Administrative Agent and the Lenders further agree that such consents described in the preceding sentence shall be in satisfaction of the consents required pursuant to Section 8.6(b) of the Credit Agreement with respect to the actions described in clauses (i) and (ii), provided that such issuance shall in all other respects be subject to said Section 8.6(b).

4. Subordination and Intercreditor Acknowledgements by Parties. (a) Each of the Borrower and the Subsidiary Guarantor covenants and agrees, and the Term A Lenders and the Revolving Lenders acknowledge and agree that the payment of any and all of the Term A Loans and the Revolving Loans (i) from the proceeds of the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate, the AFC Collateral or the Assignment and Pledge Collateral shall be subordinate and subject in right and time of payment, to the extent and in the manner set forth in this Amendment No. 4, to the prior indefeasible payment in full in cash of all Term C Loans of the Initial Term C Lenders (collectively, the "First Priority Loans") and (ii) from the proceeds of the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate and/or the Assignment and Pledge Collateral shall be subordinate and subject in right and time of payment, to the extent and in the manner set forth in this Amendment No. 4, to the prior indefeasible payment in full in cash of all Term A Loans and

Revolving Loans of the Initial Term C Lenders (the "Second Priority Loans"). Each Initial Term C Lender, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Term C Loans in reliance upon the provisions contained in this Amendment No. 4.

(b) With respect to the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate, the AFC Collateral and/or the Assignment and Pledge Collateral, the First Priority Loans and, with respect to the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate and/or the Assignment and Pledge Collateral, the Second Priority Loans shall, in each case, continue to be treated as senior in priority to the Term A Loans and Revolving Loans of the Lenders (other than the Initial Term C Lenders which shall for any purposes constitute Second Priority Loans), and the provisions of this Amendment No. 4 shall continue to govern the relative rights and priorities of the Lenders even if all or part of the First Priority Loans or, with respect to the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate and/or the Assignment and Pledge Collateral, the Second Priority Loans or the security interests securing the First Priority Loans or, with respect to the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate and/or the Assignment and Pledge Collateral, the Second Priority Loans are subordinated (other than the Second Priority Loans being subordinated to the First Priority Loans), set aside, avoided, invalidated or disallowed in connection with any dissolution, insolvency or other bankruptcy or winding up proceeding, or if for any reason the documentation regarding the creation of such security interests is not executed or delivered by the Borrower or any of its Subsidiaries, as applicable, or such documentation is not recorded, and this Amendment No. 4 shall be reinstated if at any time any payment of any of the First Priority Loans or, with respect to the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate and/or the Assignment and Pledge Collateral, the Second Priority Loans is rescinded or must otherwise be returned by any holder of the First Priority Loans or, with respect to the Mortgaged Nevada/California Real

Estate, the Mortgaged California Real Estate and/or the Assignment and Pledge Collateral, the Second Priority Loans or any representative of such holder.

(c) The Term A Lenders and the Revolving Lenders hereby waive any rights any Lender may have under applicable law to assert the doctrine of marshaling or to otherwise require the Administrative Agent, the Collateral Agent or the Initial Term C Lenders to marshal any property of the Borrower or any of the guarantors of the First Priority Loans or, with respect to the Mortgaged Nevada/California Real Estate, the Mortgaged California Real Estate and/or the Assignment and Pledge Collateral, the Second Priority Loans, for the benefit of the Term A Lenders and the Revolving Lenders.

(d) THE LENDERS AGREE THAT NO LENDER WILL, NOR WILL ANY LENDER ENCOURAGE ANY OTHER PERSON TO, AT ANY TIME, CONTEST THE VALIDITY, PERFECTION, PRIORITY OR ENFORCEABILITY OF THE FIRST PRIORITY LOANS OR THE SECOND PRIORITY LOANS, THE LOAN DOCUMENTS OR THE LIENS OR SECURITY INTERESTS (INCLUDING WITHOUT LIMITATION THE PRIORITY OF SUCH LIENS AND SECURITY INTERESTS) OF THE ADMINISTRATIVE AGENT OR THE COLLATERAL AGENT, AS THE CASE MAY BE, IN FAVOR OF THE INITIAL TERM C LENDERS IN THE COLLATERAL SECURING THE FIRST PRIORITY LOANS OR THE SECOND PRIORITY LOANS, AS THE CASE MAY BE, OR THE ORDER OF PAYMENT OF PROCEEDS, ALL AS DESCRIBED IN SECTION 1(BB) OF THIS AMENDMENT NO. 4 AND AS SET FORTH IN THE LOAN DOCUMENTS.

5. Representations and Warranties. As of the date hereof, the Borrower hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) After giving effect to this Amendment No. 4 (i) no Unmatured Event of Default or Event of Default shall have occurred or be continuing and (ii) the representations and warranties of the Borrower contained in the Loan Documents shall each be true and correct in all material respects at and as of the date hereof to the same extent as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which event such representation and warranties shall be true and correct as of such specified date.

(b) The execution, delivery and performance, as the case may be, by the Borrower of this Amendment No. 4 and the other documents

and transactions contemplated hereby are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action (including, without limitation, all necessary shareholder approvals) of the Borrower, shall have received all necessary governmental approvals, and do not and will not contravene or conflict with any provision of law applicable to the Borrower, the certificate or articles of incorporation or bylaws of the Borrower, or any order, judgment or decree of any court or other agency of government or any contractual obligation binding upon the Borrower.

(c) Each of this Amendment No. 4, the Credit Agreement and any other Loan Document is the legal, valid and binding obligation of the Borrower enforceable against

the Borrower in accordance with its respective terms, except to the extent enforceability is limited by bankruptcy, insolvency or similar laws affecting the rights of creditors generally or by application of general principles of equity.

6. Conditions. This Amendment No. 4 shall become effective as of the date first above written; provided, that the Administrative Agent shall have received:

(a) counterparts of this Amendment No. 4 duly executed by the Borrower, the Subsidiary Guarantors, the Administrative Agent and the percentage of Lenders required by the Credit Agreement;

(b) duly executed originals of the Term C Notes executed by the Borrower;

(c) duly executed originals of a certificate of the Chief Executive Officer or Chief Financial Officer of the Borrower and each other Credit Party, dated as of the date hereof, stating that (A) since November 30, 2000 (i) no event or condition has occurred or is existing which could reasonably be expected to have a Material Adverse Effect; (ii) there has been no material adverse change in the industry in which the Borrower or such Credit Party operates; (iii) no litigation has been commenced which, if successful, would have a Material Adverse Effect or could challenge any of the transactions contemplated by the Credit Agreement and the other Loan Documents; (iv) there have been no Restricted Payments made by the Borrower or any of its Subsidiaries other than in accordance with the Credit Agreement; and (v) there has been no material increase in liabilities, liquidated or contingent, and no material decrease in assets of any Borrower or any of its Subsidiaries, and (B) all necessary governmental (domestic and foreign) and third party approvals in connection with the Credit Agreement and the transactions contemplated by this Amendment No. 4 have been obtained and remain in effect;

(d) copies of schedules to the Credit Agreement, updated from the schedules delivered as of December 28, 2000, in form and substance satisfactory to the Administrative Agent and the Required Lenders;

(e) pro forma (after giving effect to this Amendment No. 4, including the initial funding of the Term C Facility) financial statements in form and substance satisfactory to the Administrative Agent and the Required Lenders;

(f) duly executed original of a legal opinion of (i) Vedder Price Kaufman & Kammholz, special counsel to the Borrower, (ii) William R. Phillips, General Counsel of the Borrower, and (iii) Hunter Richey Di Benedetto & Eisenbeis, LLP, special California counsel to the Borrower, each dated as of the

Effective Date and in form and substance satisfactory to the Administrative Agent and the Required Lenders;

(g) from the Borrower, without setoff, deduction or counterclaim, a non-refundable commitment fee for the account of each Initial Term C Lender that has executed and delivered (including delivery of way of facsimile) a copy of this Amendment No. 4 to the attention of Kay McNab at Winston & Strawn, 35 West Wacker Drive, Chicago, Illinois 60601, telecopy number 312-558-5700, at or prior to 2:00 p.m. (New York City time), on the Effective Date, in an amount equal to 2.00% of such Lender's Term C Commitment as of the Effective Date of this Amendment No. 4;

(h) from the Borrower, without setoff, deduction or counterclaim, a non-refundable amendment fee for the account of each Lender that has executed and delivered (including delivery of way of facsimile) a copy of this Amendment No. 4 to the attention of Kay McNab at Winston & Strawn, 35 West Wacker Drive, Chicago, Illinois 60601, telecopy number 312-558-5700, at or prior to 2:00 p.m. (New York City time), on the Effective Date, in an amount equal to 0.25% of the sum of such Lender's Revolving Commitment and Term A Loans as of the Effective Date of this Amendment No. 4; and

(i) from the Borrower all fees and expenses of legal counsel to the Administrative Agent to the extent then invoiced.

7. Affirmation of Subsidiary Guarantors. By its signature set forth below, each Subsidiary Guarantor hereby confirms to the Administrative Agent and the Lenders that, after giving effect to this Amendment No. 4 and the transactions contemplated hereby, the Subsidiary Guaranty of such Subsidiary Guarantor and each other Loan Document to which such Subsidiary Guarantor is a party continues in full force and effect and is the legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

8. Successors and Assigns. This Amendment No. 4 shall be binding on and shall inure to the benefit of the Borrower, the Administrative Agent, the Lenders and their respective successors and assigns; provided that the Borrower may not assign its rights, obligations, duties or other interests hereunder without the prior written consent of the Administrative Agent and the Lenders. The terms and provisions of this Amendment No. 4 are for the purpose of defining the relative rights and obligations of the Borrower, the Administrative Agent and the Lenders with respect to the transactions contemplated hereby and there shall be no third party beneficiaries of any of the terms and provisions of this Amendment No. 4.

9. Entire Agreement. This Amendment No. 4, the Credit Agreement (as amended hereby) and the other Loan Documents constitute the entire agreement of the parties with respect to the subject matter hereof.

10. Incorporation of Credit Agreement. The provisions contained in Sections 12.4, 12.9 and 12.10 of the Credit Agreement are incorporated herein by reference to the same extent as if

reproduced herein in their entirety with respect to this Amendment No. 4.

11. Amendment; Waiver. The parties hereto agree and acknowledge that nothing contained in this Amendment No. 4 in any manner or respect limits or terminates any of the provisions of the Credit Agreement or any of the other Loan Documents other than as amended as expressly set forth herein and further

agree and acknowledge that the Credit Agreement (as amended hereby) and each of the other Loan Documents remain and continue in full force and effect and are hereby ratified and confirmed. Except to the extent expressly set forth herein, the execution, delivery and effectiveness of this Amendment No. 4 shall not operate as a waiver of any rights, power or remedy of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document. No delay on the part of any Lender or the Administrative Agent in exercising any of their respective rights, remedies, powers and privileges under the Credit Agreement or any of the Loan Documents or partial or single exercise thereof, shall constitute a waiver thereof. On and after the Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Credit Agreement in the Loan Documents and all other documents delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement, as amended hereby.

12. Captions. Section captions used in this Amendment No. 4 are for convenience only, and shall not affect the construction of this Amendment No. 4.

13. Severability. Whenever possible each provision of this Amendment No. 4 shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment No. 4 shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment No. 4.

14. Counterparts. This Amendment No. 4 may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment No. 4 by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment No. 4.

[signature pages immediately follow]

IN WITNESS WHEREOF, this Amendment No. 4 has been duly executed as of the date first written above.

GENCORP INC.

By: /s/ Yasmin Seyal

Name: Yasmin Seyal
Title: Senior Vice President, Finance

Signature Page to Amendment No. 4 and Waiver

AEROJET-GENERAL CORPORATION, as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasurer

Signature Page to Amendment No. 4 and Waiver

AEROJET ORDNANCE TENNESSEE, INC., as Subsidiary Guarantor

By: /s/ Brian E. Sweeney

Name: Brian E. Sweeney
Title: Vice President and Secretary

Signature Page to Amendment No. 4
and Waiver

GENCORP PROPERTY INC.,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasurer

Signature Page to Amendment No. 4
and Waiver

PENN INTERNATIONAL INC.,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasuer

Signature Page to Amendment No. 4
and Waiver

GDX LLC, as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasurer

Signature Page to Amendment No. 4
and Waiver

GDX AUTOMOTIVE INC.,
as Subsidiary Guarantor

By: /s/ Yasmin R. Seyal

Name: Yasmin R. Seyal
Title: Treasurer

Signature Page to Amendment No. 4
and Waiver

BANKERS TRUST COMPANY,
as Lender and Administrative Agent

By: /s/ Marguerite Sutton

Name: Marguerite Sutton
Title: Vice President

Signature Page to Amendment No. 4
and Waiver

BANK ONE, NA,
as Lender

By: /s/ Karen C. Ryan

Name: Karen C. Ryan
Title: Director

Signature Page to Amendment No. 4
and Waiver

ABN AMRO Bank N.V.,
as Lender

By: /s/ Terrence J. Ward

Name: Terrence J. Ward
Title: Group Vice President

By: /s/ Mary L. Honda

Name: Mary L. Honda
Title: Group Vice President

Signature Page to Amendment No. 4
and Waiver

THE BANK OF NEW YORK,
as Lender

By: /s/ Elizabeth T. Ying

Name: Elizabeth T. Ying
Title: Vice President

Signature Page to Amendment No. 4
and Waiver

THE BANK OF NOVA SCOTIA,
as Lender

By: /s/ Mark Sparrow

Name: Mark Sparrow
Title: Director

Signature Page to Amendment No. 4
and Waiver

NATIONAL CITY BANK,
as Lender

By: /s/ Brian J. Cullina

Name: Brian J. Cullina
Title: Senior Vice President

Signature Page to Amendment No. 4
and Waiver

THE NORTHERN TRUST COMPANY,
as Lender

By: /s/ Melissa A. Whitson

Name: Melissa A. Whitson
Title: Vice President

Signature Page to Amendment No. 4
and Waiver

WELLS FARGO BANK, N.A.,
as Lender

By: /s/ Scott D. Moldoff

Name: Scott D. Moldoff
Title: Vice President

Signature Page to Amendment No. 4
and Waiver

Item No. 10.9
Exhibit B

P.O. Box 537012
Sacramento, CA 95853-7012

[GENCORP LOGO]
WILLIAM R. PHILLIPS
Senior Vice President, Law
General Counsel and Secretary

Tel: (916) 351-8510
Fax: (916) 351-8665
William.Phillips@GenCorp.com

November 30, 2001

Mr. Robert A. Wolfe
Chairman, Chief Executive Officer & President
GenCorp Inc.
P.O. Box 537012
Sacramento, CA 95853-7012

Re: Employment Retention Agreement

Dear Mr. Wolfe:

As you are aware, you have discussed the possibility of your early retirement with the Board of Directors of GenCorp Inc. ("Board"). The Board has expressed a strong desire that you continue to serve in your present capacity for at least another two years, through November 30, 2003. As a consequence, I have been authorized by the Board to offer you this Employment Retention Agreement ("Agreement") upon the terms approved by the Board at its meeting of September 7, 2001, and subject only to the approval of this Agreement by the Chairman of the Organization and Compensation Committee (the "Committee") (which approval shall be evidenced by his signature on this Agreement).

