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Dear Valued Supplier:

Subject: New General Provisions (GPs) and Quality Notes

Purpose Suppliers suggested Aerojet standardize both quality and purchasing terms and conditions (T/Cs) used in Purchase Orders (POs) and become “One Aerojet” in the way we do business. We listened, and developed web-based quality notes and a new company-wide modular approach to PO T/Cs. The first module is the new General Provisions (attached). By sharing the GPs in advance, we hope to speed transition to their use and reduce delays in awarding new POs.

What does this mean for Suppliers? Aerojet will begin using the new GPs and quality notes in all new solicitations on **February 1, 2009**. Buyers will consider whether to update any pending solicitations for POs to be awarded after February 1, 2009.

Old T/Cs will be retired however, POs will continue to be governed by whatever T/Cs were originally applied *unless* the PO is changed to update the T/Cs, with your consent. For companies with existing overriding sets of terms and conditions, Aerojet will be deciding on a case-by-case basis when to move to the new GPs over the next few months.

The advantage of the new GPs for suppliers is that:

- 1) POs from our various sites will be more alike making them easier to understand;
- 2) Common T/Cs may save you money by simplifying your preparation of Aerojet quotes and reviewing POs upon award for compliance;
- 3) Common business practices will result in improved relationships with suppliers – no matter which site(s) you do business with;
- 4) All T/Cs will be posted on a single web page accessed through our SupplierNet portal at www.Aerojet.com – so they will be easy to locate and more convenient. The Quality Notes are also posted on SupplierNet at http://www.aerojet.com/supplier/qa_terms_conditions.php.

How does the modular approach work? The “GPs” are the first step in moving to a modular approach with different T/C sets tailored to the procurement. The GPs form the legal “baseline” of the PO (the “boilerplate”). They include several provisions that apply just for the purchase of goods (and are self-deleting if not applicable).

As additional T/C modules are developed, buyers will select any applicable modules depending on the type and the nature of the procurement. Additional modules can be layered on as needed, along with any required customer “flow downs” or individual clauses to develop the complete PO/contract.

Planned Modules See the following table that illustrates the planned modular approach:

MODULE/DOCUMENT	USED IN
<i>General Provisions (GP)</i>	Baseline document for firm-fixed-price POs (goods & services)

(continued)

MODULE/DOCUMENT	USED IN
Special Provisions (SP)	
SP – Services	Supplements the GPs for purchase of personal or professional services (fixed price)
SP – On-Site Services	Supplements the GPs and Services SPs when work performed at Aerojet, customer or third party site
SP – Labor Hour (LH)	Supplements the GPs for purchase of Labor only (no materials or goods); labor at fixed rates
SP – Time & Material (T&M)	Supplements the GPs and LH SPs to provide for purchase of “materials” (or goods); goods/ materials to be paid at fixed prices
SP – Consultants	Supplements the GPs and Services SPs for Consultants performing personal services
SP – International Procurements	Supplements the GPs for POs with non-US based suppliers
SP – Construction	Supplements the GPs for all construction work (new, remodel or maintenance)
SP – IT Services	Supplements the GPs and Service SPs for software development, implementation or integration services
SP – Environmental Services	Supplements the GPs and Services SPs for environmental remediation and other services
SP – Information Technology (IT) Hardware	Supplements the GPs when buying IT Hardware
SP – IT Software	Supplements the GPs when buying Commercial Off-The-Shelf (COTS) software - not for software development
SP – IT Equipment Maintenance	Supplements the GPs and includes labor to maintain equipment; may include replacement parts (similar to T&M) - Includes Service Level Agreements
Cost Reimbursement Terms	Supplements the GPs when the PO will be a cost reimbursement type

Comments Please direct any comments to the undersigned or your Aerojet buyer.

Sincerely,



Ken Hansen
 Director
 Supply Chain Management

Enclosures: General Provisions