GenCorp

Ideas Powering Freedom



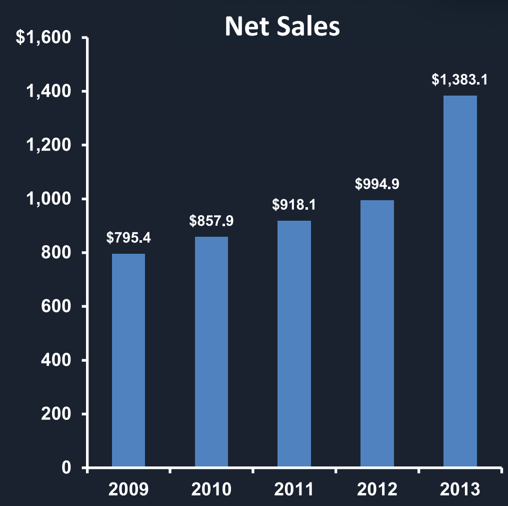


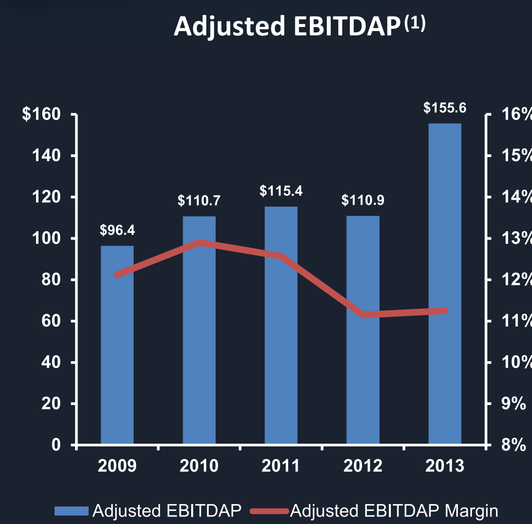


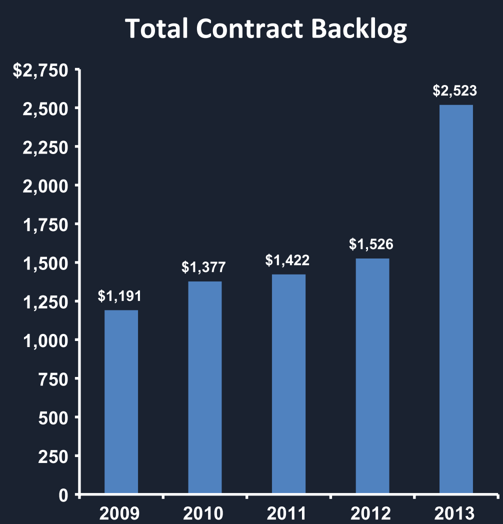

2013 ANNUAL REPORT

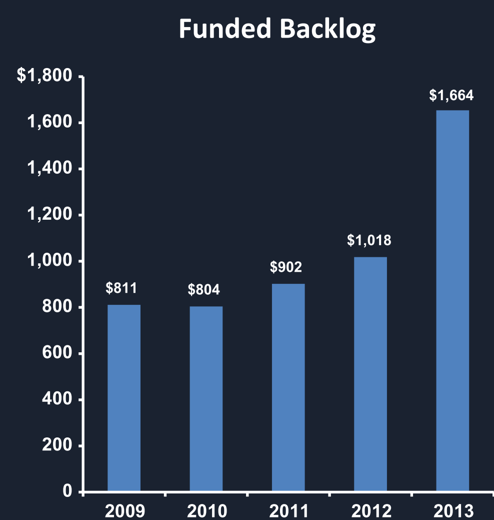
GenCorp Inc. Financial Performance Highlights

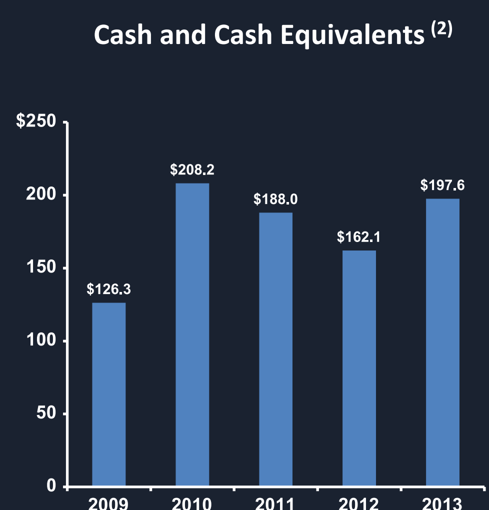
(In millions, except percentage amounts)

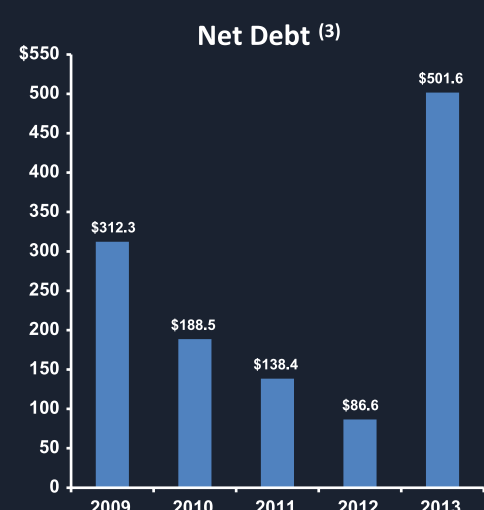












Notes:

(1) Non-GAAP Measure. The Company defines Adjusted EBITDAP as GAAP income before income taxes adjusted by interest expense, interest income, depreciation and amortization, retirement benefit plan costs and unusual items.

(2) Includes cash and cash equivalents, restricted cash and marketable securities.

(3) Non-GAAP Measure. Defined as debt principal less cash and marketable securities.

Dear Shareholders,

We are pleased with GenCorp's 2013 results which reflect a continuing focus on our core aerospace and defense business, including the successful acquisition of Pratt & Whitney Rocketdyne, which closed in June.

Net sales for fiscal year 2013 increased to $1.383 billion from $995 million in fiscal 2012. Total contract backlog rose to $2.523 billion as of November 30, 2013, compared to $1.526 billion as of November 30, 2012. We believe these metrics reflect the strength and alignment of the Aerojet Rocketdyne product portfolio which supports a number of our government customers' highest priorities and will serve us well as we continue our focus on long-term value creation for our shareholders.

> *"We believe these metrics reflect the strength and alignment of the Aerojet Rocketdyne product portfolio which supports a number of our government customers' highest priorities..."*

Aerojet Rocketdyne

The work of integrating the new Aerojet Rocketdyne is well underway and will continue to be a key focus throughout 2014 as we continue to implement the Company's ***Deliver. Drive. Create.*** strategic initiatives. A key milestone was achieved this past year with the implementation of a common Enterprise Resource Planning system which "went live" across heritage Aerojet, Easton and GenCorp operating sites. Expansion of this system to the heritage Rocketdyne sites is underway and is a critical part of our overall integration activities as we combine these two proud heritage companies to create one bright future.

Successes

Our business continued to experience a number of noteworthy successes across each of our product lines during 2013. Our Space Launch Systems product line led the way with a total of eight launches—military, scientific and commercial satellites and spacecraft—all with 100 percent mission success. Together, these missions delivered supplies to the International Space Station, provided strategic communications to our warfighters around the world, and supported our nation's quest to unlock the secrets of the universe as we continue to explore and extend the boundaries of scientific knowledge.

Our Missile Defense and Strategic Systems business continued to advance the maturity of key elements of our nation's missile defense capabilities as the Standard Missile-3 Block 1B and Terminal High Altitude Area Defense (THAAD) programs passed critical evaluation and qualification tests and moved into production.

In our Tactical Systems business, decades of production excellence were highlighted by delivery of the 25,000th Guided Multiple Launch Rocket System solid rocket motor and delivery of the 2,000th shipset of PAC-3 CRI (Cost Reduction Initiative) propulsion components for the Patriot missile program.

2013 also witnessed another first in our Company's long history. We had three highly successful flights, each supporting very important missions for our Department of Defense and NASA customers—*all in one day*. First, our AJ60 solid rocket boosters partnered with our RL10A-4-2 upper stage engine and a dozen of our Centaur upper stage thrusters to launch the Atlas V from NASA's Kennedy Space Center. Once at altitude, our Hall Thruster propulsion system, along with 18 attitude control thrusters, helped position the Advanced Extremely High Frequency Space Vehicle-3 payload for the U.S. Air Force into its intended orbital position. Later that day, our AJ26 engines powered the Antares launch vehicle from NASA's Wallops Flight Facility on its inaugural mission to deliver the Cygnus spacecraft to the International Space Station for NASA. Aerojet Rocketdyne propulsion also manuevered Cygnus to deliver supplies to the ISS. Then, that evening and halfway around the world, our MK-72 and MK-104 solid rocket motors provided first and second stage propulsion for two missile defense Standard Missile-3 Block 1B missiles, aided by our Throttling Divert and Attitude Control System (TDACS), enabling the successful intercept and destruction of a separating ballistic missile at the United States Navy's Pacific Missile Test Range near Hawaii. This was an important milestone for the Block 1B program which helped support the Missile Defense Agency's decision to enter full-rate production.