From the date hereof until November 30, 2003, you will continue to serve as Chairman of the Board of Directors ("Chairman"), Chief Executive Officer ("CEO"), and President, as well as a Director, of GenCorp Inc. ("GenCorp"). You will continue full-time performance of all duties that you heretofore have performed in these capacities and have the same authority as you previously had. Your employment shall be subject to termination at will by notice from you or GenCorp, subject to the severance provisions of this Agreement.

For performance of these services, GenCorp will continue to pay your annual compensation consisting of a base salary of not less than your current $540,000.00 per year and year-end Management Incentive Compensation pursuant to the plan currently in place, or any new plan that may in the future be adopted in the sole discretion of the Board. For so long as you remain employed by GenCorp in your present capacity: (i) both your base salary and your year-end Management Incentive Compensation opportunity and target shall be adjustable (upwards but not downwards), in the sole discretion of the Board, on an annual basis; and, (ii) you will continue to be eligible for your present benefits under GenCorp's employee benefit plans and executive perquisite programs (as those plans may, in the sole discretion of GenCorp, be modified in the future), including without limitation, the following: (a) GenCorp Consolidated Pension Plan, (b) Aerojet-General Corporation Consolidated Pension Plan, (c) GenCorp Retirement Savings Plan, (d) GenCorp Benefits Restoration Plan, (e) GenCorp Medical Plan, (f) GenCorp Dental Plan, (g) GenCorp Flexible Benefits Plan, (h) Employee Assistance Program, (i) Sick-Pay Program, (j) Short-Term Disability Plan, (k) Long-Term Disability Plan, (l) Accidental Death and Dismemberment Insurance, (m) Life Insurance, (n) Group Universal Life Insurance, (o) Vacation Program, (p) Holiday Pay, (q) Deferred Bonus Plan, (r) Country Club Membership, (s) Executive Physical, and (t) Financial Planning Assistance (AYCO); and, (iii) you shall continue to be eligible, in the good faith discretion of the Board, for new grants

of GenCorp stock options and GenCorp restricted stock in accordance with the 1999 Equity and Performance Incentive Plan, and any subsequently adopted GenCorp

equity participation plan.

This Agreement shall not modify your other employment related agreements presently in force, to-wit: Severance Agreement, dated October 1, 1999 ("Severance Agreement"); Indemnification Agreement, dated October 1, 1999; Stock Option Agreements, dated September 1, 1997, March 25, 1998, March 30, 1999, December 16, 1999, and January 16, 2001; and Restricted Stock Agreements dated February 1, 2000 and January 16, 2001 (in the aggregate, "Prior Contracts"). Should your employment by GenCorp in your present capacity terminate prior to November 30, 2003 for any reason other than death, disability, a Change of Control (as defined in Paragraph 1.(d) of your Severance Agreement) or at the will of GenCorp, all compensation and benefits (including without limitation, pension and vesting of stock options and restricted stock) to which you are entitled on or after the date your employment terminates shall be determined by the Prior Contracts and by the Company's employee benefit plans described above, in accordance with their terms.

If you continue to serve in your present capacity to November 30, 2003, or if GenCorp elects to terminate your employment prior to that date for any reason other than Cause, you shall:

a. Be eligible to receive an annual pension payment (the "Pension Benefit") equal to the greater of $248,860.26 and the amount calculated as set forth below commencing upon your termination of employment. This pension payment shall consist of pension payments made from the appropriate combination of the Aerojet-General Corporation Consolidated Pension Plan and the GenCorp Consolidated Pension Plan (collectively "Pension Plan"); the GenCorp Benefit Restoration Plan (the "Restoration Plan"); and, an Enhanced Pension Benefit paid to you as an unsecured creditor from the cash assets of GenCorp. Your Pension Benefit will be calculated based upon: (a) the formulas in the Pension Plan; (b) your actual age; (c) your actual service credits plus ten whole years of service credit; and, (d) your actual final five year average annual plan compensation for you, but not less than $764,224.80. Pension Benefits will be paid as provided under the applicable Pension Plan and Restoration Plan (generally as an annuity over your lifetime) and the Enhanced Pension Benefit will be paid in an actuarially equivalent five equal annual installments commencing promptly following the date of your retirement. The amount of the Enhanced Pension Benefit shall consist of the difference between (i) your pension benefit calculated as described above, and (ii) your normal pension benefit to be paid as calculated under the normal terms of the Pension Plan and the Restoration Plan. The actuarial equivalent value of this difference shall be calculated using the same discount factors and mortality table as utilized in connection with the 2001 GenCorp Voluntary Enhanced Retirement Program under the 2001 Supplemental Retirement Plan for GenCorp Executives, and the resulting value will be paid to you (and in the event of your death, to your estate, except to the extent, if any, legally required to be paid to your spouse) in five equal installments, provided that you may designate another beneficiary at any time prior to commencement of payment by written notice to GenCorp (with such consent, if any, as shall be legally required of your spouse). Additionally, you may elect payment of the pension offered in this Agreement in the form of a life annuity or a 100% or 50% joint and survivor annuity, with your wife as the joint annuitant. Any of these optional annuity forms of payment shall be the actuarial equivalent of the pension amount calculated in accordance with the terms and procedures applicable under the Pension Plan, and this Agreement. Any alternative form must be elected or revoked at least one (1) year prior to your retirement date.

b. Receive immediate vesting of all unexercised GenCorp stock options granted to you prior to November 30, 2003, which shall remain exercisable for the periods specified in the original grants (i.e., the remainder of the term of the grant);

c. Receive immediate vesting of all GenCorp restricted stock granted to you prior to November 30, 2003;

d. Receive in a lump-sum an amount equal to the Base Salary, if any, that would have been paid to you through November 30, 2003;

e. Receive any accrued amounts including any earned but unpaid Base Salary, accrued but unused vacation, unreimbursed business expenses and earned bonus for any completed fiscal year and any amount or benefit due under any benefit plan (the "Accrued Amounts");

f. Receive a pro rata bonus for the fiscal year of termination based on actual results and the period of the year during which you were employed by GenCorp (the "Pro Rata Bonus").

As used herein, "Cause" shall have the same meaning as defined in Paragraph 1(c) of your Severance Agreement except that subpart (c)(i) shall only be Cause if such violation is a felony and you are convicted or plead guilty or nolo contendre to it (and it is not as a result of your vicarious liability), (ii), (iii) and (iv) shall only be Cause if the violation is injurious to GenCorp. A material breach of this Agreement by GenCorp, including but not limited to the first two sentences of the second paragraph of this Agreement, that remains uncured for ten (10) days after written notice thereof is given by you, or the relocation of your office by more than fifty (50) miles from its present location at the Aerojet facility in Sacramento, California shall be deemed a termination at the will of and by GenCorp without Cause.

If you die prior to November 30, 2003 while employed by GenCorp, or while you are totally disabled (with the onset of your disability having occurred while you were employed by GenCorp), GenCorp will: (i) pay the Enhanced Pension Benefit offered in this Agreement to your estate, unless otherwise required by law, calculated as if you had retired on November 30, 2003, unless prior to your death, with the concurrence of GenCorp, you have elected a different one of the alternative payout options offered in this Agreement to take effect in the case of your death, in which case the pension shall be paid in accordance with your election and provided that you may designate another beneficiary at any time prior to your death by written notice to GenCorp (with such consent, if any, as shall be legally required of your spouse); (ii) vest all unvested GenCorp stock options held by you upon your death which shall remain exercisable by your beneficiary for the periods specified in the original grants (i.e., the remainder of the term of the grant); (iii) vest all unvested GenCorp restricted stock held by you upon your death and transfer that stock to your estate; and (iv) pay to your estate, unless otherwise required by law, any Accrued Amounts, and Pro Rata Bonus.

If you become totally disabled and unable to perform your duties as Chairman, CEO and President, and such disability is expected to continue for at least 6 consecutive months, GenCorp shall pay you a monthly disability benefit equal to one-twelfth of the sum of your base salary rate and target bonus plus your benefits until the first to occur of the following events: (i) you are able to resume performance of your duties; or (ii) November 30, 2003, at which time you shall be eligible to retire and receive the pension and vesting of GenCorp stock options and GenCorp restricted stock described in this Agreement. However, such disability benefit shall be reduced by the amount of any disability benefit payments which you are entitled to receive under the GenCorp Long-Term Disability Plan or pursuant to federal law until such time as you retire. You shall also receive Accrued Amounts and a Pro Rata Bonus to the extent these amounts are not duplicative of amounts previously paid to you.

In the event a Change in Control of GenCorp occurs prior to November 30, 2003, while you are serving in your present capacity or while you are totally disabled (with the onset of your disability having occurred while you were employed by GenCorp), you shall be entitled to the full benefit of your Severance Agreement and the full benefit of this Agreement. In addition, this Employment Retention Agreement shall take precedence over those provisions of the Pension Plan which address Change in Control.

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 GenCorp has disclosed to you except in compliance with legal process or, while you are an executive of the Company, as you deem appropriate in your good faith

judgment. 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, financial performance or any other aspects of the business of GenCorp and/or any of its subsidiaries.

For a period of three years following the termination of your employment with GenCorp, you will not perform, directly or indirectly, any consulting or other services for or on behalf of any company or person in respect of any business operations which are in material competition with GenCorp's material businesses, provided that the foregoing shall not prevent you from providing consulting or other services in respect of noncompetitive business operations of a person or entity that also has competitive business operations.

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.

As a condition of receiving the benefits hereunder upon termination, you further agree to provide GenCorp a release, generally in the form attached hereto as Exhibit A, upon termination of your employment under circumstances that will result in payment of the benefits offered in this Agreement.

On any termination, except a termination for Cause or a termination initiated by you prior to November 30, 2003 (which is not deemed a termination without Cause by GenCorp), you will also receive the items on Exhibit B hereto. This Agreement constitutes the entire understanding between you and GenCorp regarding the incentives the Board is offering you to continue your employment in your present capacity through November 30, 2003. Except as expressly provided in this Agreement, this Agreement may not be changed, amended or terminated, in whole or in part, except by a writing executed by you and an authorized representative of GenCorp. This Agreement shall in all respects be construed in accordance with the laws of the State of Ohio. This Agreement shall be binding upon and shall inure to the benefit of successors and assigns of GenCorp, including any successor resulting from a change in control, provided the Agreement may only be assigned by GenCorp only to a successor to all or substantially all of its business and then only upon such successor promptly delivering to you a written assumption of this Agreement. Any dispute under this Agreement shall be resolved by arbitration in Sacramento, California before one arbitrator under the jurisdiction of the American Arbitration Association (the "AAA") pursuant to the applicable AAA rules. The judgment of the arbitrator shall be final and binding on the parties and judgment upon it may be entered in any court of competent jurisdiction. Each party shall bear its own costs and legal fees and shall equally divide those of the AAA and the arbitrator, provided that the arbitrator may award the prevailing party (as determined by the arbitrator) his or its costs and his or its reasonable legal fees and disbursements, provided that no award shall be made against you unless the arbitrator shall determine that you took the material portion of your position in bad faith or that your claim was frivolous.

GENCORP INC.

/s/ William R. Phillips

William R. Phillips
Senior Vice President, Law, General Counsel
and Secretary

DATE: November 30, 2001

ACCEPTED AND AGREED

/s/ Robert A. Wolfe

Robert A. Wolfe
Chairman, Chief Executive Officer and President

DATE: November 30, 2001

APPROVED:

/s/ William K. Hall

William K. Hall
Chairman Organization & Compensation Committee
GenCorp Board of Directors

EXHIBIT A

RELEASE OF CLAIMS

In consideration for the amounts to be paid to me under the Employment Retention Agreement with GenCorp Inc. dated November 30, 2001, ("Agreement"), I hereby irrevocably and unconditionally release any and all claims described in subsection (i) hereafter that I may now have against the following persons or entities (the "Releasees"): GenCorp Inc., all related, affiliated or subsidiary companies of GenCorp, and their predecessors, successors and assigns; 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 in such capacities.

(i) CLAIMS RELEASED: Except as provided in subsection (iii), the claims released include all claims, promises, debts, causes of action or similar rights of any type or nature that I have or had which in any way relate to: (a) my employment with GenCorp, or the termination of that employment through voluntary retirement, such as claims for compensation, bonuses, commissions, or lost wages, (b) the design or administration of any employee benefit plan or program, other than my rights as a participant in the employee benefit programs and the Prior Agreements described in the Agreement, (c) any rights to severance or similar benefits under any employment agreement, any termination Agreement, or any related program, policy or procedure of GenCorp, except my Severance Agreement which shall remain in effect, (d) any other claims or demands I may have against the Releasees. The claims released, for example, may have arisen under any of the following statutes or common law doctrines:

ANTI-DISCRIMINATION STATUTES including, without limitation, 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 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 Sections 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 including, without limitation, 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 welfare benefits; and the Fair Labor Standards Act of 1938, which regulates wage and hour matters.

OTHER LAWS including, without limitation, 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 ss.ss. 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 retaliation or wrongful discharge, physical or personal injury, emotional distress, fraud, negligent misrepresentation, libel, slander, defamation, whistleblower and similar or related claims.

(ii) RELEASE EXTENDS TO BOTH KNOWN AND UNKNOWN CLAIMS: This Release covers both claims that I know about and those that I may not know about. I hereby expressly waive all rights afforded by any statute (including Section 1542 of the Civil Code of the State of California) which limits the effect of a release with respect to unknown claims. 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.

I understand the significance of this Release of unknown claims and my waiver of statutory protection against a release of unknown claims (such as under Section 1542).