"We had three highly successful flights, each supporting very important missions for our Department of Defense and NASA customers—all in one day."

Easton Development Company, LLC

The Company continued its efforts to reposition and entitle 6,000 acres of land in the Sacramento, California, area under the brand name Easton. Approximately 1,500 acres have been fully entitled to date and the remaining 4,500 acres are in varying stages of gaining entitlement. Our efforts continue to be focused on incrementally positioning Easton for development with the Glenborough and Easton Place subdivisions now fully entitled, development agreements in place with local jurisdictions, and plans for infrastructure and the first subdivision now complete.

2013 Company Recognition

We are proud of the numerous awards and recognition the Company received in 2013. They recognize the significant accomplishments made by our team in a number of key areas, including being recognized by the International Space Hall of Fame this year when 40 current and former employees were inducted. All the honored employees served as members of the original Delta Clipper Experimental (DC-X/DC-XA) Team which helped develop an unmanned prototype of a reusable, single-stage-to-orbit launch vehicle in the 1990s. Our DC-X/DC-XA team joined a prestigious membership of 154 other inductees, including Neil Armstrong, Gene Kranz, Gene Cernan, Nicolaus Copernicus and Wernher von Braun. The event marked the first time an entire group of employees was inducted. We also received the prestigious 2013 *John R. Alison Award* for our work on the X-51A WaveRider from the U.S. Air Force Association. The X-51A hypersonic vehicle, powered by our SJY61 supersonic combustion ramjet engine, achieved aviation history by making the longest-ever scramjet-powered flight, flying the entire planned test duration and achieving mission success. The Company also received the *Boeing Performance Excellence Award*, given to recognize our Advanced Power Systems group that achieved superior performance in support of work performed on the International Space Station and Lithium Ion Battery programs. Finally in 2013, the Arkansas Environmental Federation (AEF) announced the selection of Aerojet Rocketdyne as the recipient of its 2013 *Diamond Award for Excellence in Environmental Leadership* for contributions made at our Camden, Arkansas, facility.

> *"The X-51A hypersonic vehicle, powered by our SJY61 supersonic combustion ramjet (scramjet) engine, achieved aviation history by making the longest-ever scramjet-powered flight…"*

Company Milestones

In January, we cast the 1,000th batch of solid rocket motor propellant (equivalent to nearly seven million pounds) for the Atlas V AJ60 boosters which are the world's largest monolithic solid rocket motors.

Also in 2013, the Company celebrated the 30th anniversary of the first solar electric propulsion (SEP) powered mission. Since the launch of the RCA American Satcom-1R satellite in 1983, the Company has continued to innovate and improve this product line, now commonly used by satellite and spacecraft manufacturers around the world for a variety of mission functions, including station keeping, orbit positioning and interplanetary transit. Through the years we have delivered more than 500 SEP systems with 100 percent mission success.

In September, NASA announced that Voyager 1 officially entered interstellar space, the space between the stars. Our contributions to this historic mission included not only the engines that powered the Titan 3E launch vehicle off the pad at Cape Canaveral in 1977, but the propulsion system that continues to propel the Voyager spacecraft where no vehicle has ever flown, making our hardware the first and only interstellar propulsion system in space.

The Company workforce also achieved a major safety milestone at both its Utah and Stennis operations by eclipsing 10 years without a lost time accident, demonstrating our ongoing commitment to safety throughout our operating sites.

Looking to the Future

We enter 2014 excited to build on the momentum of our successes in 2013, with an industry-leading portfolio of products and technologies well positioned to meet the needs of our customers, and with a team that remains committed to delivering excellent program and financial performance. We will continue our focus on the successful integration of the Rocketdyne Business while continuing to seek additional opportunities to create value for all our stakeholders.

> *"As GenCorp approaches its centennial anniversary, and with the strength of the new Aerojet Rocketdyne business behind us, we look forward to future challenges and opportunities…"*

As GenCorp approaches its centennial anniversary, and with the strength of the new Aerojet Rocketdyne business behind us, we look forward to future challenges and opportunities with the confidence of an enterprise that has continuously demonstrated its ability to innovate and adapt to the changing needs of our customers.

Thank you to our shareholders and customers for your ongoing support and to our more than 5,000 employees for your hard work and dedication to our mission.

Sincerely,

Scott J. Seymour
President & Chief Executive Officer
GenCorp Inc.

UNITED STATES 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, 2013

or

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

For the transition period from to .

Commission file number 1-1520

GenCorp Inc.

(Exact name of registrant as specified in its charter)

Ohio	**34-0244000**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2001 Aerojet Road Rancho Cordova, California	**95742**
(Address of principal executive offices)	*(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, $0.10 par value per share	New York Stock Exchange and Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes ☐ No ☑

The aggregate market value of the voting common equity held by nonaffiliates of the registrant as of May 31, 2013 was approximately $815 million.

As of January 14, 2014, there were 61.3 million outstanding shares of the Company's Common Stock, including redeemable common stock and unvested common shares, $0.10 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2014 Proxy Statement of GenCorp Inc. relating to its annual meeting of shareholders scheduled to be held on March 20, 2014 are incorporated by reference into Part III of this Report.

GENCORP INC.

Annual Report on Form 10-K
For the Fiscal Year Ended November 30, 2013

Table of Contents

* The information called for by Items 10, 11, 12, 13, and 14, to the extent not included in this Report, is incorporated herein by reference to the information to be included under the captions "Proposal 1 — Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance," "Communications with Directors," "Board Committees," "Executive Compensation," "2013 Director Compensation Table," "Compensation Discussion and Analysis," "Summary Compensation Table," "2013 Grants of Plan-Based Awards," "Outstanding Equity Awards at 2013 Fiscal Year End, "2013 Option/SAR Exercises and Stock Vested," "2013 Pension Benefits," "2013 Non-Qualified Deferred Compensation," "Director Compensation," "Organization & Compensation Committee Report" "Compensation Committee Interlocks and Insider Participation," "Security Ownership of Certain Beneficial Owners," "Security Ownership of Officers and Directors," "Employment Agreement and Indemnity Agreements," "Potential Payments upon Termination of Employment or Change in Control," "Determination of Independence of Directors," "Related Person Transaction Policy," "Proposal 4 — Ratification of the Appointment of Independent Auditors," "Audit Fees," "Audit-Related Fees," "Tax Fees," "All Other Fees" and "Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Company's Independent Auditors" in GenCorp Inc.'s 2014 Proxy Statement, to be filed within 120 days after the close of our fiscal year.

PART I

Item 1. *Business*

Unless otherwise indicated or required by the context, as used in this Annual Report on Form 10-K, the terms "we," "our," and "us" refer to GenCorp Inc. and all of its subsidiaries that are consolidated in conformity with accounting principles generally accepted in the United States of America ("U.S.").

Certain information contained in this Annual Report on Form 10-K should be considered "forward-looking statements" as defined by Section 21E of the Private Securities Litigation Reform Act of 1995. All statements in this report other than historical information may be deemed forward-looking statements. These statements present (without limitation) the expectations, beliefs, plans, and objectives of management and future financial performance and assumptions underlying, or judgments concerning, the matters discussed in the statements. The words "believe," "estimate," "anticipate," "project" and "expect," and similar expressions, are intended to identify forward-looking statements. Forward-looking statements involve certain risks, estimates, assumptions, and uncertainties, including with respect to future sales and activity levels, cash flows, contract performance, the outcome of litigation and contingencies, environmental remediation, availability of capital, and anticipated costs of capital. A variety of factors could cause actual results or outcomes to differ materially from those expected and expressed in our forward-looking statements. Important risk factors that could cause actual results or outcomes to differ from those expressed in the forward-looking statements are described in the section "Risk Factors" in Item 1A of this Report. Additional risk factors may be described from time to time in our future filings with the Securities and Exchange Commission ("SEC").

We are a manufacturer of aerospace and defense products and systems with a real estate segment that includes activities related to the re-zoning, entitlement, sale, and leasing of our excess real estate assets. We develop and manufacture propulsion systems for defense and space applications, and armaments for precision tactical and long range weapon systems applications. Our continuing operations are organized into two segments:

Aerospace and Defense — includes the operations of our wholly-owned subsidiary Aerojet Rocketdyne, Inc. ("Aerojet Rocketdyne"), a leading technology-based designer, developer and manufacturer of aerospace and defense products and systems for the U.S. government, including the Department of Defense ("DoD"), the National Aeronautics and Space Administration ("NASA"), major aerospace and defense prime contractors as well as portions of the commercial sector. Aerojet Rocketdyne is a world-recognized engineering and manufacturing company that specializes in the development and production of propulsion systems for defense and space applications, armament systems for precision tactical systems and munitions, and is considered a domestic market leader in launch propulsion, in-space propulsion, missile defense propulsion, tactical missile propulsion and hypersonic propulsion systems.

Real Estate — includes the activities of our wholly-owned subsidiary Easton Development Company, LLC related to the re-zoning, entitlement, sale, and leasing of our excess real estate assets. We own approximately 11,900 acres of land adjacent to U.S. Highway 50 between Rancho Cordova and Folsom, California east of Sacramento ("Sacramento Land"). We are currently in the process of seeking zoning changes and other governmental approvals on a portion of the Sacramento Land to optimize its value.