(iii) CLAIMS NOT RELEASED: This Release does not release: (a) my right to enforce any provision of the Agreement; (b) my rights as a participant, if any, to unpaid salary, pension, welfare and/or COBRA benefits under any GenCorp employee benefit plan or program, except to the extent that any claim was rejected or denied, either as to me or as to other similarly situated employees, before the Agreement and this Release of Claims become effective; or (d) any right to indemnity relating to third-party claims against me arising out of the course or scope of my employment, and granted under the Articles of

Incorporation, the Corporate Code of Regulations, my Indemnification Agreement and/or by operation of law or (e) any rights to directors and officers liability insurance.

(iv) Ownership of Claims: I hereby represent that I have not assigned or transferred, or purported to assign or transfer, all or any part of any claim released herein.

Date _____ _____

Robert A. Wolfe

EXHIBIT B

1. Office and secretarial support for 3 years.

2. Charitable matching contributions for 3 years.

3. Financial planning and tax preparation for 3 years.

4. Existing home security equipment, home computer, laptop and similar equipment.

5. Transfer of current country club membership to Executive.

Exhibit C

2001 SUPPLEMENTAL RETIREMENT PLAN FOR GENCORP EXECUTIVES

2001 SUPPLEMENTAL RETIREMENT
PLAN FOR GENCORP EXECUTIVES

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Appendix A Summary Description - 2001 GenCorp Voluntary Enhanced Retirement Program (Non-Qualified), September 27, 2001

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2001 SUPPLEMENTAL RETIREMENT PLAN FOR GENCORP EXECUTIVES

ARTICLE 1: INTRODUCTION

1.1 GenCorp Inc. hereby adopts this 2001 Supplemental Retirement Plan for GenCorp Executives ("Plan") to provide supplemental retirement benefits to certain salaried employees on its corporate payroll who elect to retire as herein provided. In so doing, GenCorp's intention is that the Plan will be a pension plan within the meaning of Section 3(2) of the Employee Retirement Income Security Act of 1974 ("ERISA"), but not a tax-qualified plan, and the benefit herein provided will supplement the pension benefits for which such employees are eligible under the GenCorp Consolidated Pension Plan (Program B) ("Pension Plan").

The provisions of this Plan are intended to reflect and incorporate the terms of the 2001 GenCorp Voluntary Enhanced Retirement Program (Non-Qualified Plan) as set forth in the attached Appendix A (Summary Description, dated September 27, 2001) and Appendix B (Supplemental Q & A's, dated November 5, 2001). If there is any unintended substantive difference between the Appendices and this document, the terms of the Appendices will control.

1.2 For purposes of the Plan, "retire," "to retire, " and "retirement" mean the final and complete severance of employment with GenCorp for all purposes, including all benefit plans sponsored by GenCorp for active and former employees, on the applicable Retirement Date.

1.3 This plan document contains all information required by law to be provided to employees and will be filed with the U.S. Department of Labor as the summary plan description for the Plan.

1.4 The Plan is effective as of December 1, 2001.

ARTICLE 2: DEFINITIONS

2.1 "Beneficiary" means a named beneficiary, joint annuitant, or surviving spouse of a deceased Participant. Notwithstanding the foregoing sentence, the Beneficiary for benefits accrued under Article 4 shall be the beneficiary as determined under the Pension Plan for death benefits payable thereunder.

2.2 "Benefits Restoration Plan" means the Benefits Restoration Plan for Salaried Employees of GenCorp Inc. and Certain Subsidiary Companies.

2.3 "Code" means the Internal Revenue Code of 1986, as presently in effect or hereafter amended.

2.4 "Company" means GenCorp Inc.

2.5 "Committee" means the Administrative Committee designated under the Pension Plan.

2.6 "Effective Date" means December 1, 2001.

2.7 "ERISA" means the Employee Retirement Income Security Act of 1974, as presently in effect or as hereafter amended.

2.8 "Normal Pension Benefit" means the combined monthly pension benefit under the Pension Plan and, if applicable, the Benefits Restoration Plan.

2.9 "Participant" means an employee of the Company who meets the eligibility requirements for participation in the Plan as set forth in Section 3.

2.10 "Pension Plan" means the GenCorp Consolidated Pension Plan (Program `B').

2.11 "Plan" means the plan set forth in this instrument and known as the "2001 Supplemental Retirement Plan for GenCorp Executives." The Plan incorporates the terms of the 2001 GenCorp Voluntary Enhanced Retirement Program as set forth in Appendix A and Appendix B attached hereto.

2.12 "Plan Administrator" means the Company.

2.13 "Retirement Date" means the date designated by the Company, in its sole discretion, upon which a Participant's employment with the Company will terminate. A Participant's Retirement Date will be at the completion of the Participant's Salary Continuation period determined in accordance with Section 4.2 .

2.14 "Vesting Service" means Vesting Service as determined under the Pension Plan.

ARTICLE 3: ELIGIBILITY

In order to participate in this Plan and accrue benefits as described in Article 4, an individual must (i) be a salaried employee on the Company's corporate payroll who, as of September 12, 2001, had either (A) attained the age of 50 and completed at least 5 years of Vesting Service; (B) completed 25 years of Vesting Service, regardless of age; or (C) completed at least 5 years of Vesting Service and attained sufficient age and service in order to qualify for an Early Retirement Pension once the additional age and service credits afforded under this Plan are considered; (ii) be a participant under the Pension Plan; (iii) retire pursuant to the GenCorp 2001 Voluntary Enhanced Retirement Program (effective September 27, 2001), but be ineligible to receive the benefit

enhancements provided thereunder through the Pension Plan; and (iv) be among a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA. Once an eligible individual becomes a Participant, such individual shall continue to be a Participant until the complete distribution to the Participant (or Beneficiary, if applicable) of all benefits accrued under the Plan.

ARTICLE 4: SUPPLEMENTAL RETIREMENT BENEFITS

4.1 ENHANCED PENSION BENEFIT.

(a) A Participant's Enhanced Pension Benefit will be calculated by (i) adding a combination of ten (10) additional whole years of age and service credits to the Participant's Vesting and Benefit Service and age under the Pension Plan in accordance with subsection (b), as of the Participant's designated Retirement Date hereunder; and (ii) subtracting the Participant's Normal Pension Benefit.

(b) The allocation of whole years between age and service that

yields the highest benefit will be used to compute the Participant's Enhanced Pension Benefit, provided such allocation would make the Participant eligible for an Early Retirement Pension (age 55 with 10 years of service) under the Pension Plan as of December 1, 2001.

4.2 SALARY CONTINUATION.

(a) Participants will be eligible for Salary Continuation according to the following schedule:

Level	Amount
Corporate Officers under Spinoff-related Contracts	24 mos. Base Salary & Bonus @ 50% of Eligibility
Other Corporate Officers	18 mos. Base Salary
Senior Management	6 mos. Base Salary

(b) Salary Continuation will commence on a date designated by the Company, which date shall not be earlier than December 1, 2001 and not later than December 1, 2002. Upon completion of Salary Continuation, eligible GenCorp Executives will be deemed to have reached their designated Retirement Date.

(c) Salary Continuation, including any bonus, will be paid on a bi-weekly basis, and will be considered compensation under the Pension Plan and the Benefits Restoration Plan, with age and service credit afforded through the duration of Salary Continuation. Taxes will be withheld as required from Salary Continuation payments.

(d) While on Salary Continuation, Participants will be employed on "Special Assignment" and will be eligible to participate in all GenCorp pension and welfare benefit plans, programs and perquisites, according to their terms, with the exception of:

(i) Previously granted stock options will NOT continue to vest while on Salary Continuation, nor will additional stock options be granted. However, those stock options previously granted and vested will be exercisable in accordance with the terms of their grant by Participants during Salary Continuation, and thereafter as retirees.

(ii) Except for bonus amounts to be paid during Salary Continuation to certain Corporate Officers under Spinoff-related Contracts, Participants will NOT be eligible for, and will not earn, annual bonuses under the GenCorp Executive Incentive Compensation Plan while on Salary Continuation. However, such Participants will be eligible for any bonus, including any pro-rata bonus, attributable to service prior to commencement of Salary Continuation, and specifically, any bonus earned for service in the 2001 and 2002 fiscal years.

(iii) Additional restricted shares under the 1999 Equity and Incentive Compensation Plan will NOT be granted to Participants on Salary Continuation. However, Participants will be eligible to retain previously granted restricted shares that have vested, including (A) those restricted shares that vest in February 2002 as the result of achieving performance objectives in fiscal year 2001, and (B) for Participants who work throughout the entire fiscal year 2002, those restricted shares that vest in February 2003 as a result

of achieving performance objectives in fiscal year 2002.

(iv) Participants will not be eligible to participate in any plans, programs or perquisites not listed in the response to Question No. 46 in the Summary Description (Non-Qualified Plan) for the 2001 GenCorp Voluntary Enhanced Retirement Program.

4.3 RETIREE MEDICAL BENEFITS. Participants will be eligible to participate in the GenCorp Retiree Medical Plan, according to the terms of that plan as it may be amended, modified or terminated. Employees initially hired at GenCorp on or after January 1, 1995, or initially hired at Aerojet on or after January 1, 1997, are not eligible for retiree medical benefits under the GenCorp Retiree Medical Plan, or under this Plan.

If the Participant should die before his Retirement Date, his surviving spouse (if any) will be eligible to participate in the GenCorp Retiree Medical Plan (if the Participant was otherwise eligible to participate) as if the Participant had already retired.

4.4 PRE-RETIREMENT FINANCIAL COUNSELING & OUTPLACEMENT SUPPORT. Pre-retirement financial counseling and outplacement support will be provided to Participants in a form and duration to be determined by the Company, at its discretion.

ARTICLE 5: VESTING

Benefits accrued under Article 4 shall be immediately vested and non-forfeitable.

ARTICLE 6: PAYMENT OF BENEFITS

6.1 PAYMENT OF ENHANCED PENSION BENEFIT. The Enhanced Pension Benefit will be paid, commencing at the end of Salary Continuation, in only one of two ways, with no further lump-sum payment eligibility: (1) as a - monthly benefit, or (2) in five equal annual installments.

(i) MONTHLY BENEFIT. If a monthly benefit is elected, a Participant can receive his entire pension benefit (Normal Pension Benefit and Enhanced Pension Benefit) in the form of level monthly payments over his lifetime. The same optional forms of benefit (I.E., single life or joint & survivor annuities) available under the Pension Plan can be elected for the entire pension benefit.

(A) If the eligible employee is under 55 (the earliest date payments can begin under the Pension Plan and Benefits Restoration Plan) when Salary Continuation ends, then more of the total monthly benefit will come from the Enhanced Pension Benefit until age 55. At

age 55, the Enhanced Pension Benefit will be reduced by the amount payable from the Pension Plan and Benefits Restoration Plan, and the eligible employee will be permitted to elect the timing and form of his payments from the Pension Plan and the Benefits Restoration Plan.

(ii) FIVE ANNUAL INSTALLMENTS. If a Participant elects to have his Enhanced Pension Benefit paid in the form of five (5) annual installments, the amount of the installments will be calculated and paid as follows:

(A) First, the lump-sum present value of the monthly payments under the Enhanced Pension Benefit (I.E., the difference between the total monthly payments and the portion payable from the Pension Plan and the Benefits Restoration

Plan, assuming that those payments would start at the earliest possible date) will be determined. The lump sum present value will be determined using a 7.5% discount factor and the standard mortality table used by the Company for pension accounting purposes; and

(B) Second, the lump-sum present value will be amortized (using the same 7.5% interest rate) into five equal annual installments.

(C) The first installment will be paid at the end of Salary Continuation, with subsequent installments paid on or about the same date in each of the four succeeding years.

The Enhanced Pension Benefit will be subject to all applicable taxes.

6.2 PAYMENT OF SALARY CONTINUATION. Salary Continuation, including any bonus, will be paid on a bi-weekly basis, and will be considered compensation under

the Pension Plan and the Benefits Restoration Plan, with age and service credit afforded through the duration of Salary Continuation. Taxes will be withheld as required from Salary Continuation payments.

6.3 PAYMENT OF BENEFITS IN THE EVENT OF DEATH.

(a) ENHANCED PENSION BENEFIT.

(i) If a Participant should die before his Retirement Date, his unpaid Enhanced Pension Benefit will be paid to his surviving spouse. If the Participant has no surviving spouse, his unpaid Enhanced Pension Benefit will be paid (A) to the beneficiary designated by the Participant on the form provided for this purpose, or (B) if no beneficiary has been designated, to his estate.

(ii) If a Participant should die after his Retirement Date (and after payment of his Enhanced Pension Benefit has commenced), his unpaid Enhanced Pension Benefit shall be distributed as follows:

(A) If the Participant has elected to receive his Enhanced Pension Benefit in monthly payments, survivor benefits will be paid in accordance with the distribution option selected by the Participant in accordance with the applicable spousal consent rules.

(B) If the Participant has elected to receive his Enhanced Pension Benefit in 5 annual installments, survivor benefits will be paid to the beneficiary designated by the Participant on the form provided for this purpose. The beneficiary designation will be

subject to the same spousal consent rules that apply to the payment of benefits under the qualified plan.

(b) SALARY CONTINUATION. If a Participant should die before his Retirement Date, his remaining Salary Continuation will be provided to his surviving spouse. If the Participant has no Surviving Spouse, his remaining Salary Continuation will be paid (i) to the beneficiary designated by the Participant on the form provided for this purpose, or (ii) if no beneficiary has been designated, to his estate.

ARTICLE 7: CLAIMS PROCEDURE

7.1 CLAIM. If the Company fails to pay any supplemental retirement benefit to which a Participant is entitled hereunder or if any Participant believes that the Plan is not being administered or operated as to him or her in accordance with its terms, such Participant may file a written claim in accordance with this Article 7. The Participant shall present the claim to the Plan Administrator in writing. The Director, Retirement Benefits, for Aerojet-General Corporation ("Claims Official") shall, within a reasonable time, consider the claim and shall issue a determination thereof in writing. If the claim is granted, the appropriate payment shall be made.

7.2 DENIAL. If the claim is wholly or partially denied, the Claims Official shall, within thirty days (or such longer period as may be reasonably necessary), provide the claimant with written notice of the denial, setting forth, in a manner calculated to be understood by the claimant,

(a) the specific reason or reasons for the denial,

(b) specific references to pertinent Plan provisions on which the denial is based,

(c) a description of any additional material or information necessary for the

claimant to perfect the claim and an explanation of why the material or information is necessary, and

(d) an explanation of the Plan's claim review procedure.

If the Claims Official fails to respond to the claim within the period of time specified in Section 7.2, the claim will be deemed denied.