Sales, segment performance, total assets, and other financial data for our segments for fiscal 2013, 2012, and 2011 are set forth in Note 11 in Notes to Consolidated Financial Statements, included in Item 8 of this Report. Fiscal 2013 results include 5 ½ months of the Pratt & Whitney Rocketdyne division (the "Rocketdyne Business") operating results (see below).

In July 2012, we signed a stock and asset purchase agreement (the "Original Purchase Agreement") with United Technologies Corporation ("UTC") to acquire the Pratt & Whitney Rocketdyne division (the "Rocketdyne Business") from UTC for $550 million (the "Acquisition"). On June 10, 2013, the Federal Trade Commission ("FTC") announced that it closed its investigation into the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. On June 12, 2013, we entered into an amended and restated stock and asset purchase agreement, (the "Amended and Restated Purchase Agreement") with UTC, which amended and restated the Original Purchase Agreement, as amended. On June 14, 2013, we completed the acquisition of substantially all of the Rocketdyne Business pursuant to the Amended and Restated Purchase Agreement. The aggregate consideration to UTC was $411 million, paid in cash, which represents the initial purchase price of $550 million reduced by $55 million relating to the pending future acquisition of UTC's 50% ownership interest of RD Amross, LLC ("RD Amross" a joint venture with NPO Energomash of Khimki, Russia which sells RD-180 engines to RD Amross), and the portion of the UTC business that markets and supports the sale of RD-180 engines (the "RDA Acquisition"). The acquisition of UTC's 50% ownership interest of RD Amross and UTC's related business is contingent upon certain conditions including receipt of certain Russian governmental regulatory approvals, which may not be obtained. Pursuant to the terms of the Amended and Restated Purchase Agreement, either party to such agreement may terminate the obligations to consummate the RDA Acquisition on or after June 12, 2015; provided, however, that such termination date may be extended for up to four additional periods of three months each (with the final termination date extended until June 12, 2016). Subject to the terms of Amended and Restated Purchase Agreement, in order to extend the termination date, either party may request the extension by providing written notice to the other party at least five business days prior to the termination date, provided that the requesting party must have a reasonable belief at the time such notice is given that a certain authorization for completion of the RDA Acquisition from the Russian government will be forthcoming. The purchase price was further adjusted for advance payments on contracts, capital expenditures and other net assets, and is subject further to post-closing adjustments. See Note 4 in Notes to Consolidated Financial Statements.

The Rocketdyne Business was the largest liquid rocket propulsion designer, developer, and manufacturer in the U.S. as the primary propulsion system provider to the U.S. government, specifically NASA and the DoD through United Launch Alliance ("ULA"). ULA is a joint venture of The Boeing Company ("Boeing") and Lockheed Martin Corporation ("Lockheed Martin") which provide spacecraft launch services to the U.S. government. The Rocketdyne Business was considered to be a leader in liquid launch propulsion and hypersonic systems. For more than 50 years, the Rocketdyne Business has set the standard in launch propulsion design, development and manufacturing. The Rocketdyne Business has powered nearly all of NASA's human-rated launch vehicles to date and has recorded more than 1,600 space launches. The Rocketdyne Business propulsion systems have powered missions to nearly every planet in the solar system and have been a cornerstone to the U.S. Space Program since its inception. Additionally, the Rocketdyne Business propulsion systems are vital to the launch of astronauts and cargo required for space exploration and for U.S. military and commercial satellites.

We believe the Rocketdyne Business acquisition provides strategic value for the country, our customers, and our stakeholders. We anticipate that the combined enterprise will be better positioned to compete in a dynamic, highly competitive marketplace, and provide more affordable products for our customers. In addition, this transaction is expected to transform our business and provide additional growth opportunities as we build upon the complementary capabilities of each legacy company.

Our fiscal year ends on November 30 of each year. When we refer to a fiscal year, such as fiscal 2013, we are referring to the fiscal year ended on November 30 of that year. The fiscal year of our subsidiary, Aerojet Rocketdyne, ends on the last Saturday of November. As a result of the 2013 calendar, we had 53 weeks of operations in fiscal 2013 compared to 52 weeks of operations in fiscal 2012 and 2011. The additional week of operations, which occurred in the first quarter of fiscal 2013, accounted for $27.8 million in additional net sales.

We were incorporated in Ohio in 1915 and our principal executive offices are located at 2001 Aerojet Road, Rancho Cordova, CA 95742.

Our Internet website address is www.GenCorp.com. We have made available through our Internet website, free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC. We also make available on our Internet web site our corporate governance guidelines and the charters for each of the following committees of our Board of Directors: Audit; Corporate Governance & Nominating; and Organization & Compensation. Our corporate governance guidelines and such charters are also available in print to anyone who requests them.

Aerospace and Defense

Through Aerojet Rocketdyne, we are a leading technology-based designer, developer and manufacturer of aerospace and defense products and systems for the U.S. government, including the DoD and NASA, major aerospace and defense prime contractors and the commercial sector. We believe we are the only domestic provider of all four propulsion types (liquid, solid, air-breathing, and electric) for space and defense applications and we maintain leading positions in a number of the market segments that apply these technologies. Aerojet Rocketdyne is a world-recognized engineering and manufacturing company that develops and produces specialized propulsion systems for defense, space and commercial applications, as well as armament systems for precision tactical systems and munitions, and is considered a leader in liquid launch propulsion, missile defense, in-space, tactical and hypersonics propulsion systems. Through Aerojet Rocketdyne, we design, develop, and produce propulsion systems ranging in thrust size from a few grams to several hundred thousand pounds. We have participated in all of NASA's manned and NASA Discovery missions to date. Our propulsion systems have powered spacecraft to nearly every planet in the solar system and have been a cornerstone of the U.S. space program since its inception. For more than 70 years, Aerojet Rocketdyne has been a trusted supplier of highly sophisticated products and systems for military, civil and commercial customers and we maintain strong market positions across several product lines that are mission-critical to national defense and U.S. access to space. Our revenues are diversified across multiple programs, prime contractors and end users and we believe we are well positioned to benefit from spending in the DoD priorities of access to space and missile defense. Principal customers include the DoD, NASA, Boeing, Lockheed Martin, Orbital Sciences Corporation ("Orbital"), Raytheon Company ("Raytheon"), and ULA.

Product Lines and Major Programs

Our capabilities and resources are aligned with our customers and markets and position us for long-term growth with improved efficiency. The product lines and key programs we serve are:

Tactical Systems. Aerojet Rocketdyne is a designer, developer, and producer of propulsion and warhead systems for tactical missile systems. Our commitment to researching and developing safe, effective and affordable products enables us to provide our customers with optimal tactical propulsion and warhead solutions. Our tactical products have been successfully fielded on numerous active U.S. and international weapon system platforms.

During fiscal 2013, we were competitively selected to continue production of the Tube-launched Optically Wire-guided ("TOW") 2A/2B and Tomahawk WDU-36 warhead systems. The year also included achievement of significant production milestones including the delivery of the 2,000th Patriot Advanced Capability-3 ("PAC-3") shipset (1 Solid Rocket Motor and 180 Attitude Control Motors) and the 25,000th Guided Multiple Launch Rocket Systems ("GMLRS") rocket motor. Key research and development achievements include advances in composite case and propellant technologies that drove successful validation tests of candidate insensitive munitions technology for future upgrades to the GMLRS and Hellfire propulsion systems.

A subset of our key tactical missile propulsion systems programs is listed below:

Program	Primary Customer	End Users	Program Description	Program Status
GMLRS	Lockheed Martin	U.S. Army, U.S. Marines	Tactical solid rocket motors	Production
Javelin	Javelin Joint Venture	U.S. Army, U.S. Marines	Tactical solid rocket motors	Production
PAC-3	Lockheed Martin	U.S. Army	Tactical solid rocket motors and lethality enhancers	Development/ Production
Standard Missile	Raytheon	U.S. Navy, Missile Defense Agency ("MDA")	Tactical solid rocket motors	Production
Tactical Tomahawk	Raytheon	U.S. Navy	Tactical solid rocket motors and warheads	Production
TOW	Raytheon	U.S. Army, U.S. Marines	Tactical missile warheads	Production

Missile Defense Systems. Aerojet Rocketdyne manufactures divert and attitude control propulsion systems and boosters. These systems power and provide directional control for critical missile defense interceptor applications. Aerojet Rocketdyne manufactures content for two of the three phases of ballistic missile flight (boost, mid-course and terminal) in support of the MDA's priorities to develop and field an integrated, layered, ballistic missile defense system in defense against all ranges of enemy ballistic missiles in all phases of flight.

We achieved awards on several critical missile defense propulsion systems for fiscal 2013 including boosters and divert and attitude control systems ("DACS") for the Theater High Altitude Area Defense ("THAAD") interceptor system; Throttling DACS awards for the Standard Missile — 3 IB ("SM3") interceptor and SM-3 IIA programs and were awarded the Development and Sustainment Contract ("DSC") for the Exoatmospheric Kill Vehicle ("EKV") Liquid DACS system which is part of the Ground-based Missile Defense ("GMD") system. We also received a significant award to develop the third stage solid rocket motor which will potentially be used for the ground based strategic modernization program.