7.3 APPEAL. Each claimant may appeal the denial of his or her claim to the Committee within sixty days after receipt of written notice of the claim denial by filing with the Committee a written application for review. The claimant may submit therewith pertinent documents, and a statement of facts and issues.

7.4 FINAL DECISION. The decision by the Committee upon review of a claim shall be made not later than sixty (60) days after the written request for review is received by the Committee, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review.

7.5 FORM. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant, with specific references to the pertinent Plan provisions on which the decision is based.

7.6 LEGAL EFFECT. To the extent permitted by law, the decision of the Claims Official (if no review thereof is requested as herein provided) or the decision of the Committee, as the case may be, shall be final and binding on all parties. Any claims which the claimant does not pursue through the review and appeal stages of the procedures herein provided shall be deemed waived, finally and irrevocably. No legal

action for benefits under the Plan shall be brought unless and until the claimant has exhausted his or her remedies under this Article 7. If, after exhausting the claims and appeal procedures, a claimant institutes any legal action against the Plan and/or the Company, the claimant may present only the evidence and theories which the claimant presented during the claims and appeal procedures. Judicial review of the claimant's denied claim shall be limited to a determination of whether the denial was an abuse of discretion based on the

evidence and theories which were presented to and considered by the Committee during the claims and appeal procedure.

ARTICLE 8: EFFECT OF FIDUCIARY ACTION

(a) The Plan Administrator shall administer the Plan in accordance with its terms. The Plan Administrator shall have the discretion to make any findings of fact needed in the administration of the Plan.

(b) The Committee shall have the discretion to interpret or construe the terms of the Plan, whether express or implied, and resolve any ambiguities, including but not limited to terms governing the eligibility of employees and the administration of the Plan, and fashion any remedy which the Committee, in its sole judgment, deems appropriate. The validity of any such finding of fact, interpretation, construction or decision shall not be given DE NOVO review if challenged in court, by arbitration or in any other forum, and shall be upheld unless clearly arbitrary or capricious.

(c) To the extent the Plan Administrator or the Committee has been granted discretionary authority under the Plan, such fiduciary's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter.

(d) If, due to errors in drafting, any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Committee in its sole and

exclusive judgment, the provision shall be considered ambiguous and shall be interpreted by the Plan Administrator in a fashion consistent with its intent, as determined by the Committee in its sole discretion. The Committee, without the need for Board of Directors' approval, may amend the Plan retroactively to cure any such ambiguity.

(e) This Article 8 may not be invoked by any person to require the Plan to be administered in a manner which is inconsistent with its interpretation by the Committee.

(f) All actions taken and all determinations made in good faith by the Plan Administrator or by the Committee shall be final and binding upon all persons claiming any interest in or under the Plan.

ARTICLE 9: MISCELLANEOUS

9.1 AMENDMENT . The Plan may be amended, as to any Participant, only with the mutual consent, documented in writing, of (i) the Participant and (ii) the Company, appropriately authorized by the Directors. No representative of the Company or any other person has the authority to orally expand or otherwise change the written terms of the Plan.

9.2 SOURCE OF PAYMENTS. Payments under this Plan shall be made by the Company. The Plan shall be unfunded and the Company shall not be required to establish any special or separate fund nor to make any other segregation of assets in order to assure the payment of any amounts under the Plan. However, the Company may, at anytime, in its sole discretion, elect to establish and fund a "rabbi trust" intended to ensure payments under the Plan.

9.3 NON-ALIENATION OF BENEFITS. No benefit payable at any time under the

Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit, whether presently or thereafter payable, shall be void. No benefit under this Plan shall in any manner be liable for or subject to the debts or liabilities of any Participant or former Participant or Beneficiary. If a Participant or former Participant or Beneficiary shall attempt to or shall alienate, sell, transfer,

assign, pledge or otherwise encumber benefits under the Plan or any part thereof, or if by reason of bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by such individual, then the Administrative Committee in its discretion may terminate such interest in any such benefit and hold or apply it to or for his benefit or the benefit of the Participant's spouse, children or other dependents, or any of them, in such a manner as the Administrative Committee may deem proper.

9.4 NO EFFECT ON EMPLOYMENT RIGHTS. Employment rights with the Company shall not be enlarged, increased, or otherwise affected hereby.

9.5 OTHER PLANS.

(a) Except as provided in this Plan, payment of any supplemental retirement benefit under the Plan will not adversely affect a Participant's rights under any other welfare or pension benefit plan of the Company, and a Participant's rights under such other plans shall be governed by the terms thereof.

(b) Except for Salary Continuation determined under Section 4.2 and paid under Section 6.2, no supplemental retirement benefit paid hereunder will be deemed to be, or included in, compensation for purposes of determining benefits under any other welfare or pension benefit plan of the Company.

9.6 NO SEVERANCE BENEFITS. Due to a Participant's voluntary election to retire under the 2001 GenCorp Voluntary Enhanced Retirement Program, he or she will not be eligible to receive any severance pay or benefit payable under any plan, policy or practice of the Company to employees who are laid off or discharged involuntarily due to lack of work or other reason specified in such plan, policy or practice, including but not limited to the GenCorp Involuntary Separation Pay Plan.

9.7 APPLICABLE LAW. Except to the extent governed by ERISA, this Plan shall be governed by the laws of the State of Ohio.

ARTICLE 10: INFORMATION REQUIRED BY ERISA

10.1 NAME OF PLAN. The name of the Plan is the 2001 Supplemental Retirement Plan for GenCorp Executives.

10.2 TYPE OF PLAN. This is a pension plan.

10.3 PLAN ADMINISTRATOR. The Plan Administrator's name, address, telephone number, employer identification number and plan number are as follows:

Name:	GenCorp Inc.
Address:	P. O. Box 537012 Sacramento, CA 95853-7012
Telephone Number:	916-355-6550
EIN:	34-0244000
Plan Number:	___
Plan Year:	The twelve month period ending on November 30.
Contact:	Samuel S. Gallardo Director, Retirement Benefits

10.4 AGENT FOR SERVICE OF LEGAL PROCESS. The name and address of the person designated as agent for service of legal process is the Plan Administrator.

10.5 STATEMENT OF ERISA RIGHTS.

(a) As a Participant in this Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to:

-- Examine, without charge, at the Administrator's office all Plan documents, including the Plan instrument (which is this pamphlet), and the Plan's annual report. Copies of these documents and other Plan information may also be obtained upon written request to the Plan Administrator; provided that a reasonable charge may be made for copies.

-- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish such Participant with a copy of this summary annual report.

(b) In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of this Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interests of you and other Plan Participants and beneficiaries. No one, including your employer, or any other person may fire you or otherwise discriminate against you in any way to prevent you from obtaining benefits or exercising your rights under ERISA. If your claim for benefits is denied in whole or in part, you must receive a written explanation of the reason for this denial. You have the right to have the Plan Administrator review and reconsider your claim, as described elsewhere in this pamphlet.

(c) Under ERISA, there are two steps you can take to enforce the above rights. For instance, if you request certain materials required to be furnished by the Plan and do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require that you be provided with the materials and paid up to $100.00 a day until you receive them, unless the materials were not sent because of reasons beyond the Plan Administrator's control. If you have a claim for benefits which is denied or ignored in whole or in part, you may file suit in a state or federal court. If it should happen that the Plan's fiduciaries misused the Plan's money, if any, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The Court will decide who should pay the court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees if, for example, it finds your claim is frivolous.

(d) While this Plan is a "pension plan" within the meaning of Section 3(2) of ERISA, it is a profit-sharing plan with individual accounts to which shall be credited the benefits each Participant becomes entitled to under this Plan. Since the amount credited to each Participant's account shall be immediately distributed, no interest shall be credited on accounts and the Plan will not have any assets to be held in trust. All benefits accrued under the Plan shall be vested and cannot be assigned or alienated. While the Plan technically covers all salaried employees on the Company's corporate payroll, only those persons who meet the requirements of Article 3 shall accrue any benefits.

(e) If you have any questions about this Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest area office of the U.S. Labor-Management Services

Administration, Department of Labor.

This Plan is hereby adopted and approved effective December 1, 2001.

GENCORP INC.

By: /s/ Charles G. Salter

Charles G. Salter
Vice President, Compensation and Benefits

APPENDIX A

2001 GENCORP VOLUNTARY ENHANCED

RETIREMENT PROGRAM

SUMMARY DESCRIPTION

[NON-QUALIFIED PLAN]

September 27, 2001

2001 GENCORP VOLUNTARY ENHANCED
RETIREMENT PROGRAM

SUMMARY DESCRIPTION
[NON-QUALIFIED PLAN]

September 27, 2001

OVERVIEW

This Voluntary Enhanced Retirement Program ("VERP") is designed to provide an opportunity for eligible employees to elect retirement with enhanced benefits. The benefit improvements under the VERP, as applicable to GenCorp Executives, include:

(i) An Enhanced Pension Benefit;

(ii) Salary Continuation until a designated Retirement Date;

(iii) Eligibility to participate in the retiree medical and life insurance plans, according to the terms of those plans [which exclude employees initially hired at GenCorp on or after January 1, 1995; or initially hired at Aerojet on or after January 1, 1997], and as those plans may be amended, modified or terminated; and

(iv) Pre-retirement financial planning and outplacement support services.

THESE ENHANCED BENEFITS ("ENHANCED BENEFITS") ARE CONTINGENT UPON:

(i) THE SUCCESSFUL COMPLETION OF THE DIVESTITURE OF AEROJET ELECTRONIC INFORMATION SYSTEMS ("EIS") TO NORTHROP GRUMMAN BEFORE DECEMBER 1, 2001; and

(ii) Receipt of a signed Application for Enhanced Retirement Benefits ("Application"), which contains a Release of Claims, by Jennifer Goolis, Director of Human Resources, NO LATER THAN 4:30 P.M. PST, ON MONDAY, NOVEMBER 12, 2001.

The VERP is described generally below, and more details about the VERP and its affect on retirement under other GenCorp benefit plans are provided in the separate "Questions and Answers" section enclosed with this Summary Description.

VERP ELIGIBILITY

Subject to the limitations and exclusions herein, in order to retire under the VERP, an eligible employee must be:

(i) Actively employed as of September 12, 2001, as a salaried employee on the GenCorp Corporate Payroll; AND

(ii) As of December 1, 2001, have EITHER

(A) Attained age 50 and completed at least 5 years of Vesting Service, as determined under the GenCorp Consolidated Pension Plan ("Pension Plan"); OR

(B) Completed 25 years of Vesting Service, as determined under the Pension Plan, regardless of age; OR

(C) Have at least 5 years of Vesting Service AND attained sufficient age and service in order to qualify for an Early Retirement Benefit under the Pension Plan [at least age 55, with 10 or more years of Vesting Service] once the additional age and service credits afforded under the VERP are included.

AS STATED, THE VERP IS CONTINGENT UPON THE SUCCESSFUL DIVESTITURE OF AEROJET EIS TO NORTHROP GRUMMAN; AND SHOULD THE DIVESTITURE NOT BE COMPLETED BEFORE DECEMBER 1, 2001, THE VERP MAY BE CANCELLED AT THE COMPANY'S DISCRETION AND, IN THAT EVENT, ANY APPLICATION, EVEN IF SIGNED AND RECEIVED, WILL BE VOID. As a further condition for benefits under the VERP, an eligible employee must agree to terminate employment on a date designated by GenCorp, at its discretion ("Retirement Date"). The designated Retirement Date will be set immediately at the conclusion of the Salary Continuation period described herein, which Salary Continuation period will commence no later than December 1, 2002.

The following employees are NOT eligible to participate in the VERP:

- Employees who are NOT on the GenCorp Corporate Payroll as of September 12, 2001, or who DO NOT REMAIN on the active Corporate Payroll through December 1, 2001;

- Employees who have tendered their resignation to the Company;

- Employees who are on a leave of absence from active employment pursuant to an employment termination agreement;

- Employees who transfer to or from the GenCorp Corporate Payroll after September 12, 2001; and/or

- Full - time Presidents of GenCorp Business Units.

VERP BENEFITS

Eligible GenCorp Executives who elect the VERP will receive two types of pension benefit enhancements under a non-qualified plan called the "2001 Supplemental Retirement Plan for GenCorp Executives ("Supplemental Retirement Plan"). Such GenCorp Executives will receive two types of pension benefit enhancements - (i) an Enhanced Pension Benefit, payable either as monthly benefits or in five (5) annual installments; and (ii) Salary Continuation for a duration based on the eligible employee's position within the corporation, as set forth herein.

1. ENHANCED PENSION BENEFIT

GenCorp Executives who elect the VERP will be paid a total pension benefit from two sources:

(i) The current pension benefit under the tax-qualified Pension Plan and, if applicable, the non-qualified Benefits Restoration Plan (together, the "Normal Pension Benefit"), payable on a monthly basis, at a time elected by the retiree, consistent with the terms, limitations and reduction factors set forth in the Pension Plan; and

(ii) An "enhanced" VERP pension benefit paid from the non-qualified Supplemental Retirement Plan ("Enhanced Pension Benefit"), payable either (A) as a life annuity commencing at the end of Salary Continuation, as described herein, or (B) in five (5) annual installments, with the first installment paid at the end of Salary Continuation, with subsequent installments paid on or about the same date in each of the four succeeding years.

A. AMOUNT OF ENHANCED PENSION BENEFIT.The Enhanced Pension Benefit will be calculated by (1) adding a COMBINATION OF TEN (10) ADDITIONAL WHOLE YEARS OF AGE AND SERVICE CREDITS [E.G., 5+5, 7+3, 9+1] to Vesting and Benefit Service and Age under the Pension Plan, as of the designated Retirement Date, and (2) subtracting the Normal Pension Benefit. Even though the Enhanced Pension Benefit for GenCorp Executives will be paid from the non-qualified Supplemental Retirement Plan, the Enhanced Pension Benefit WILL BE COMPUTED under the terms, limitations, formulas, reduction factors and administrative practices of the qualified Pension Plan.

All combinations of whole years of age and service will be compared in calculating the Enhanced Pension Benefit, and the combination that yields the highest benefit will be used for the final Enhanced Pension Benefit computation. THIS COMPUTATION, HOWEVER, WILL AT LEAST ALLOCATE THE COMBINATION OF WHOLE YEARS OF AGE AND SERVICE WHICH MAKES THE EMPLOYEE ELIGIBLE FOR AN EARLY RETIREMENT PENSION, AS DECEMBER 1, 2001. In order to

qualify for an Early Retirement Pension, the employee must have attained at least age 55, with 10 or more years of service.