A subset of our key missile defense systems programs is listed below:

Program	Primary Customer	End Users	Program Description	Program Status
EKV Liquid DACS	Raytheon	MDA	Liquid propulsion divert and attitude control propulsion systems	Development/ Production
Hawk	U.S. Army	U.S. Army	Solid rocket motors	Production
Standard Missile	Raytheon	U.S. Navy, MDA	Throttling divert and attitude control systems, solid rocket motors	Development/ Production
THAAD	Lockheed Martin	MDA	Solid rocket motors, divert and attitude control systems	Development/ Production
Trident II Post Boost	Lockheed Martin	U.S. Navy	Post boost control system	Production

Defense Advanced Programs. Aerojet Rocketdyne's defense advanced programs activity supports the entire breadth of propulsion and energetic products within the defense products portfolio by developing robust processes and technologies demanded by our customers as well as new capabilities required in next generation weapon systems. Franchise technology demonstration programs and new product development efforts are optimized to effectively transition new products and technologies to full-scale development and production within our core business units. Our capabilities include an expanded highly skilled hypersonic propulsion team with decades of experience pioneering the development of liquid and solid fueled propulsion technologies for supersonic and hypersonic systems. We maintain key positions on ground-breaking government hypersonic propulsion programs such as the Triple Target Terminator ("T3") program, the Robust Scramjet Program and successfully completed the X-51A program for government customers including the Defense Advanced Research Projects Agency ("DARPA") and the U.S. Air Force Research Laboratory ("AFRL"). We are also actively developing a low cost propulsion solution to support Operationally Responsive Space applications, leveraging the experience and talent of our workforce to deliver affordable small payload launch solutions to low earth orbit. Additional research and development work continues to advance the next generation of propulsion enablers in tactical, strategic, and adjacent energetic markets.

A subset of our key defense advanced programs is listed below:

Program	Primary Customer	End Users	Program Description	Program Status
Large Class II Tech Demo	Air Force Nuclear Weapons Center	U.S. Air Force	Technology update of PeaceKeeper Upper Stage	Development
Leonidas Flight Motors	Hawaii Space Flight Laboratory	U.S. Air Force	Provide first flight motors for Leonidas Launch Vehicle	Development
Robust Scramjet	AFRL	U.S. Air Force	Hydrocarbon fueled supersonic combustion ramjet propulsion system	Development
Medium Class Stage III Tech Demo	AFRL	U.S. Air Force	Technology update of MinuteMan III Upper Stage	Development
Solid Divert and Attitude Control System Technology Risk Reduction	MDA	U.S. Navy	Develop solid propulsion technology for advanced kinetic kill vehicles	Development
T3	Raytheon, Boeing	U.S. Air Force	Variable flow ducted rocket (air-breathing)	Development

Space Launch Systems. For over half a century, Aerojet Rocketdyne has been a domestic provider of launch vehicle propulsion systems to multiple prime contractors providing launch services to the DoD, NASA, and other commercial customers. Our propulsion systems have flown on every manned mission since the inception of the U.S. space program. Products include a broad market offering of both liquid propellant engines and solid rocket motors required for launch vehicle applications in the defense, civil and commercial propulsion markets. Capabilities range across the entire spectrum of product maturation from technology demonstration through development, production, and flight support operations.

Our space launch systems have a long, successful history with the DoD where we currently project strong support related to National Security Space requirements for communications, navigation, and intelligence, surveillance, and reconnaissance activities. Aerojet Rocketdyne provides booster and upper stage propulsion for ULA's Delta IV and Atlas V launch vehicles in support of the Evolved Expendable Launch Vehicle ("EELV") Program. Additionally, we provide booster propulsion for Orbital's Antares launch vehicle which is now providing cargo transportation services to the International Space Station ("ISS") through the NASA Cargo Resupply Services ("CRS") contract.

During fiscal 2013, we completed price negotiations for five major multiyear contracts with ULA supporting the EELV program, securing significant contract backlog which will be conducted over the next five plus years. This provides significant program stability during that time period. Additionally, the Antares program achieved multiple milestones including a successful vehicle Flight Readiness Firing at the Wallops Island Launch facility, a successful first launch, and a second successful demonstration cargo launch that capped Orbital Sciences Commercial Orbital Transportation Systems program, all paving the way to regular cargo transfer missions as part of NASA's CRS contract.

A subset of our key space launch systems programs is listed below:

Program	Primary Customer	End Users	Program Description	Program Status
AJ-10	ULA	Commercial	Upper stage pressure-fed liquid propellant rocket engine for ULA's Delta II launch vehicle	Production
AJ-26	Orbital	NASA, Commercial	Liquid propellant first stage engine for Orbital's Antares launch vehicle	Production
AJ-62	ULA	U.S. Air Force, Commercial, and NASA	Solid propellant thrust augmentation strap on booster for ULA's Atlas V launch vehicle	Production
RL-10	ULA	U.S. Air Force, Commercial, and NASA	Liquid propellant upper stage engine for ULA's Atlas V and Delta IV launch vehicles	Production
RS-27	ULA	Commercial	Liquid propellant first stage engine for ULA's Delta II launch vehicle	Production
RS-68	ULA	U.S. Air Force, Commercial, and NASA	Liquid propellant first stage engine for ULA's Delta IV Launch Vehicle	Production

Space Advanced Programs. Aerojet Rocketdyne's space advanced programs activity supports the entire breadth of propulsion products within its space propulsion portfolio by developing next generation propulsion solutions, robust processes and technologies demanded by our customers. Franchise technology demonstration programs and new product development efforts are featured to transition effectively our products to our core markets.

NASA Human Exploration — Aerojet Rocketdyne was awarded a contract modification for the development of the J-2X upper stage engine and for adaptation and integration of the RS-25 core stage engine to power the heavy lift Space Launch System ("SLS"). The J-2X, an upgraded and modernized version of the original Apollo moon mission engine, progressed into hot fire testing of the third development engine and continues to meet technical and performance objectives. The RS-25 core stage engines are reusable engines repurposed from the Space Shuttle program to provide a highly reliable, low cost solution for the initial SLS missions. RS-25 adaptation and integration activities met and supported the completion of the SLS preliminary design review, a key decision gate for NASA. Aerojet Rocketdyne also continued early engineering development and risk reduction for advance boosters which may replace the current SLS boosters with increased performance and payload capability. Aerojet Rocketdyne completed qualification and delivery of the reaction control thrusters for the Orion crew module, planned to be flown on a SLS program-related test flight in 2014.

NASA Commercial Crew — Aerojet Rocketdyne continued the development of propulsion and power systems for the next generation of crew vehicles that will provide human transportation to and from the ISS. Boeing's CST-100 incorporates Aerojet Rocketdyne's reaction control thrusters, propulsion system and propellant tanks. Sierra Nevada's Dreamchaser utilizes Aerojet Rocketdyne's non-hypergolic reaction control engines and the electric power subsystem. Implementation of commercial crew providers is envisioned to lower the cost of crew transportation for NASA as well as stimulate the commercial market for access to low earth orbit.

Advanced In-Space Propulsion and Power — Next generation satellites and spacecraft for commercial, NASA, and DoD missions will require higher performance and lower cost propulsion and power systems. Aerojet Rocketdyne is developing high power solar electric propulsion, green monopropellant and bi-propellant engines and systems, lower cost modular propulsion systems, and advanced solar and nuclear space power systems to support these growing markets.

Additive Manufacturing — Aerojet Rocketdyne's investment into this manufacturing technology has progressed to demonstrations for system level rocket engine tests, complex geometry performance validation during component tests, and laboratory tests to refine design safety margins. Maturation of this technology is expected to provide significant cost and schedule savings over traditional manufacturing techniques with application to all Aerojet Rocketdyne products.

A subset of our key space advanced programs is listed below:

Program	Primary Customer	End Users	Program Description	Program Status
Advanced Boosters	Dynetics, NASA	NASA	Liquid booster propulsion for NASA's SLS	Technology
Commercial Crew Development	Boeing, Sierra Nevada	NASA	Propulsion/Engines/ Power for commercial crew vehicles	Development/ Qualification
Green Propellant Infusion Mission	NASA	NASA	On-orbit demonstration of green propellant propulsion	Technology
High Power Solar Electric Vehicles	NASA, U.S. Air Force	NASA, DoD, Commercial	High power solar electric propulsion module development	Technology
Hydrocarbon Booster Technology Demonstrator	AFRL	U.S. Air Force	On-orbit demonstration of green propellant propulsion Liquid booster	Technology
J-2X	NASA	NASA	Second stage engine for NASA's SLS	Development
Orion	Lockheed Martin	NASA	Propulsion systems and engines for human spaceflight system	Development/ Qualification
RS-25	NASA	NASA	Core stage engine for NASA's SLS	Development/ Qualification

Space Systems. Aerojet Rocketdyne is a supplier of high performance, highly reliable satellite and spacecraft propulsion products for low thrust engines and systems for domestic and international markets. Aerojet Rocketdyne is considered an industry leader in the design, development, and production of high performance electric, monopropellant and bi-propellant components, and systems. As with space launch vehicle systems, Aerojet Rocketdyne's key satellite and spacecraft propulsion capabilities cover the entire spectrum required by its customers including requirements definition and trade studies, design and development, fabrication and assembly, test and post-delivery support.