- For example, an employee age 52 1/2, with 10 years of service, will have at least 3 years of age allocatEd in order to meet the age 55 criteria, with the remaining 7 years allocated to age or service credit in a manner that maximizes the resulting benefit.

- In other words, depending upon the employee's current age and service, not all combinations of age and service [E.G., 2+8, 1+9, 0+10] will be available.

An Estimated Normal Pension Benefit, based on current age and service, and an Estimated Enhanced Pension Benefit, based on the additional age and service available under the VERP, are provided with the eligible employees' Applications. The assumptions, interest rates, reduction factors and benefit formulas used in these Estimates are incorporated into this Summary Description by reference, and are considered plan provisions under the VERP. THESE ESTIMATES ARE FOR COMPARISON PURPOSES ONLY, AND THE ACTUAL NORMAL PENSION BENEFIT AND ENHANCED PENSION BENEFIT MAY BE DIFFERENT, BASED ON THE EMPLOYEE'S AGE, FINAL EARNINGS AND ACCRUED SERVICE AS OF THE DESIGNATED RETIREMENT DATE.

An eligible employee can request Sam Gallardo in the Pension Department to prepare an additional estimate of pension benefits that might accrue (without any enhancement) if the employee were to remain employed with the Company until a specified date in the future. ANY SUCH ADDITIONAL ESTIMATE ALSO WOULD BE FOR COMPARISON PURPOSES ONLY, AND WOULD NOT IMPLY OR GUARANTEE THAT THE ELIGIBLE EMPLOYEE WOULD REMAIN EMPLOYED WITH THE COMPANY FOR ANY PERIOD.

B. PAYMENT OF ENHANCED PENSION BENEFIT. The Enhanced Pension Benefit may be paid in a different manner than the Normal Pension Benefit:

- The Normal Pension Benefit will be paid on a monthly basis commencing on a date selected by the retiree, subject to the limitations of the Pension Plan. For example, payment of the Normal Pension Benefit cannot commence prior to age 55.

- The Enhanced Pension Benefit will be paid, COMMENCING AT THE END OF SALARY CONTINUATION, in only one of two ways, with no further lump-sum payment eligibility: (1) as a monthly benefit, or (2) in five equal annual installments.

1. MONTHLY BENEFIT. If a monthly benefit is elected, an eligible employee can receive his entire pension benefit (Pension Plan, Benefits Restoration Plan and VERP) in the form of level monthly payments over his lifetime. The same optional forms of benefit (I.E., single life or joint & survivor annuities) available under the Pension Plan can be elected for the entire pension benefit.

If the eligible employee is under 55 (the earliest date payments can begin under the Pension Plan and Benefits Restoration Plan) when Salary Continuation ends, then more of the total monthly benefit will come from the VERP until age 55. At age 55, the VERP portion would be reduced by the amount payable from the Pension Plan and Benefits Restoration Plan, and the eligible employee could decide the timing and form of his payments from those plans.

For example, if the total benefit for someone age 52 is $1,000 per month, the full amount would be payable from the VERP until age 55. At that point, if $600 could begin to be paid from the Pension Plan and Benefits Restoration Plan, the VERP payment would drop to $400. The participant could then elect to start (or defer) the payments from the other plans, subject to the terms of those plans.

2. FIVE ANNUAL INSTALLMENTS. If an eligible employee elects to have his Enhanced Pension Benefit paid in the form of five (5) annual installments, the amount of the installments are calculated as follows:

   - First, the lump-sum present value of the monthly payments that would be payable from the VERP (I.E., the difference between the total monthly payments and the portion payable from the Pension Plan and the Benefits Restoration Plan, ASSUMING THAT THOSE PAYMENTS WOULD START AT THE EARLIEST POSSIBLE DATE) is determined. The lump sum present value is determined using a 7.5% discount factor and the standard mortality table used by the Company for pension accounting purposes; and

   - Second, the lump-sum present value is amortized (using the same 7.5% interest rate) into five equal annual installments.

   The first installment will be paid at the end of Salary Continuation, with subsequent installments paid on or about the same date in each of the four succeeding years.

Since the installment payments would only represent the Enhanced Pension Benefit under the VERP, the eligible employee would still have an independent decision about when to actually start (or defer) his benefit payments from the Pension Plan and Benefits Restoration Plan, subject to the terms of those plans.

The Enhanced Pension Benefit will be paid under the non-qualified Supplemental Retirement Plan. Since it is a non-qualified plan, there is no funded trust, and benefits paid thereunder are considered unsecured liabilities, payable only from corporate assets. Unlike benefits paid from the qualified Pension Plan, payment of the Enhanced Pension Benefit is not protected by the federal Pension Benefit Guaranty Corporation.

The Enhanced Pension Benefit will be subject to all applicable taxes, and you may wish to consult a tax or financial advisor regarding the tax implications and risk factors related to lump-sum benefits paid from non-qualified plans.

2. SALARY CONTINUATION

In addition to the Enhanced Pension Benefit, GenCorp Executives who elect to voluntarily retire under the VERP will be eligible for Salary Continuation, according to the following schedule:

LEVEL	AMOUNT
Corporate Officers under Spinoff-related Contracts	24 mos. Base Salary & Bonus @ 50% of Eligibility
Other Corporate Officers	18 mos. Base Salary
Senior Management	6 mos. Base Salary

Salary Continuation, including any bonus, will be paid on a bi-weekly basis, and will be considered compensation under the Pension Plan and the GenCorp Benefits Restoration Plan, with age and service credit afforded through the duration of Salary Continuation. Taxes will be withheld as required from Salary Continuation payments.

As with the Enhanced Pension Benefit, the entire amount of Salary Continuation for each eligible GenCorp Executive will be paid under the non-qualified Supplemental Retirement Plan. Upon completion of Salary Continuation, eligible GenCorp Executives will be deemed to have reached their designated Retirement Date. While on Salary Continuation, GenCorp Executives will be employed on "Special Assignment". As employees, GenCorp Executives on Special Assignment will be eligible to participate in all GenCorp pension and welfare benefit plans, programs and perquisites, according to their terms, with the exception of:

(i) Previously granted stock options will NOT continue to vest while on Salary Continuation, nor will additional stock options be granted. However, those stock options previously granted and vested will be exercisable by the eligible employees during Salary Continuation, and thereafter as retirees.

(ii) Except for Corporate Officers under Spinoff-related Contracts, eligible GenCorp Executives will NOT be eligible for annual bonuses under the GenCorp Executive Incentive Compensation Plan while on Salary Continuation. However, such employees will be eligible for any bonus, including any pro-rata bonus, attributable to service prior to commencement of Salary Continuation, and specifically, any bonus for the 2001 and 2002 fiscal years, if earned. [An employee will not be deemed to "earn" any additional bonus while on Special Assignment.]

(iii) Additional restricted shares under the 1999 Equity and Incentive Compensation Plan will NOT be granted to eligible GenCorp Executives on Salary Continuation. However, such employees will be eligible to retain previously granted restricted shares that have vested, including (A) those restricted shares that vest in February 2002 as the result of achieving performance objectives in 2001, and (B) for eligible employees who work throughout the entire 2002 fiscal year, those restricted shares that vest in February 2003 as a result of achieving performance objectives in 2002.

(iv) VERP participants will not be eligible to participate in any plans, programs or perquisites not listed in the response to Question No. 46, herein, E.G., Sick Pay Plan.

3. RETIREE MEDICAL

Employees who elect to retire under the VERP will be eligible to participate in the GenCorp Retiree Medical Plan, according to the terms of that plan as it may be amended, modified or terminated. [Employees initially hired at GenCorp on or after January 1, 1995, or initially hired at Aerojet on or after January 1, 1997, are not eligible for retiree medical benefits under the Retiree Medical Plan, or the VERP].

4. PRE-RETIREMENT FINANCIAL COUNSELING & OUTPLACEMENT SUPPORT

Pre-retirement financial counseling and outplacement support will be provided to those employees who elect to retire under the VERP in a form and duration to be determined by GenCorp, at its discretion.

APPLICATION

In order to retire under the VERP, an eligible employee must sign an Application, and return it - NO LATER THAN 4:30 P.M. PST ON MONDAY, NOVEMBER 12, 2001, TO:

Jennifer Goolis
Director, Human Resources
P.O. Box 537012
Sacramento, CA 95835-7012

Phone: (916) 355-2167

Enclosed with the Application will be Estimates of Normal Pension Benefits and Enhanced Pension Benefits and a "Notice of Decision to Decline".

Explanatory meetings will also be scheduled the week of September 24, 2001, to discuss the VERP with eligible employees, and answer any questions.

If an employee is eligible, but chooses not to participate in the VERP, the employee must complete the "Notice of Decision to Decline" and return it to Jennifer Goolis by November 12, 2001.

2001 GENCORP VOLUNTARY ENHANCED
RETIREMENT PROGRAM

QUESTIONS AND ANSWERS
[NON-QUALIFIED PLAN]
September 27, 2001

ELIGIBILITY

1. Who is eligible to retire under the VERP?

Any active salaried employee on the GenCorp Corporate Payroll as of September 12, 2001, WHO HAS, AS OF DECEMBER 1, 2001, EITHER:

(A) Attained age 50 and completed at least 5 years of Vesting Service (as determined under the Pension Plan); OR

(B) Completed 25 years of Vesting Service (as determined under the Pension Plan), regardless of age; OR --

(C) Has at least 5 years of Vesting Service AND attained sufficient age and service in order to qualify for an Early Retirement Benefit under the Pension Plan [at least age 55, with 10 or more years of Vesting Service], once the additional age and service credits afforded under the VERP are included.

An employee who otherwise meets these criteria, but who has tendered his resignation to the Company, or who is on a leave of absence from active employment pursuant to an employment termination agreement, or who transfers onto the Corporate payroll after September 12, 2001 or transfers from the Corporate payroll before November 12, 2001, or who is a full-time President of a GenCorp Business Unit, is not eligible to retire under the VERP.

2. If I am an employee of Aerojet, AFC or GDX, may I retire under the VERP?

No. The VERP is only available to active salaried employees on the GenCorp Corporate Payroll. The purpose of the VERP is to reduce costs at the Corporate Headquarters, in order to facilitate a restructuring. The current business plans are to grow Aerojet, AFC and GDX, and make them more autonomous, not reduce their size.

3. If I will not satisfy the eligibility requirements until after December 1, 2001, may I retire under the VERP?

No. You must satisfy the eligibility requirements as of December 1, 2001.

4. If I decide to retire under the VERP, what do I have to do?

You must sign an Application and return it to Jennifer Goolis, Director of Human Resources, SO THAT IT IS RECEIVED NO LATER THAN 4:30 P.M. PST ON MONDAY, NOVEMBER 12, 2001. FAXED OR E-MAIL COPIES, OR APPLICATIONS POST-MARKED BY NOVEMBER 12, 2001, BUT NOT RECEIVED UNTIL THEREAFTER, WILL NOT BE ACCEPTED.

5. Can I sign and deliver the Application to the Company prior to November 12, 2001?

Yes.

6. Can I withdraw my decision to retire under the VERP after I have already elected to participate?

Yes. Your decision will not be considered final until November 12, 2001, at 4:31 p.m. PST. Thereafter, you still have seven (7) days under the law (until November 19, 2001, at 4:30 p.m. PST) to revoke your Application. You may not, however, resubmit your Application after 4:30 p.m. PST, on November 12, 2001.

7. Do I have to sign the Release of Claims in order to retire under the VERP and receive the Enhanced Pension Benefits?

Yes. A Release of Claims is included within the Application, and is a condition to VERP Benefits. You also must execute the Contract Modifications described in Paragraph 8(b) of the Application.

8. If I decide to retire under the VERP, will I be eligible to receive severance or separation pay?

No. If you decide to retire under the VERP, the termination of your employment will be voluntary, and you will NOT be eligible to receive separation pay under any other plan, employment agreement or separation/severance agreement, including the GenCorp Involuntary Separation Pay Plan. However, if you are party to a Severance Agreement related to a change-in-control, and that Severance Agreement is triggered prior to your commencement of Salary Continuation, the benefits under the Severance Agreement will be COORDINATED with benefits under

the VERP to provide the highest benefit to the employee, without providing any duplicate benefit. For example, if the Severance Agreement offers two years of Salary Continuation upon a change-in-control, AND THE CHANGE-IN-CONTROL IS TRIGGERED BEFORE THE START OF SALARY CONTINUATION UNDER THE VERP, but the VERP provides 18 months of Salary Continuation, the employee will be eligible for the two years of Salary Continuation, plus the other VERP benefits.

9. If I decide to retire under the VERP, but the divestiture of Aerojet Electronic Information Systems to Northrop Grumman does not occur before December 1, 2001, will I still be eligible for VERP benefits?

No. The VERP is contingent upon the successful and timely completion of the Aerojet EIS divestiture to Northrop Grumman. If the divestiture does not occur prior to December 1, 2001, the VERP may be cancelled at the Company's discretion and, in that event, any Application, even if signed and received by GenCorp, will be void.

10. If I decide to retire under the VERP, but the Divestiture of Aerojet EIS does not occur, will submitting my Application for VERP benefits affect my future employment with GenCorp?

No. Any future employment decisions, including those related to promotion, merit increases or termination, will not be influenced, in any way, by your decision to apply for VERP benefits.

11. If I decide NOT to retire under the VERP now, but I later decide to retire, will I then be able to receive the Enhanced Pension Benefits under the VERP?

No.

12. If I decide NOT to retire under the VERP, and I later lose my job due to a restructuring, will I then be able to elect the Enhanced Benefits under the VERP?

No. Anyone who wishes to retire under the VERP must deliver the signed Application to Jennifer Goolis no later than 4:30 p.m. PST on Monday, November 12, 2001.

13. If I decide NOT to retire under the VERP and I later lose my job as a result of a restructuring, what amount of separation pay will I be eligible to receive?

If you are an eligible employee whose position is eliminated as a result of restructuring, you may be eligible for separation pay and benefits under the GenCorp Involuntary Separation Pay ("ISP") Plan. You may also be eligible for separation benefits under an employment agreement. The separation pay under the ISP Plan equals one week of base salary for each year or partial year of service, plus four weeks base salary, and up to six (6) months medical and life insurance continuation in exchange for a release of claims. Any separation pay under any employment or severance agreement will be governed by the terms of the agreement, and you should consult the agreement for details. Benefits under any employment or severance agreement (other than a Severance Agreement relating to change-in-control WHICH IS TRIGGERED PRIOR TO SALARY CONTINUATION) are forfeited if you elect VERP Benefits.

RETIREMENT

14. If I decide to retire under the VERP, when will my employment end?

GenCorp will designate your Retirement Date, which will be at the conclusion of Salary Continuation. GenCorp will also designate the date you are placed on Special Assignment, at which point Salary Continuation commences. You will not be placed on Special Assignment earlier than December 1, 2001, or later than December 1, 2002.

15. What happens to my VERP benefits if I elect to participate, but die before my Retirement Date?

If you should die before your Retirement Date, your unpaid Enhanced Pension Benefit and remaining Salary Continuation will be provided to your surviving spouse, who will also receive the spousal benefit under your Normal Pension Benefit, and be eligible participate in the GenCorp Retiree Medical Plan [if you were otherwise eligible to participate], as if you had already retired.

16. Why am I not receiving all other retirement application forms, such as pension benefit application forms, at this time?

When your Retirement Date is designated, and you actually leave the Company, you will receive several forms, such as the Pension and Savings Plan election forms, and COBRA notices under the medical and dental plans. Those forms are not being provided at this time because you do not really need them until you leave. If you would like to see these forms, you may request copies from Jennifer Goolis (916) 355-2167, or Sam Gallardo (916) 355-6550.

17. If I elect to retire under the VERP, can I later apply for re-employment with GenCorp, Aerojet, AFC or GDX?

No. If you elect to retire under the VERP, you must waive any claim to re-employment with GenCorp, or any affiliated company. GenCorp or any affiliate may, however, offer you re-employment, at their sole discretion.

18. If I elect to retire under the VERP, and I become employed as a consultant or with a firm that can provide services to GenCorp, am I prohibited from contacting GenCorp about a potential business relationship?

No. Under these circumstances, any services you would perform for GenCorp, or any affiliate, would not be as an employee. You are prohibited, however, from recruiting or hiring any employee away from GenCorp for one (1) year after your designated Retirement Date.

19. If I retire under the VERP, will I be eligible to receive unemployment compensation benefits?

You may be eligible for such benefits if you satisfy the normal requirements imposed by law, although your unemployment benefits, if any, may be offset and reduced by amounts you receive under the VERP.

GenCorp is not in a position to give you advice regarding your rights to unemployment compensation benefits. For detailed and reliable information, you should contact your local unemployment compensation office. The toll-free number for the California Employment Development Department is: 1-800-300-5616.

ENHANCED PENSION BENEFIT

20. If I elect to retire under the VERP, how is my pension benefit affected?

GenCorp Executives who elect the VERP will be paid a total pension benefit from two sources:

(i) The current pension benefit under the tax-qualified Pension Plan and, if applicable, the non-qualified Benefits Restoration Plan (together, the "Normal Pension Benefit"), payable on a monthly basis, at a time elected by the retiree, consistent with the terms, limitations and reduction factors set forth in the Pension Plan; and

(ii) An "enhanced" VERP pension benefit paid from the non-qualified Supplemental Retirement Plan for GenCorp Executives ("Enhanced Pension Benefit"), payable either (A) as a life annuity commencing at the end of Salary Continuation, as described herein, or (B) in five (5) annual installments, with the first installment paid at the end of Salary Continuation, and subsequent installments paid on or about the same date in each of the four succeeding years.

21. How is my Enhanced Pension Benefit calculated?

The Enhanced Pension Benefit will be calculated by (1) adding a COMBINATION OF TEN (10) ADDITIONAL WHOLE YEARS OF AGE AND SERVICE CREDITS [E.G., 5+5, 7+3, 9+1] to Vesting and Benefit Service and Age under the Pension Plan, as of the designated Retirement Date, and (2) subtracting the Normal Pension Benefit. Even though the Enhanced Pension Benefit for GenCorp Executives will be paid from the non-qualified Supplemental Retirement Plan, the Enhanced Pension Benefit WILL BE COMPUTED under the terms, limitations, formulas, reduction factors and administrative practices of the qualified Pension Plan.

All combinations of whole years of age and service will be compared in calculating the Enhanced Pension Benefit, and the combination that yields the highest benefit will be used for the final Enhanced Pension Benefit computation. THIS COMPUTATION, HOWEVER, WILL AT LEAST ALLOCATE THE COMBINATION OF WHOLE YEARS OF AGE AND SERVICE WHICH MAKES THE EMPLOYEE ELIGIBLE FOR AN EARLY RETIREMENT PENSION, AS DECEMBER 1, 2001. In order to qualify for an Early Retirement Pension, the employee must have attained at least age 55, with 10 or more years of service.

- For example, an employee age 52 1/2, with 10 years of service, will have at least 3 years of age allocated in order to meet the age 55 criteria, with the remaining 7 years allocated to age or service credit in a manner that maximizes the resulting benefit.

- In other words, depending upon the employee's current age and service, not all combinations of age and service [E.G., 2+8, 1+9, 0+10] will be available.

An Estimated Normal Pension Benefit, based on current age and service, and an Estimated Enhanced Pension Benefit, based on the additional age and service available under the VERP, are provided with the eligible employees' Applications. The assumptions, interest rates,

reduction factors and benefit formulas used in these Estimates are incorporated into this Summary Description by reference, and are considered plan provisions under the VERP. THESE ESTIMATES ARE FOR COMPARISON PURPOSES ONLY, AND THE ACTUAL NORMAL PENSION BENEFIT AND ENHANCED PENSION BENEFIT MAY BE SLIGHTLY DIFFERENT, BASED ON THE EMPLOYEE'S AGE, FINAL EARNINGS AND ACCRUED SERVICE AS OF THE DESIGNATED RETIREMENT DATE.

An eligible employee can request Sam Gallardo in the Pension Department to prepare an additional estimate of pension benefits that might accrue (without any enhancement) if the employee were to remain employed with the Company until a specified date in the future. ANY SUCH ADDITIONAL ESTIMATE ALSO WOULD BE FOR COMPARISON PURPOSES ONLY, AND WOULD NOT IMPLY OR GUARANTEE THAT THE ELIGIBLE EMPLOYEE WOULD REMAIN EMPLOYED WITH THE COMPANY FOR ANY PERIOD.

22. How is my Enhanced Pension Benefit paid?

The Enhanced Pension Benefit may be paid in a different manner than the Normal Pension Benefit:

- The Normal Pension Benefit will be paid on a monthly basis commencing on a date selected by the retiree, subject to the limitations of the Pension Plan. For example, payment of the Normal Pension Benefit cannot commence prior to age 55.

- The Enhanced Pension Benefit will be paid, COMMENCING AT THE END OF SALARY CONTINUATION, in only one of two ways, with no further lump-sum payment eligibility: (1) as a monthly benefit, or (2) in five equal annual installments.

  1. MONTHLY BENEFIT. If a monthly benefit is elected, an eligible employee can receive his entire pension benefit (Pension Plan, Benefits Restoration Plan and VERP) in the form of level monthly payments over his lifetime. The same optional forms of benefit (I.E., single life or joint & survivor annuities) available under the Pension Plan can be elected for the entire pension benefit.

  If the eligible employee is under 55 (the earliest date payments can begin under the Pension Plan and Benefits Restoration Plan) when Salary Continuation ends, then more of the total monthly benefit will come from the VERP until age 55. At age 55, the VERP portion would be reduced by the amount payable from the Pension Plan and Benefits Restoration Plan, and the eligible employee could decide the timing and form of his payments from those plans.

  For example, if the total benefit for someone age 52 is $1,000 per month, the full amount would be payable from the VERP until age 55. At that point, if $600 could begin to be paid from the Pension Plan and Benefits Restoration Plan, the VERP payment would drop to $400. The participant could then elect to start (or defer) the payments from the other plans, subject to the terms of those plans.

  2. FIVE ANNUAL INSTALLMENTS. If an eligible employee elects to have his Enhanced Pension Benefit paid in the form of five (5) annual installments, the amount of the installments are calculated as follows:

  - First, the lump-sum present value of the monthly payments that would be payable from the VERP (I.E., the difference between the total monthly payments and the portion payable from the Pension Plan and the

Benefits Restoration Plan, ASSUMING THAT THOSE PAYMENTS WOULD START AT THE EARLIEST POSSIBLE DATE) is determined. The lump sum present value is determined using a 7.5% discount factor and the standard mortality table used by the Company for pension accounting purposes; and

- Second, the lump-sum present value is amortized, using the same 7.5% interest rate) into five equal annual installments

The first installment will be paid at the end of Salary Continuation, with subsequent installments paid on or about the same date in each of the four succeeding years.

Since the installment payments would only represent the Enhanced Pension Benefit under the VERP, the eligible employee would still have an independent decision about when to actually start (or defer) his benefit payments from the Pension Plan and Benefits Restoration Plan, subject to the terms of those plans.

The Enhanced Pension Benefit will be paid under the non-qualified Supplemental Retirement Plan. Since it is a non-qualified plan, there is no funded trust, and benefits paid thereunder are considered unsecured liabilities, payable only from corporate assets. Unlike benefits paid from the qualified Pension Plan, payment of the Enhanced Pension Benefit is not protected by the federal Pension Benefit Guaranty Corporation.

The Enhanced Pension Benefit will be subject to all applicable taxes, and you may wish to consult a tax or financial advisor regarding the tax implications and risk factors related to lump-sum benefits paid from non-qualified plans.

23. Are partial years of age and service allocated in the calculation of my Enhanced Pension Benefit under the VERP? For example, if I am age 52 1/2, can 2 1/2 years be allocated to my age to reach the age 55 Early Retirement level, with the remaining 7 1/2 years allocated to my service?

No. Only whole years are allocated under the VERP. Under the example, 3 whole years are allocated to reach the age 55 level. Of course, you will still receive credit for all 3 years in the computation of the Enhanced Pension Benefit because you will

be CONSIDERED age 55 1/2 under the Pension Plan, which does recognize months of age and service in the benefit formulas.

24. What are the "lump-sum present values" used to calculate my Enhanced Pension Benefit?

The lump-sum present value, sometimes referred to as the "net present value", is the amount of money, appropriately invested on December 1, 2001, which will provide the expected stream of monthly VERP benefit payments as described in Q&A 22.

25. How is my "expected stream of monthly payments" determined?

Pension benefits are normally payable over your lifetime. For purposes of computing a lump-sum present value, your expected lifetime is determined according to the standard mortality table used by the Company for pension accounting purposes.

Also, if you are not yet age 55 (the earliest age that benefit payments can commence under the Pension Plan and Benefits Restoration Plan), the higher payments you receive under the VERP prior to age 55 are taken into account.

26. What interest rate is used to compute the lump-sum present value?

The interest rate used in these Estimates was 7.5%, same rate currently used by the Company for pension accounting purposes. You are encouraged to consult a financial planner or tax advisor regarding the best way to achieve your retirement goals.

27. How will the Enhanced Pension Benefit be taxed.

Like any pension benefit, it will be taxed as ordinary income.

28. May I defer commencement of payment of the Enhanced Pension Benefit to a later date for tax considerations?

No. Regardless of which payment option you select, payments will commence at the end of Salary Continuation.

29. It is stated that my actual Enhanced Pension Benefit may be different than the Estimate. How different?

We do not know who will voluntarily elect the VERP at this time; therefore, all Estimates are calculated as of December 1, 2001. Assuming an individual elects the VERP, and is retained until March 1, 2002, in order to transition his or her duties, the Estimates do not include accrued age and service credits for this 3-month period. Thus, a recalculation of the Enhanced Pension Benefit will be conducted once the individual starts Salary Continuation.

30. Are the additional age and service credits under the VERP added to my Normal Pension Benefit?

No. The additional age and service credits are used in the calculation of the Enhanced Pension Benefit only.

31. What Normal Pension Benefit will I receive, and what are my benefit options?

If you are age 62 or over on your designated Retirement Date (at the conclusion of Salary Continuation), you are eligible for an unreduced Normal Pension Benefit, based on your ACTUAL years of service, including the period of Salary Continuation. As a result, you may begin an unreduced monthly Normal Pension Benefit at that time.

If you are over age 55, but not yet 62, with at least 10 years of service on your designated Retirement Date, you are eligible for an Early Retirement Pension Benefit, based on your ACTUAL years of service. As a result, you may begin to receive a REDUCED Early Retirement Pension at that time, or defer payment to a later date and be subject to a smaller reduction factor, or no reduction at age 62.

If you are not age 55, or do not have at least 30 years of service on your designated Retirement Date, you are eligible for a "deferred vested pension benefit", based on your ACTUAL years of service. Under a "deferred vested pension", you are not eligible for a monthly benefit until you reach age 55, and the monthly benefit reduction is greater than that under an Early Retirement Pension. Again, you may defer payment to a later date, and be subject to less of a reduction, or no reduction at age 65.

32. What is the difference between an Early Retirement Pension Benefit and a Deferred Vested Pension Benefit?

As noted, the reduction factor for a Deferred Vested Pension Benefit is larger than the reduction factor for an Early Retirement Pension Benefit. In other words, an

Early Retirement Pension taken at age 55 is larger than a Deferred

Vested Pension Benefit taken at age 55.

For example, assume that you are eligible for a $1000 monthly pension benefit commencing AT AGE 65. If you terminate employment prior to age 55, you will be eligible for a "deferred vested pension benefit" when you reach age 55. If you decide to commence your pension at age 55, the $1000 monthly pension benefit will be "actuarially reduced" to a monthly pension benefit of approximately $390. [This reduction accounts for the fact that your pension will be paid over a much longer period, starting at age 55, rather than age 65.] However, if you are age 55 with at least 10 years of Vesting Service when you terminate employment, you would qualify for an Early Retirement Pension, and instead of the actuarial reduction, the $1000 monthly pension benefit would be reduced at a rate of only 4/10 of 1 percent for each month you receive benefits prior to age 62. Thus, if you decide to start receiving your Early Retirement Pension at age 55, your monthly benefit would be $666, rather than $390. In addition, you would receive the full $1000 at age 62 under an Early Retirement Pension, rather than having to wait until age 65 to receive the $1000 benefit as a Deferred Vested Benefit.

33. Are these reduction factors applicable only to VERP participants?

No. That is the way the Pension Plan has always been written. In fact, for purposes of the VERP program, since the value of your Normal Pension Benefit is deducted from your Enhanced Pension Benefit, the smaller the deduction, the greater the Enhanced Pension Benefit. So, if your are eligible for only a Deferred Vested Pension, rather than an Early Retirement Pension, under the Pension Plan, the difference will be reflected as an increase in your Enhanced Pension Benefit.