In fiscal 2013, we received a contract award to provide arcjet electric propulsion systems to a major communications satellite provider. This represented the start of a large movement in both commercial and military satellites toward the expanded use of electric propulsion. It is anticipated that in the coming year, additional prime contractors in both the U.S. and Europe will seek to take advantage of the operational advantages of electric propulsion for their satellite bus upgrades.

We launched a new international subsidiary, European Space Propulsion ("ESP"), which is located in Belfast, Northern Ireland. This subsidiary produces monopropellant thrusters and will expand into other propulsion technologies to enable penetration into the European satellite and spacecraft propulsion market. The European market is highly geo-political and requires European country geo-return as a prerequisite for contract awards. ESP also leverages significant political support from the United Kingdom government and European Space Agency. ESP received its first contract in fiscal 2013 for 19 MR-103 monopropellant thrusters for the Formosat 7 satellite from Surrey Satellite Technology Limited.

A subset of our key space systems programs is listed below:

Program	Primary Customer	End Users	Program Description	Program Status
Advanced Extremely High Frequency Satellites	Lockheed Martin	U.S. Air Force	Electric and chemical thrusters	Production
Boeing HS702MP Commercial Communications Satellite	Boeing	Various	Electric arcjet thrusters	Development/ Production
Cygnus	Orbital	Commercial	Monopropellant thrusters	Production
Geostationary Operational Environmental Satellite R-Series	Lockheed-Martin	NASA	Arcjet electric thrusters	Production
Global Positioning Systems	Boeing/Lockheed Martin	U.S. Air Force	Integrated propulsion systems and thrusters	Development/ Production
Iridium NEXT	Thales Alenia Space	Commercial	Monopropellant thrusters	Production
Space-Based Infrared System	Lockheed-Martin	U.S. Air Force	Thrusters and tanks	Production

Our Competitive Strengths

Leadership in Propulsion — Our success is due in part to our ability to focus on the design, development and manufacture of products utilizing innovative, mission-enabling technology. For over 70 years, we have demonstrated a legacy of successfully meeting the most challenging missions by producing some of the world's most technologically advanced propulsion systems for our customers. For example, our propulsion systems have flown on every NASA Discovery mission as well as every manned space mission since the inception of the U.S. Space Program. We also have powered nearly all of NASA's human-rated launch vehicles to date and powered space probes to nearly every planet in the solar system and have been a cornerstone to the U.S. space program since its inception. In addition, we have been a major supplier of a wide range of propulsion products to the DoD since the 1940s when we successfully developed and produced the first jet-assisted take off rockets for U.S. aircraft during World War II. We believe that Aerojet Rocketdyne is the only domestic provider of all four propulsion types (liquid, solid, air-breathing, and electric) for space, defense and commercial applications.

Diversified and Well Balanced Portfolio — We have been and continue to be a pioneer in the development of many crucial technologies and products that have strengthened multiple branches of the U.S. military and enabled the exploration of space. We believe Aerojet Rocketdyne maintains a unique competitive position due to a strategic focus on creating and maintaining a broad spectrum of propulsion and energetic products assisted by the growing market demand for its innovative energy management technologies. Our propulsion systems power almost all of today's medium and large payload rocket systems. We are the sole provider of both the liquid upper and boost stage engines on the SLS, Delta IV, and Atlas V launch vehicle systems. We have further capitalized on this foundation by bringing together "solid" and "liquid" propulsion teams and "cross-pollinating" critical product features and capabilities, thus exploiting potential product line synergies that enable us to offer our customers innovative, highly advanced solutions.

High Visibility of Revenue with Multi-year Contracts and Sizable Backlog — A strong focus on our customers' highest priorities has been a critical factor in maintaining an enduring portfolio of products throughout major market cycles. The highly visible nature of our revenue comes from the long-term nature of the programs with which we are involved, our diverse and attractive contract base and our deep customer relationships. A substantial portion of our sales are derived from multi-year contract awards from major aerospace and defense prime contractors. In many cases, we operate under sole source contracts, some of which are follow-on contracts to contracts initially completed years ago and others have been sole source contracts since inception. High renewal rates, supported by our market leading technology provide us with a highly stable business base from which to grow. Our contract backlog (funded and unfunded) was $2.5 billion as of November 30, 2013 and our funded backlog, which includes only amounts for which money has been directly appropriated by the U.S. Congress or for which a purchase order has been received from a commercial customer, totaled $1.7 billion.

Significant Barriers to Entry — Our business is characterized by significant barriers to entry including highly specialized technologies, customer emphasis on risk avoidance and a resulting reliance on existing, proven products, highly skilled workforces, the necessary infrastructure for potentially hazardous and technically sensitive work, long research and development periods, and considerable capital cost expense for necessary facilities and equipment. In conjunction with these barriers to entry, the long-term nature of government programs and associated requalification costs and/or incurred termination costs if a program is moved to another supplier limit the government's ability to change suppliers easily.

Additionally, we benefit from significant customer funding of research and development activities, which helps us position for future long-term production contracts on government products. A substantial portion of our business, including many of our contracts with major prime contractors to the U.S. government, the DoD and NASA, also require lengthy customer certification and qualification processes, which creates significant obstacles for potential competitors. As a result, we are the sole providers on the majority of our contracts. In addition, the capture of new programs and platforms favor suppliers that have extensive industry experience and a reputation for superior performance.

Exceptional Long-Term Industry Relationships — We serve a broad set of customers and are major suppliers of propulsion products to top original equipment manufacturers such as Boeing, Lockheed Martin, Orbital, Raytheon and ULA, as well as to the DoD, NASA and other U.S. government agencies. We have a long history of partnering with their respective prime contractors and have developed close relationships with key decision-makers while working for a combined total of more than a century in the rocket and missile propulsion markets. We are, in many instances, approached by multiple prime contractors in bidding processes, which is a testament to the strength of our relationships and technological leadership in the industry. We believe these long-term relationships and our reputation for performance enhance customer loyalty and provide us with key competitive advantages in winning new contracts for new programs as well as follow-on and derivative contracts for existing programs.

Competition

As a well-diversified supplier of all four propulsion types — liquid, solid, air-breathing, and electric — we believe that we are in a unique competitive position.

The nature of the markets in which we operate varies. In some market segments, the market is characterized by a few large, long-term programs, intermittent new program starts (with new buys spread further out in periods of declining budgets) and, therefore, relatively few new competitive awards. In these markets there tend to be few participants each with long-standing legacy positions. Thus, as noted above, the majority of our revenues are derived from sole source contracts where we are the long-term provider.

In other markets, the dynamics can be different, with more numerous, but smaller awards and a larger number of competitors. The basis on which we compete in the Aerospace and Defense industry varies by program, but generally is based upon technology, quality, service, and price. Although market competition in certain sectors can be intense, we believe we possess innovative and advanced propulsion and armament solutions, combined with adequate resources to continue to compete successfully.

The table below lists primary participants in the propulsion market:

Company	Parent	Propulsion Type	Propulsion Application
Aerojet Rocketdyne	GenCorp Inc.	Solid, liquid, air- breathing, electric	Launch, in-space, tactical, strategic, missile defense
Airbus Defence and Space (formerly Astrium)	Airbus Group	Solid, liquid	In-space
Alliant Techsystems	Alliant Techsystems Inc.	Solid, air-breathing	Launch, tactical, strategic, missile defense
Avio	Avio S.p.A	Solid, liquid	Launch, in-space
Electron Technologies, Inc.	L-3 Communications Corporation	Electric	In-space
Nammo Talley	Nammo Talley	Solid	Tactical
Moog Inc.	Moog Inc.	Liquid, electric	In-space, missile defense
Northrop Grumman Space Technology	Northrop Grumman Corporation ("Northrop")	Liquid	In-space
Safran	Safran	Liquid	Launch, tactical
SpaceX	SpaceX	Liquid	Launch, in-space

Industry Overview

Our primary aerospace and defense customers include the DoD and its agencies, NASA, and the prime contractors that supply products to these customers. We are seeing more opportunities for commercial in-launch and in-space business. In addition, sales to our aerospace and defense customers that provide products to international customers continue to grow. However, we rely on particular levels of U.S. government spending on propulsion systems for defense, space and armament systems for precision tactical weapon systems and munitions applications, and our backlog depends, in a large part, on continued funding by the U.S. government for the programs in which we are involved. These spending levels are not generally correlated with any specific economic cycle, but rather follow the cycle of general public policy and political support for this type of spending. Moreover, although our contracts often contemplate that our services will be performed over a period of several years, the U.S. President must propose and Congress must appropriate funds for a given program each government fiscal year ("GFY") and may significantly change, increase, reduce or eliminate, funding for a program. A decrease in DoD and/or NASA expenditures, the elimination or curtailment of a material program in which we are involved, or changes in payment patterns of our customers as a result of changes in U.S. government spending, could have a material adverse effect on our operating results, financial condition, and/or cash flows.