34. If I elect to retire under the VERP, must I start my monthly Normal Pension Benefit immediately?

No. Your decision to commence your Normal Pension Benefit may be delayed under the terms of the Pension Plan, and based upon your own financial considerations.

35. What are the advantages of starting my monthly Normal Pension Benefit immediately at my designated Retirement Date, compared to delaying the start of my pension until some later date?

As noted in Q & A 34 & 35, you may not begin a monthly Normal Pension Benefit until age 55 unless you have 30 years of service.. At age 55, any deferral of either a Deferred Vested Pension or an Early Retirement Pension (at least until age 62)

will result in a greater monthly benefit. However, you are encouraged to consult a financial planner or tax advisor regarding the best way to achieve your retirement goals.

36. If I elect to retire under the VERP, and defer my Normal Pension Benefit to a later date, will I still be eligible for retiree medical?

Yes. You will still be immediately eligible to enroll in the Retiree Medical Plan [if you otherwise meet the eligibility criteria], on your designated Retirement Date.

37. Are employees eligible for a Deferred Vested Pension still eligible for retiree medical?

Yes. The Retiree Medical Plan has been amended to allow employees currently eligible for a Deferred Vested Pension Benefit under the Pension Plan but who elect to participate in the VERP to be eligible for retiree medical benefits, if they otherwise meet the Plan eligibility criteria, and subject to all terms, conditions and limitations in the Retiree Medical Plan.

38. Must I complete a separate Pension Application in order to begin receiving my monthly Normal Pension Benefit?

Yes. At the time you choose to commence your monthly Normal Pension Benefit, you must submit a separate application to the Pension Department. You must only complete the VERP Application to receive the Enhanced Pension Benefit and Salary Continuation.

39. What portions of Enhanced Pension Benefit will be paid from the non-qualified Supplemental Retirement Plan and what does that mean?

The ENTIRE Enhanced Pension Benefit available under the VERP will be paid from the non-qualified Supplemental Retirement Plan. That amount is stated in the Estimate of Enhanced Pension Benefit attached to your Application. AS STATED, THIS ESTIMATE IS FOR COMPARISON PURPOSES ONLY.

What it means to have a benefit paid from a non-qualified plan is that the benefits are not guaranteed by a funded trust, or the federal Pension Benefit Guaranty Corporation. They are paid from general assets of the corporation, and are unsecured liabilities of the corporation.

40. How is pension service under the Aerojet Pension Plan, if any, handled under the VERP?

GenCorp employees who formerly participated in the Aerojet-General Corporation Consolidated Pension Plan have their age and service thereunder recognized under the GenCorp Pension Plan and also for the purposes of the VERP. However, part of their monthly Normal Pension Benefit will be paid from the Aerojet Pension Plan.

41. Will I be able to "rollover" my Enhanced Pension Benefit into a qualified plan or IRA in order to gain more favorable tax treatment?

No. Your Enhanced Pension Benefit is being paid from the non-qualified, Supplemental Retirement Plan, and accordingly, is not eligible for rollover treatment.

SALARY CONTINUATION

42. What is the amount of my Salary Continuation?

The amount of your Salary Continuation is dependent on your position within the corporation:

LEVEL	AMOUNT
Corporate Officers under Spinoff-related Contracts	24 mos. Base Salary & Bonus @ 50% of Eligibility
Other Corporate Officers	18 mos. Base Salary
Senior Management	6 mos. Base Salary

The Salary Continuation will be paid on a bi-weekly basis, subject to normal taxes, contributions and deductions. These amounts will be considered compensation under the Pension Plan and the Benefits Restoration Plan, with age and service credit afforded for the duration of Salary Continuation.

43. May I postpone the payment of my Salary Continuation?

No. Salary Continuation commences immediately upon being placed on Special Assignment.

44. Will taxes be withheld from Salary Continuation?

Yes. Salary Continuation is ordinary income, subject to applicable federal, state or local taxes. Normal tax withholding rules will be

followed.

45. While I am on Salary Continuation, as an employee on "Special Assignment," may I work for another firm, or work as an independent consultant?

While on Special Assignment, you will not be prohibited from working elsewhere, either as an employee, or as an independent consultant. However, any benefits provided with another employer may be coordinated with the GenCorp plans, according to the plan terms.

46. While I am on Salary Continuation, as an employee on "Special Assignment," what are the GenCorp employee benefits still available to me?

As an employee on Special Assignment, you will still be eligible to participate in all GenCorp pension and welfare benefit plans, programs and perquisites, according to their terms, except for the following:

- The GenCorp Involuntary Separation Pay Program

- The GenCorp Executive Incentive Compensation Plan [Annual Bonus]. However, Corporate Officers under Spinoff -related Contracts [who will be paid a bonus at 50% of their eligibility level while on Salary Continuation] and bonus eligible employees who elect the VERP will remain bonus eligible until the commencement of Special Assignment, particularly for the 2001and 2002 fiscal years, if earned, all of which will be payable at the time all other annual bonuses are paid.

- Additional stock option grants, or additional vesting of prior stock option grants. However, stock options will continue to vest until the commencement of Special Assignment, and vested options will remain exercisable for the duration of the option, since the employee will reach retiree status according to the terms of the Option Plans.

- Additional restricted share grants under the 1999 Equity and Incentive Compensation Plan. However, eligible employees will retain previously granted restricted shares that have vested, including (A) those restricted shares that vest in February 2002 as the result of achieving performance objectives in 2001, and (B) for eligible employees who work throughout the entire 2002 fiscal year, those

restricted shares that vest in February 2003 as a result of achieving performance objectives in 2002.

In other words, as an employee on Special Assignment, you will remain eligible to participate in the same pension and welfare benefit plans, programs and perquisites, according to their terms, and as those terms may be amended, modified or terminated, including the following:

- GenCorp Consolidated Pension Plan

- Aerojet-General Corporation Consolidated Pension Plan (applicable to GenCorp employees who previously were Aerojet employees)

- GenCorp Retirement Savings Plan

- GenCorp Benefits Restoration Plan

- GenCorp Medical Plan

- GenCorp Dental Plan

- GenCorp Flexible Benefits Plan
- Employee Assistance Program
- Long-Term Disability Plan
- Accidental Death and Dismemberment Insurance
- Group Universal Life Insurance
- Vacation Program
- Holiday Pay
- Deferred Bonus Plan
- Company Automobile Reimbursement
- Financial Planning Assistance (AYCO)
- Annual Executive Physical Program

MEDICAL BENEFITS

47. How will my medical coverage be handled under the VERP?

If you were hired by GenCorp prior to January 1, 1995, or hired by Aerojet prior to January 1, 1997, you may be eligible to participate in the GenCorp Retiree Medical Plan, as described herein. If eligible, your participation will begin upon termination of your active medical coverage.

AGE 65 AND OVER

Retirees age 65 and over will not be eligible for coverage under the Retiree Medical Plan IF THEY LIVE IN AN AREA SERVED BY MEDICARE RISK HMO'S. This includes the Sacramento area. Spouses and dependents of these retirees will remain eligible for coverage under the Retiree Medical Plan until they reach age 65, or otherwise become ineligible under the Plan terms. All other eligible retirees age 65 and over may elect coverage under the Retiree Medical Plan. If a retiree relocates to an area not served by Medicare Risk HMO's, he or she will then become eligible for coverage under the Retiree Medical Plan, according to its terms.

UNDER AGE 65

If you are eligible and live in California, you may select benefits under the Retiree Medical Plan, or one of the HMO's offered to retirees in the geographical area. The HMO's currently offered are Kaiser and PacifiCare. If you live outside of California, you are not eligible to enroll in an HMO, but may elect benefits under the Retiree Medial Plan.

Benefits under the Retiree Medical Plan are similar to the medical benefits offered to active employees of GenCorp, but they are different in some ways. For example, the deductibles and co-payments are different, there are currently no contributions for retirees who are under age 65, and there is a different third-party claims processor.

COBRA

Lastly, VERP eligible retirees may elect to continue to participate, under COBRA for up to 18 months, in the active medical coverage in which they are enrolled at the time of employment termination. The current COBRA rates for medical coverage are:

COVERAGE	EMPLOYEE ONLY	EMPLOYEE + 1	FAMILY
GenCorp Low	$218.44	$425.93	$567.80
GenCorp Middle	$262.30	$511.36	$681.87
GenCorp High	$319.26	$622.46	$830.03
Kaiser Northern	$173.10	$346.21	$489.89
PacifiCare	$185.06	$433.09	$619.87
Healthnet	$254.36	$451.67	$649.69

Benefit levels and COBRA rates may be different for VERP eligible employees at the Lawrence, Massachusetts facility.

48. Does the Company have the right to amend, modify or terminate the Retiree Medical Plan, and therefore impose contributions, or change benefit levels?

Yes. Your participation in the GenCorp Retiree Medical Plan will be subject to all of its terms, including the Company's right to amend, modify or terminate the Plan. Retiree contributions are based on the cost caps in the Plan, and the aggregate expense of medical benefits provided. If medical expenses under the Plan continue to rise, pre-65 retiree contributions may be required for 2002. Eligible retirees over age 65 are already paying contributions.

49. Does the GenCorp Retiree Medical Plan include any dental benefits?

If you enroll in the GenCorp Retiree Medical Plan, coverage is provided only for the following:

- Charges made necessary by an injury to natural teeth as the result of an accident occurring while the participant is covered by the Plan, but only to the extent such charges are not considered an eligible expense under any other plan sponsored by GenCorp;

- Charges made for the surgical correction of temporomandibular joint dysfunction pain syndrome;

If you enroll in an HMO, you must check the benefit descriptions to determine whether any dental coverage is provided.

At the time of employment termination on your designated Retirement Date, eligible retirees will also be offered the opportunity to enroll in the dental plan for Aerojet retirees. It is a scheduled benefit plan, paid entirely by retiree contributions. Current monthly contribution rates are:

COVERAGE	MONTHLY RATE
Retiree	$27.92
Retiree + 1	$50.22
Family	$71.20

Lastly, eligible retirees will have the option to continue to participate, under COBRA or up to 18 months, in the dental coverage in which they are enrolled at the time of employment termination. If COBRA coverage is elected, any other retiree dental coverage would begin after COBRA coverage ends. The current monthly COBRA rates for dental coverage are:

COVERAGE	EMPLOYEE ONLY	EMPLOYEE + 1	FAMILY
Delta Dental	$38.52	$65.48	$100.09
Dental PMI	$24.49	$42.45	$63.65

Benefit levels and COBRA rates may be different for VERP eligible employees at the Lawrence, Massachusetts facility.

50. Are spouses and dependents eligible for coverage under the GenCorp Retiree Medical Plan and the Aerojet Retiree Dental Plan?

To be eligible for coverage under the retiree plans, a spouse or dependent must be an eligible dependents at the time of termination of employment on the designated Retirement Date. These dependents will remain eligible under the same terms as the active plans. In the event of the retiree's death, any surviving spouse or other eligible dependent will remain eligible in accordance with the terms of the Plans. In order for a surviving spouse to be eligible, the retiree and spouse must have been married for at least one year, and married prior to the retiree's 65th birthday.

OTHER BENEFITS

51. What happens to my other employee benefits when I reach my designated Retirement Date?

The following is a brief summary of how active employee benefits are affected by employment termination under the VERP. [Benefit levels and the effects of employment termination may be different for eligible employees at the Lawrence, Massachusetts facility].

LIFE INSURANCE	Your life insurance benefit continues after retirement at no cost to you, but the amount is reduced to $3,000, unless you were an Aerojet employee on December 1, 1975. In that case, your life insurance will be 25% of the amount of insurance in force on December 1, 1975, or $3,000, whichever is greater. You also have the option to convert all or part of the life insurance provided to you as an active employee to an individual insurance policy. Information on life insurance conversion can be obtained from the Benefits Department. Conversion must be made within 31 days of loss of coverage.
SAVINGS PLAN	While your right to make additional contributions will cease upon your retirement, you will be entitled to receive your account balances upon your election delivered to Fidelity, in accordance with Plan terms. You can also leave your account balances in the Savings Plan for as long as you wish, until you reach age 70 1/2. If you have an outstanding loan from the Savings Plan, that amount will be treated as having been distributed to you unless you repay it within 90 days after your designated Retirement Date.
SPENDING ACCOUNTS	Your eligibility to make pre-tax contributions to a healthcare or dependent day care spending account will end upon employment termination on your designated Retirement Date. You may continue to make after-tax contributions to your spending accounts under COBRA.
LONG-TERM DISABILITY	Your participation in the long-term disability plan ends upon employment termination on your designated Retirement Date.
AD&D INSURANCE	Coverage for you and your dependents under Accidental Death and Dismemberment Insurance ends upon employment termination on your designated Retirement Date.
GUL INSURANCE	You can continue your coverage under Group Universal Life Insurance by paying premiums directly to the insurance company. You must contact the insurance company within 31 days after your employment terminates on your designated Retirement Date.

52. Can I continue to participate in the Employee Assistance Program?

Yes, the EAP continues to be available to all employees and their families. As an additional benefit, access to the EAP will be extended for 6 months beyond your designated Retirement Date.

53. What vacation pay will I be entitled to receive upon my retirement under the VERP?

On your designated Retirement Date, you will receive a lump-sum payment

of any unused, accrued vacation in accordance with Company policy.

Regardless of how much vacation pay you receive, your employment with GenCorp will terminate on your designated Retirement Date, and there is no "bridging" of service based on vacation benefits.

54. How will my retirement affect my benefits under any incentive or deferred compensation plan in which I may participate?

Upon termination of employment at your designated Retirement Date, your benefits (if any) under such plans are governed by the terms of those plans. Here is a brief summary of the relevant provisions:

GENCORP EXECUTIVE INCENTIVE COMPENSATION (ANNUAL BONUS) PROGRAM: With the exception of Corporate Officers under Contract, eligible GenCorp Executives will be entitled to receive, at such times as normally payable, any bonus due for a fiscal year already completed and a prorated amount of any bonus that would be payable for a fiscal year that was not completed, until commencement of Special Assignment status and Salary Continuation. Upon commencement of Salary Continuation, bonus eligibility ceases.

STOCK OPTION PLAN: To the extent an outstanding Option has become vested, and therefore exercisable, on or before commencement of Salary Continuation, such Option would remain in effect for the term specified in the Option. To the extent an outstanding Option has not become exercisable on or before Salary Continuation, such Option would lapse automatically.