The Bipartisan Budget Act of 2013 set overall discretionary spending levels for GFY 2014 and eased sequestration cuts to the DoD and other federal agencies (e.g., NASA) for GFY 2014 and 2015, paving the way for an eventual agreement on GFY 2014 Appropriations for all federal agencies. In relatively short order, Congress was able to pass the Consolidated (so-called "Omnibus") Appropriation bill for GFY 2014. The Defense portion of the bill was below the President's requested level of funding for GFY 2014 but roughly the same as the post-sequester GFY 2013 DoD Appropriation levels. Funding for NASA was also below the President's Budget Request for GFY 2014 but up from the post-sequester GFY 2013 NASA Appropriation level.

Despite overall U.S. government budget spending pressures, we believe we are well-positioned to benefit from spending in DoD and NASA priority areas. This view reflects the DoD's strategic guidance report released in January 2012 which affirms support for many of our core programs and points toward continued DoD investment in: access to space — in order to ensure access to this highly congested and contested "global commons"; missile defense — in order to protect the homeland, counter weapons of mass destruction and enhance space-based capabilities; and power projection by tactical missile systems.

During 2013, Congress began consideration of a new NASA Authorization Act, authorizing NASA funding for the next several years, starting with GFY 2014. Ultimately, Congress did not complete action on a new NASA Authorization in 2013, but will likely resume consideration in 2014. In 2010, the NASA Authorization

Act, which remains in effect, impacted GFYs 2011-2013. NASA has identified the SLS program as one of its top priorities in the NASA portion of the GFY 2014 President's Budget Request. The SLS program also enjoys wide bipartisan support in both chambers of Congress. We maintain a strong relationship with NASA and our propulsion systems have been powering NASA launch vehicles and spacecraft since the inception of the U.S. Space Program. Our booster and upper stage propulsion systems are currently baselined on the new SLS vehicle and both upper stage and booster engines are in development for future SLS variants. Due to the retirement of the space shuttle fleet, U.S. astronauts are now dependent on Russian Soyuz flights for access to the ISS for the better part of this decade. NASA has indicated that it is working to re-establish U.S. manned space capability as soon as possible through development of the commercial cargo and crew ISS resupply capability and the heavy lift SLS designed for manned deep space exploration. In both instances, we have significant propulsion content.

Major Customers

As a supplier to the Aerospace and Defense industry, we align ourselves with prime contractors on a project-by-project basis. We believe that our position as a merchant supplier has helped us become a trusted partner to our customers, enabling us to maintain strong, long-term relationships with a variety of prime contractors. Under each of our contractors, we act either as a prime contractor, where we sell directly to the end user, or as a subcontractor, where we sell our products to other prime contractors. The principal end user customers of our products and technologies are agencies of the U.S. government.

Customers that represented more than 10% of net sales for the fiscal years presented are as follows:

	Year Ended		
	2013	**2012**	**2011**
Raytheon	32%	37%	36%
Lockheed Martin	23	32	28
ULA	18	*	*

* Less than 10%.

Direct sales to the U.S. government and its agencies, or government customers, and indirect sales to U.S. government customers via direct sales to prime contractors accounted for a total of approximately 95% of sales in fiscal 2013. Sales to our aerospace and defense customers that provide to international customers continue to grow. The following are percentages of net sales by principal end user in fiscal 2013:

U.S. Air Force	21%
MDA	20
NASA	19
U.S. Army	18
U.S. Navy	15
Other U.S. government	2
Total U.S. government customers	95
Other customers	5
Total	100%

Contract Types

Under each of its contracts, Aerojet Rocketdyne acts either as a prime contractor, where it sells directly to the end user, or as a subcontractor, selling its products to other prime contractors. Research and development contracts are awarded during the inception stage of a program's development. Production contracts provide for the production and delivery of mature products for operational use. Aerojet Rocketdyne's contracts are largely categorized as either "fixed-price" or "cost-reimbursable." During fiscal 2013, approximately 46% of our net sales were from fixed-price contracts, 49% from cost-reimbursable contracts, and 5% from other sales including commercial contracts and real estate activities.

Fixed-price contracts are typically (i) fixed-price, (ii) fixed-price-incentive fee, or (iii) fixed-price level of effort contracts. For fixed-price contracts, Aerojet Rocketdyne performs work for a fixed price and realizes all of the profit or loss resulting from variations in costs during contract performance. For fixed-price-incentive contracts, Aerojet Rocketdyne receives increased or decreased fees or profits based upon actual performance against established targets or other criteria. For fixed-price level of effort contracts, Aerojet Rocketdyne generally receives a structured fixed price per labor hour, dependent upon the customer's labor hour needs. All fixed-price contracts present the risk of unreimbursed cost overruns potentially resulting in losses.

Cost-reimbursable contracts are typically (i) cost plus fixed fee, (ii) cost plus incentive fee, or (iii) cost plus award fee contracts. For cost plus fixed fee contracts, Aerojet Rocketdyne typically receives reimbursement of its costs, to the extent the costs are allowable under contractual and regulatory provisions, in addition to receiving a fixed fee. For cost plus incentive fee contracts and cost plus award fee contracts, Aerojet Rocketdyne receives adjustments to the contract fee, within designated limits, based on actual results as compared to contractual targets for factors such as cost, performance, quality, and schedule.

Some programs under contract have product life cycles exceeding ten years. It is typical for U.S. government propulsion contracts to be of relatively small contract value during development phases that can last from two to five years, followed by low-rate and then full-rate production, where annual funding can grow significantly.

Government Contracts and Regulations

U.S. government contracts generally are subject to Federal Acquisition Regulations ("FAR"), agency-specific regulations that supplement FAR, such as the DoD's Defense Federal Acquisition Regulations, and other applicable laws and regulations. These regulations impose a broad range of requirements, many of which are unique to government contracting, including various procurement, import and export, security, contract pricing and cost, contract termination and adjustments, mandatory disclosure, and audit requirements. A contractor's failure to comply with these regulations and requirements could result in reductions of the value of contracts, contract modifications or termination, inability to bill and collect receivables from customers, and the assessment of penalties and fines that could lead to suspension or debarment from government contracting or subcontracting. In addition, government contractors are also subject to routine audits, reviews, and investigations by the Defense Contract Audit Agency ("DCAA"), the Defense Contract Management Agency, and other similar U.S. government agencies. Such reviews include but are not limited to a contractor's contract performance, compliance with applicable laws, regulations, and standards as well as the review of the adequacy of a contractor's accounting systems, purchasing systems, property management systems, estimating systems, earned value management systems, and material management and accounting system.

Regulations for U.S. government contracts provide for the cost of restructuring activities occurring after a business combination as unallowable costs unless, we can demonstrate through an external restructure cost and savings proposal that the savings as a result of the business combination will be at least twice the external restructuring costs.

The U.S. government's ability to unilaterally modify or terminate a contract or to discontinue funding for a particular program at any time could have a material adverse effect on our operating results, financial condition, and/or cash flows. The cancellation of a contract, if terminated for cause, could also subject us to liability for the excess costs incurred by the U.S. government in procuring undelivered items from another source. If terminated for convenience, our recovery of costs would be limited to amounts already incurred or committed (including severance costs for terminated employees), and our profit would be limited based on the work completed prior to termination.

Backlog

A summary of our backlog is as follows:

	As of November 30,	
	2013	2012
	(In millions)	
Funded backlog	$1,664	$1,018
Unfunded backlog	859	508
Total contract backlog	$2,523	$1,526

Total backlog includes both funded backlog (unfilled orders for which funding is authorized, appropriated and contractually obligated by the customer) and unfunded backlog (firm orders for which funding has not been appropriated). Indefinite delivery and quantity contracts and unexercised options are not reported in total backlog. Backlog is subject to funding delays or program restructurings/cancellations which are beyond our control. Of our November 30, 2013 total contract backlog, approximately 51%, or approximately $1,293 million, is expected to be filled within one year.

Seasonality

Appropriations bills for both DoD and NASA have become increasingly difficult for Congress to pass by the start of the GFY resulting in funding delays to many of our customers and, in turn, delays in contract awards received by us. This generally leads to a decrease in the number of new and follow-on awards in the first half of the fiscal year and an increase during the second half, which translate to varying levels of uncertainty in the timing of annual awards received by Aerojet Rocketdyne.

Research and Development

We view research and development efforts as critical to maintaining our leadership position in markets in which we compete. We maintain an active research and development effort supported primarily by customer funding. We believe that some customer-funded research and development expenditures that are subject to contract specifications may become key programs in the future. We believe customer-funded research and development activities are vital to our ability to compete for contracts and to enhance our technology base and future revenue growth.

Our company-funded research and development efforts include expenditures for technical activities that are vital to the development of new products, services, processes or techniques, as well as those expenses for significant improvements to existing products or processes.