RESTRICTED STOCK: Additional restricted shares under the 1999 Equity and Incentive Compensation Plan will NOT be granted to eligible GenCorp Executives on Salary Continuation. However, such employees will be eligible to retain previously granted restricted shares that have vested, including (A) those restricted shares that vest in February 2002 as the result of achieving performance objectives in 2001, and (B) for eligible employees who work

throughout the entire 2002 fiscal year, those restricted shares that vest in February 2003 as a result of achieving performance objectives in 2002.

DEFERRED BONUS PLAN: Distribution of your interest in the Deferred Bonus Plan would occur in accordance with the terms of that plan. There are no special provisions in the Plan which address termination of employment by reason of retirement.

55. When and in what form will the Pre-Retirement Financial Counseling and Outplacement Support Services be provided?

These programs, which are generally group programs by nature, will be scheduled after November 19, 2001,for those who elect the VERP. The nature and duration of these programs will be at the Company's discretion.

56. Why are Outplacement Support Services being provided?

Some employees may use the VERP as an opportunity to pursue a second career, while supplementing their income through the benefits provided under the VERP.

57. Can I consult a lawyer or tax advisor about the VERP?

Yes. IN FACT, GENCORP ENCOURAGES YOU TO DO THAT. You may also ask the Human Resources Department about the details of the VERP.

However, the decision to elect the VERP is strictly voluntary and up to you. You should not feel coerced or forced to make any

decision based on someone else's counsel or opinion.

APPENDIX B

November 5, 2001

2001 GENCORP VOLUNTARY EARLY RETIREMENT PROGRAM

SUPPLEMENTAL Q & A'S

[NON-QUALIFIED]

1. Under the VERP, unless in its discretion the Company chooses to hold me over in my present position for any period up to December 1, 2002, I will be placed on Salary Continuation on December 1, 2001, and my estimated enhanced pension benefits have been computed assuming that I begin Salary Continuation on December 1, 2001. Will I be penalized if the compensation I earn during any hold over period prior to initiation of Salary Continuation adversely affects the final calculation of my pension benefits?

   No. You will not be penalized if the Company elects to hold you over. Upon your retirement, your final pension benefits will be calculated based on actual compensation received during any hold over period, and they will also be calculated as though you began Salary Continuation on December 1, 2001. You will be given whichever of these benefits is higher, or if use of any other appropriate period of service permissible under the pension plan yields an even higher benefit, you will be given that higher benefit.

2. I understand that my Enhanced Pension Benefit will be ordinary income, and will be subject to normal federal, state and (if applicable) local income taxes when it is paid to me. Will my Enhanced Pension Benefit also be subject to FICA taxes?

   The Enhanced Pension Benefit IS subject to FICA tax, which will be withheld from each payment. The normal annual maximum ($5,263.80 for 2002) on the 6.2% "old-age" part of FICA tax will apply and, if you are working elsewhere, may already be satisfied by other earnings.

   The company has explored methods to treat the entire lump sum value of your Enhanced Pension Benefit as being paid at once. This could save money for both you and the company. However, some very recent tax regulations appear to have blocked this approach.

3. Once GenCorp designates the date on which my regular employment ends and my Special Assignment/Salary Continuation begins, can the Company later change its decision and designate a new date through which I must work?

   Only with your agreement. You are entitled to make plans based upon the Company's designation of the date on which you start your Special Assignment.. If, for example, you are initially given a date of June 1, 2002, the Company can't require you to actively work until a later date as a condition for receiving the benefits of the VERP. Of course, if you agree, your commencement of Special Assignment status can be delayed, but not beyond December 1, 2002.

4. If I have an attractive employment opportunity, can I leave the Company prior to the date designated by the Company for commencement of my Special Assignment and still receive the benefits of the VERP?

   No. The Company will designate when your Special Assignment will begin based upon its business needs, and remaining actively employed with the Company until that date is an express condition of receiving VERP benefits. However, in its absolute discretion the Company can

accelerate the start of your Special Assignment upon your request to do so.

5. If I elect to receive my Enhanced Pension Benefit in monthly payments, can I elect the form of payment like under the qualified plan?

Yes, the same benefit options available in your regular qualified pension plan are available under the VERP. However, you do not have to elect the same form of payment under both the qualified plan and the VERP.

The different benefit forms are as follows:

Form of Payment	Percent of Single Life Annuity*
Single Life Annuity	100%
100% Joint & Survivor Annuity	94%
50% Joint & Survivor Annuity	90%
5-Year Certain Life Annuity	99%
10-Year Certain Life Annuity	96%
15-Year Certain Life Annuity	92%
20-Year Certain Life Annuity	89%

*Percentages given are approximations. Actual annuity amounts can only be determined based upon the ages of both the participant and the spouse.

6. If I was relocated by GenCorp within the last year, and I elect to retire under the VERP, will I be required to repay the Company's relocation costs?

No. GenCorp's Relocation Assistance program allows the Company to ask for repayment of its relocation expenses if the relocated employee terminates for any reason within that employee's control within 12 months of relocation. If you elect to retire under the VERP, the Company will designate your retirement date, anytime between December 1, 2001 and December 1, 2002, in its complete discretion. Since the Company has control over when you actually terminate your employment with GenCorp, you will not be asked to repay any relocation expenses.

7. I understand that if I elect to receive my Enhanced Pension Benefit in monthly payments, I can elect the same distribution options that are available under the qualified pension plan. However, if I elect to receive my Enhanced Pension Benefit in 5 annual installments, can I designate a beneficiary to receive my benefits upon my death?

Yes. A beneficiary designation form will be provided to participants who select the 5-installment payment option. The beneficiary designation will be subject to the same spousal consent rules that apply to the payment of benefits under the qualified plan.

8. I understand that my Enhanced Pension Benefit would be an unsecured liability of the Company. In the event that the Company might someday declare bankruptcy, how will my claim for payment of this benefit compare to claims of the Company's other creditors?

You would be considered a general creditor of the company and generally would have the same status as other general creditors of the company. There is some limited priority given to wages earned within 90 days of the filing of a bankruptcy petition.

9. I participate in the Kaiser HMO as an active employee. If I continue to participate in the Kaiser HMO as a retiree, will my coverage be any different because I am a retiree? [California Only]

No. Active employees and retirees who participate in the Kaiser HMO receive the same services from Kaiser. Likewise, active employees and retirees who participate in the PacifiCare HMO receive the same

services from PacifiCare.

10. If I currently participate in the Kaiser HMO as an active employee, can I switch to PacifiCare or to the non-HMO plan as a retiree? [California Only]

Yes. In fact, there is an open enrollment period each year (just like in the plan for active employees) when you can reconsider your choice.

11. I understand that there may be contributions required in order to have retiree medical benefits. Will my contributions be different if I pick HMO or non-HMO coverage, or depending on which HMO I pick?

No. When contributions are required, the cost will be the same for each and every retiree in the same age category (under 65, or 65 and over).

12. If I don't participate in an HMO, how does the retiree medical plan compare to the medical plan for active employees?

Here are some of the key differences:

		Active Employee Plan			Retiree Plan
		In-network	Out-of-network		
ANNUAL DEDUCTIBLE (1)	Low	0	Low 3% of pay	$ 500 per person	
	Middle	0	Middle 2% of pay	$1,000 per family	
	High	0	High 1% of pay		
ANNUAL OUT-OF-POCKET MAXIMUM (2)	Low	7% of pay	Low 7% of pay	$2,000 per family	
	Middle	6% of pay	Middle 6% of pay		
	High	5% of pay	High 5% of pay		
PLAN COPAYMENT	Low	80%	Low 60%	80%	
	Middle	90%	Middle 80%		
	High	100%	High 100%		

(1) For active plan, maximum deductibles are: High - $1,200, Middle - $1,000, Low- $800.

(2) Out-of-Pocket Maximum does not include annual deductible, copayment for prescription drugs, treatment of mental, nervous or substance abuse conditions, or $25 emergency room fee.

13. I am considered to be a "16b officer" under the federal securities laws, and this impacts my ability to trade GenCorp shares, even through the Retirement Savings Plan. Will I still be considered a "16b" officer while I am on Special Assignment and receiving Salary Continuation?

When your Special Assignment begins, you will be asked to resign as an officer of the company, and you will be subject to Rule 16b reporting requirements for

six months after you cease to be an officer. However, as long as you still have inside information, you will be prohibited from trading GenCorp shares based upon that information.

If you also hold restricted shares, there are limitations that apply to your trading of those shares. GenCorp's law department will be able to provide you with appropriate guidance.

14. As an officer, I am covered by an Indemnification Agreement. Will I still be covered by the Indemnification Agreement when I am on Special Assignment and receiving Salary Continuation?

Yes. Just like any former officer, the Indemnification Agreement will cover you for any events that occur while you are an officer, even if a claim or legal action is brought later. While you are on Special Assignment, you will no longer be serving as an officer or be involved in or responsible for actions of the company. Nevertheless, the Indemnification Agreement will cover you for any events that occur while you are on Special Assignment, should you be named in a claim or legal action.

15. The Stock Option plan provides for accelerated vesting of Options upon a "change in control" of GenCorp. If a change in control occurs while I am on Special Assignment and receiving Salary Continuation, will my unvested Options become vested?

No. Your Options that are unvested when you begin your Special Assignment will lapse at that time. Therefore, you would no longer have any unvested Options that could be affected by a subsequent change in control.

EXHIBIT D

LISTING OF GENCORP INC. SUBSIDIARIES(1)(3)

	STATE OR JURISDICTION OF INCORPORATION	PERCENTAGE OF VOTING OWNERSHIP(2)
Aerojet Fine Chemicals LLC(2)	Delaware	100.
Aerojet-General Corporation(2)(4)	Ohio	100.
Aerojet Australia (SA) Pty, Ltd	Australia	100.
Aerojet International Inc	California	100.
Aerojet Investments Ltd	California	100.
Aerojet Ordnance Tennessee, Inc	Tennessee	100.
Chemical Construction Corporation -- Inactive	Delaware	100.
Cordova Chemical Company -- Inactive	California	100.
Cordova Chemical Company of Michigan -- Inactive	Michigan	100.
GT & MC, Inc. -- Inactive	Delaware	100.
General Applied Science Laboratories, Inc. -- Inactive	New York	100.
PJD, Inc. -- Inactive	Delaware	100.
TKD, Inc. -- Inactive	California	100
GDX Automotive Inc.(2)	Delaware	100.
GDX Automotive (Pribor) s.r.o	Czech Republic	100.
GDX Automotive BV	Netherlands	100
GDX Automotive SL	Spain	100
GDX Automotive Iberica SA	Spain	100.
GDX Automotive SAS(2)	France	100.
Slic Corvol SAS(5)	France	100.
Slic Gruchet SA(5)	France	100.
Snappon SA(5)	France	100.
GDX LLC(2)	Delaware	100.
Genco Insurance Limited(2)	Bermuda	100.
Gen II Services, Inc.(2)	Ohio	100.
Gen III Services, Inc.(2)	Ohio	100.
GenCorp Argentina S.A. -- Inactive(2)	Argentina	80.
GenCorp Canada, Inc.(2)	Canada	100.
GenCorp Beteiligungs GmbH	Germany	100.
Henniges Elastomer-und Kunstofftechnick Verwaltungs GmbH	Germany	100.
Henniges Elastomer-und Kunstofftechnik GmbH & Co. KG	Germany	100.
Henniges Elastomer Ireland GmbH	Germany	100.
GDX Automotive Verwaltungs GmbH	Germany	100.
GDX Automotive Technical Center GmbH	Germany	100.
GDX Automotive Beteiligungs GmbH	Germany	100.
GDX Automotive GmbH & Co KG	Germany	100
GDX Automotive Mtech GmbH	Germany	100.
GDX Automotive Technical Center GmbH & Co. KG	Germany	100.
GDX Automotive International GmbH	Germany	100.
Beijing Wanyuan GDX Automotive Sealing Products Co. Ltd	China	60.
GenCorp Export Corporation(2)	Virgin Islands	100.
GenCorp Investment Management, Inc.(2)	Ohio	100.
GenCorp Overseas Inc.(2)	Ohio	100.

	STATE OR JURISDICTION OF INCORPORATION	PERCENTAGE OF VOTING OWNERSHIP(2)
GenCorp Property Inc.(2)	California	100.
LNR Capital s.r.o.(2)	Czech Republic	100.
Penn Athletic Products Company -- Inactive(2)	Ohio	100.
Penn International Inc.(2)	Ohio	100.
GenCorp GmbH	Germany	100.
Penn Nominal Holdings Inc.(2)	Ohio	100.

RKO General, Inc.(2)	Delaware	100.
RKO Hotel Group, Inc. -- Inactive(2)	Delaware	100.

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(1) Listing of GenCorp Inc. subsidiaries is as of November 30, 2001 and includes all significant and insignificant subsidiaries.

(2) Subsidiary is a direct subsidiary of GenCorp Inc. All other listed subsidiaries are indirect subsidiaries of GenCorp Inc.

(3) GenCorp Inc. conducts business using the names GenCorp and GDX Automotive.

(4) Aerojet -- General Corporation conducts business using the names Aerojet Propulsion Division and GenCorp Aerojet.

(5) Slic Corvol SAS, Slic Gruchet SA and Snappon SA conduct business using the name GDX Automotive.

EXHIBIT E

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints William R. Phillips and Robert C. Anderson, 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, 2001 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 15, 2002.

/s/ J. ROBERT ANDERSON

J. Robert Anderson

Dated: March 4, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints William R. Phillips and Robert C. Anderson, 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, 2001 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 15, 2002.

/s/ J. GARY COOPER

J. Gary Cooper

Dated: March 4, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints William R. Phillips and Robert C. Anderson, 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, 2001 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 15, 2002.

/s/ IRVING GUTIN

Irving Gutin

Dated: March 4, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints William R. Phillips and Robert C. Anderson, 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, 2001 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 15, 2002.

/s/ WILLIAM K. HALL

William K. Hall

Dated: March 4, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Director of GenCorp Inc. hereby constitutes and appoints William R. Phillips and Robert C. Anderson, 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, 2001 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 15, 2002.

/s/ JAMES M. OSTERHOFF

James M. Osterhoff

Dated: March 4, 2002

POWER OF ATTORNEY

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/s/ STEVEN G. ROTHMEIER

Steven G. Rothmeier

Dated: March 4, 2002

POWER OF ATTORNEY

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/s/ SHEILA E. WIDNALL

Sheila E. Widnall

Dated: March 4, 2002