The following table summarizes our research and development expenditures during the past three fiscal years:

	Year Ended		
	2013	2012	2011
	(In millions)		
Customer-funded	$339	$272	$276
Company-funded	43	30	27
Total research and development expenditures	$382	$302	$303

Suppliers, Raw Materials and Seasonality

The national aerospace supply base continues to consolidate due to economic, environmental, and marketplace circumstances beyond our control. The loss of key qualified suppliers of technologies, components, and materials can cause significant disruption to our program performance and cost.

Availability of raw materials and supplies has been generally sufficient. We sometimes are dependent, for a variety of reasons, upon sole-source or qualified suppliers and have, in some instances in the past, experienced difficulties meeting production and delivery obligations because of delays in delivery or reliance on such suppliers. We closely monitor sources of supply to ensure adequate raw materials and other supplies needed in our manufacturing processes are available. Further, as a U.S. government contractor, we are often required to procure materials from suppliers capable of meeting rigorous customer and government specifications. As market conditions change for these companies, they often discontinue materials with low sales volumes or profit margins. We are often forced to either qualify new materials or pay higher prices to maintain the supply. Although to date we have been successful in establishing replacement materials and securing customer funding to address specific qualification needs of the programs, we may be unable to continue to do so.

The supply of ammonium perchlorate, a principal raw material used in solid propellant, is limited to a single source that supplies the entire domestic solid propellant industry and actual pricing is based on the total industry demand. The slowdown and final close out of the Space Shuttle Program has reduced the total national demand, resulting in significant unit price increases. Pricing has stabilized with recent decisions from NASA to continue the Space Launch System Heavy Lift Vehicle program and the DoD to require the use of domestic ammonium perchlorate. In the majority of our contracts, we anticipated this price increase and incorporated abnormal escalation pricing language into our proposals and contracts.

We are also impacted, as is the rest of the industry, by fluctuations in the prices and lead-times of raw materials used in production on various fixed-price contracts, particularly on multi-year programs. We continue to experience volatility in the price and lead-times of certain commodity metals, primarily steel and aluminum. The pricing of titanium mill products have reduced recently but remain well above historical levels. Additionally, we may not be able to continue to negotiate with our customers for economic and/or price adjustment clauses tied to commodity indices to reduce program impact. The DoD also continues to rigorously enforce the provisions of the "Berry Amendment" which imposes a requirement to procure certain strategic materials critical to national security only from U.S. sources. While availability has not been a significant issue, cost remains a concern as this industry continues to quote "price in effect" at time of shipment terms, increasing the cost risk to our programs.

Aerojet Rocketdyne's business is not subject to predictable seasonality. Primary factors affecting the timing of Aerojet Rocketdyne's sales include the timing of government awards, the availability of U.S. government funding, contractual product delivery requirements, customer acceptances, and regulatory issues.

Intellectual Property

Where appropriate, Aerojet Rocketdyne obtains patents in the U.S. and other countries for new and useful processes, machines, manufacture or composition of matter, or any new and useful improvements thereof relating to its products and services. We use patents selectively both (i) to protect from unauthorized third party making, using, selling, offering to sell and importing the claimed inventions of the patents, where the inventions might be accessible to competitors, such as mechanical designs or structures and (ii) to establish that we have made inventions in particular areas of relevant technologies and thus can prevent competitors from successfully claiming exclusive rights in the claimed inventions. A patent is maintained as long as the underlying invention has value in the market which we compete. A patented invention incorporated into a product sold will typically be maintained to its expiration, which typically is approximately 20 years. We also rely on trade secret protection for financial, technical and personnel information that provides an economic competitive advantage in the markets in which we compete. Trade secrets that are protected under applicable state and federal laws are maintained in perpetuity. We rely more extensively on trade secrets to protect specific information whose detail are not readily accessible to competitors, such as business strategies, manufacturing procedures, and personnel information. As our products and services typically embody complex systems that include many technologies, no single patent or trade secret is material to us.

Real Estate

We own approximately 11,900 acres of land in the Sacramento metropolitan area which we refer to as the Sacramento Land. Acquired in the early 1950s for our aerospace and defense operations, there were large portions used solely to provide safe buffer zones around hazardous operations. Modern changes in propulsion technology coupled with the relocation of certain of our propulsion operations led us to determine large portions of the Sacramento Land were no longer needed for operations. Consequently, our plan has been to reposition this excess Sacramento Land, re-entitle it for new uses, and explore various opportunities to optimize its value.

Approximately 6,000 acres have been deemed excess, and we are in the process of entitling this excess land for new development opportunities under the brand name "Easton". Within Easton, we currently have approximately 1,450 acres that are fully entitled and approximately 2,940 acres have received "limited entitlements." Our entitlement efforts are expected to increase the land value over its current value. The term "entitlements" is generally used to denote the set of regulatory approvals required to allow land to be zoned for new requested uses. Required regulatory approvals vary with each jurisdiction and each zoning proposal and may include permits, land use master plans, zoning designations, state and federal environmental documentation, and other regulatory approvals unique to the land.

Easton Development Company, LLC continues to execute entitlement and pre-development activities, and to explore how to maximize value from Easton. Value enhancement may include outright sales, and/or joint ventures with real estate developers, residential builders, and/or other third parties. Those parcels of land that have obtained the necessary entitlements for development or are otherwise suitable for sale were transferred to this subsidiary. Additional land may be transferred in the future as these or other requirements are achieved.

Easton is located 15 miles east of downtown Sacramento, California along U.S. Highway 50, a key growth corridor in the region. We believe Easton has several competitive advantages over other areas, including several miles of freeway accessible frontage, one of the largest single-owner land tracts suitable for development in the Sacramento region, and desirable "in-fill" location surrounded by residential and business properties. The master plan reflects our efforts to make Easton one of the finest master-planned communities in the country. Easton will include a broad range of housing, office, industrial, retail, and recreational uses. This broad range of land uses will ensure long-term value enhancement of our excess land.

We are continuing to work with the City of Folsom on completing the balance of the required entitlements for the Hillsborough at Easton project, including the final finance program, total impact fees and development agreement. These efforts were substantially completed in 2013, and the finance plan and total impact fees were approved by the Folsom City Council in late January 2014. These terms will be incorporated in final approvals by the Folsom City Council and are expected in early 2014.

In 2013, we also continued our efforts to entitle our remaining Easton project with the City of Rancho Cordova, Westborough at Easton, which comprises 1,659 acres. These efforts will continue in 2014. During 2013, we also made important strides in discussions with the City of Rancho Cordova regarding total impact fees and final terms surrounding a final development agreement for the Rio del Oro at Easton project.

The new housing market and local economy in the Sacramento region are in recovery and we expect this trend to continue. We believe the long-term prospect for the Sacramento region represents an attractive and affordable alternative to the San Francisco Bay Area and other large metropolitan areas of California. We believe the Sacramento area demographics and the long-term real estate market fundamentals support our objective of creating value through new entitlements and the creation of Easton.

The Sacramento Land, including Easton, is summarized below (in acres):

Easton Projects	Environmentally Unrestricted	Environmentally Restricted(1)	Total	Entitled(2)	Limited Entitlements(3)
Glenborough and Easton Place	1,043	349	1,392	1,392	—
Rio del Oro	1,818	491	2,309	—	2,309
Westborough	1,387	272	1,659	—	—
Hillsborough	532	97	629	—	629
Office Park and Auto Mall	47	8	55	55	—
Total Easton acreage	4,827	1,217	6,044	1,447	2,938
Operations land(4)	24	5,179	5,203		
Land available for future entitlement(5)	447	242	689		
Total Sacramento Land	5,298	6,638	11,936		

(1) The environmentally restricted acreage described above is subject to restrictions imposed by state and/or federal regulatory agencies because of our historical propulsion system testing and manufacturing activities. We are actively working with the various regulatory agencies to have the restrictions removed as early as practicable, and the solutions to use these lands within Easton have been accounted for in the various land use plans and granted entitlements. See Note 8(c) in Notes to Consolidated Financial Statements for a discussion of the federal and/or state environmental restrictions affecting portions of the Sacramento Land.

(2) The term "entitled" is generally used to denote the set of local regulatory approvals required to allow land to be zoned for requested uses. Required regulatory approvals vary with each land zoning proposal and may include permits, general plan amendments, land use master plans, zoning designations, state and federal environmental documentation, and other regulatory approvals unique to the land. The entitlement and development process in California is long and uncertain with approvals required from various authorities, including local jurisdictions, and in select projects, permits required by federal agencies such as the U.S. Army Corps of Engineers and the U.S. Department of Interior, Fish and Wildlife Service ("USFWS"), and others prior to construction.

(3) The term "limited entitlements" is generally used to denote when a project receives a portion, but not all of the set of regulatory approvals required to allow land to be zoned for requested uses, as described in Item 2 above.

(4) We believe that the operations land is more than adequate for our long-term needs. As we reassess needs in the future, portions of this land may become available for entitlement.

(5) We believe it will be several years before any of this excess Sacramento Land is available for future change in entitlement. Some of this excess land is outside the current Urban Services Boundary established by the County of Sacramento and all of it is far from existing infrastructure, making it uneconomical to pursue entitlement for this land at this time.

Leasing & Other Real Estate

We currently lease approximately 370,000 square feet of office space in Sacramento to various third parties. These leasing activities generated $5.7 million in revenue in fiscal 2013.

We also own approximately 580 acres of land in Chino Hills, California. This property was used for the manufacture and testing of ordnance. With the sale of our ordnance business in the mid-1990s, we closed this facility and commenced clean-up of the site. We continue to work with state regulators and the City of Chino Hills to complete those efforts.

Environmental Matters

Our current and former business operations are subject to, and affected by, federal, state, local, and foreign environmental laws and regulations relating to the discharge, treatment, storage, disposal, investigation, and remediation of certain materials, substances, and wastes. Our policy is to conduct our business with due regard for the preservation and protection of the environment. We continually assess compliance with these regulations and we believe our current operations are in compliance with all applicable environmental laws and regulations.

A summary of our environmental reserves, recoverable amounts, and range of liability as of November 30, 2013 is presented below:

	Reserve	Recoverable Amount	Estimated Range of Liability
		(In millions)	
Sacramento	$128.0	$ 88.2	$128.0 – $199.5
Baldwin Park Operable Unit	26.9	18.5	26.9 – 57.3
Other Aerojet Rocketdyne sites	8.2	7.6	8.2 – 23.2
Other sites	8.2	0.8	8.2 – 9.8
Total	$171.3	$115.1	$171.3 – $289.8

Operation and maintenance costs associated with environmental compliance and management of contaminated sites are a normal, recurring part of operations. Most of our environmental costs are incurred by our Aerospace and Defense segment, and certain of these costs are allowable and allocable as reimbursable general and administrative costs allocated to our contracts with the U.S. government or reimbursable by Northrop, subject to annual and cumulative limitations. See Note 8(d) in Notes to Consolidated Financial Statements for additional information.

On January 12, 1999, Aerojet Rocketdyne and the U.S. government implemented the October 1997 Agreement in Principle ("Global Settlement") resolving certain prior environmental and facility disagreements, with retroactive effect to December 1, 1998. Under the Global Settlement, Aerojet Rocketdyne and the U.S. government resolved disagreements about an appropriate cost-sharing ratio with respect to the cleanup costs of the environmental contamination at the Sacramento and Azusa sites. The Global Settlement cost-sharing ratio does not have a defined term over which costs will be recovered. Additionally, in conjunction with the sale of the EIS business in 2001, Aerojet Rocketdyne entered into an agreement with Northrop (the "Northrop Agreement") whereby Aerojet Rocketdyne is reimbursed by Northrop for a portion of environmental expenditures eligible for recovery under the Global Settlement, subject to annual and cumulative limitations. As of November 30, 2013, $72.0 million remained for future cost reimbursements from Northrop and the current annual billing limitation to Northrop is $6.0 million.

Pursuant to the Global Settlement, prior to the third quarter of fiscal 2010, approximately 12% of environmental costs related to Aerojet Rocketdyne's Sacramento site and its former Azusa site were charged to the consolidated statements of operations. Subsequent to the third quarter of fiscal 2010, because our estimated environmental costs have reached the reimbursement ceiling under the Northrop Agreement, approximately 37% of such costs will not be reimbursable and were therefore directly charged to the consolidated statements of operations. However, we are seeking to amend our agreement with the U.S. government to increase the amount allocable to U.S. government contracts. There can be no assurances that we will be successful in this pursuit.

Allowable environmental costs are charged to our contracts as the costs are incurred. Aerojet Rocketdyne's mix of contracts can affect the actual reimbursement made by the U.S. government. Because these costs are recovered through forward-pricing arrangements, the ability of Aerojet Rocketdyne to continue recovering these costs from the U.S. government depends on Aerojet Rocketdyne's sustained business volume under U.S. government contracts and programs and the relative size of Aerojet Rocketdyne's commercial business. Under the Global Settlement agreement, environmental costs are allocable to the newly acquired business. Additionally, we are reviewing the percentage of Global Settlement environmental costs allocable to our Aerojet Rocketdyne business and Northrop. Any change in the percentage allocable will require approval from the U.S. government and if received, this change may materially and favorably affect our results of operations in the period received along with future periods.

The inclusion of such environmental costs in our contracts with the U.S. government does impact our competitive pricing and earnings. We believe that this impact is partially mitigated by driving improvements and efficiencies across our operations and growing our manufacturing base as well as our ability to deliver innovative and quality products to our customers.

Under existing U.S. environmental laws, a Potentially Responsible Party ("PRP") is jointly and severally liable, and therefore we are potentially liable to the government or other third parties for the full cost of remediating the contamination at our facilities or former facilities or at third-party sites where we have been designated as a PRP by the Environmental Protection Agency or state environmental agencies. The nature of environmental investigation and cleanup activities requires significant management judgment to determine the timing and amount of any estimated future costs that may be required for remediation measures. Further, environmental standards change from time to time. However, we perform quarterly reviews of these matters and accrue for costs associated with environmental remediation when it becomes probable that a liability has been incurred and the amount of the liability, usually based on proportionate sharing, can be reasonably estimated. These liabilities have not been discounted to their present value as the timing of cash payments is not fixed or reliably determinable.

We did not incur material capital expenditures for environmental control facilities in fiscal 2013 nor do we anticipate any material capital expenditures in fiscal 2014 and 2015. See Management's Discussion and Analysis in Part II, Item 7 "Environmental Matters" of this Report for additional information.

Additional information on the risks related to environmental matters can be found under "Risk Factors" in Item 1A. of this Report, including the material effects on compliance with environmental regulations that may impact our competitive position and operating results.

Employees

As of November 30, 2013, 14% of our 5,386 employees were covered by collective bargaining agreements. We believe that our relations with our employees and unions are good.

Item 1A. *Risk Factors*

Future reductions or changes in U.S. government spending could adversely affect our financial results.

Our primary aerospace and defense customers include the DoD and its agencies, NASA, and the prime contractors that supply products to these customers. We are seeing more opportunities for commercial in-launch and in-space business. In addition, sales to our aerospace and defense customers that provide products to international customers continue to grow. However, we rely on particular levels of U.S. government spending on propulsion systems for defense, space and armament systems for precision tactical weapon systems and munitions applications, and our backlog depends, in a large part, on continued funding by the U.S. government for the programs in which we are involved. These spending levels are not generally correlated with any specific economic cycle, but rather follow the cycle of general public policy and political support for this type of spending. Moreover, although our contracts often contemplate that our services will be performed over a period of several years, the U.S. President must propose and Congress must appropriate funds for a given program each GFY and may significantly change, increase, reduce or eliminate, funding for a program.

The Bipartisan Budget Act of 2013 set overall discretionary spending levels for GFY 2014 and eased sequestration cuts to the DoD and other federal agencies (e.g., NASA) for GFY 2014 and 2015, paving the way for an eventual agreement on GFY 2014 Appropriations for all federal agencies. In relatively short order, Congress was able to pass the Consolidated (so-called "Omnibus") Appropriation bill for GFY 2014. The Defense portion of the bill was below the President's requested level of funding for GFY 2014 but roughly the same as the post-sequester GFY 2013 DoD Appropriation levels. Funding for NASA was also below the President's Budget Request for GFY 2014 but up from the post-sequester GFY 2013 NASA Appropriation level.

Despite overall U.S. government budget spending pressures, we believe we are well-positioned to benefit from spending in DoD and NASA priority areas. This view reflects the DoD's strategic guidance report released in January 2012 which affirms support for many of our core programs and points toward continued DoD investment in: access to space — in order to ensure access to this highly congested and contested "global commons"; missile defense — in order to protect the homeland, counter weapons of mass destruction and enhance space-based capabilities; and power projection by tactical missile systems.

During 2013, Congress began consideration of a new NASA Authorization Act, authorizing NASA funding for the next several years, starting with GFY 2014. Ultimately, Congress did not complete action on a new

NASA Authorization in 2013, but will likely resume consideration in 2014. In 2010, the NASA Authorization Act, which remains in effect, impacted GFYs 2011-2013. NASA has identified the SLS program as one of its top priorities in the NASA portion of the GFY 2014 President's Budget Request. The SLS program also enjoys wide bipartisan support in both chambers of Congress. We maintain a strong relationship with NASA and our propulsion systems have been powering NASA launch vehicles and spacecraft since the inception of the U.S. Space Program. Our booster and upper stage propulsion systems are currently baselined on the new SLS vehicle and both upper stage and booster engines are in development for future SLS variants. Due to the retirement of the space shuttle fleet, U.S. astronauts are now dependent on Russian Soyuz flights for access to the ISS for the better part of this decade. NASA has indicated that it is working to re-establish U.S. manned space capability as soon as possible through development of the commercial cargo and crew ISS resupply capability and the heavy lift SLS designed for manned deep space exploration. In both instances, we have significant propulsion content.

A decrease in DoD and/or NASA expenditures, the elimination or curtailment of a material program in which we are involved, or changes in payment patterns of our customers as a result of changes in U.S. government spending, could have a material adverse effect on our operating results, financial condition, and/or cash flows.

The cancellation or material modification of one or more significant contracts could adversely affect our financial results.

Sales, directly and indirectly, to the U.S. government and its agencies accounted for approximately 95% of our total net sales in fiscal 2013. Our contracts typically permit the U.S. government to unilaterally modify or terminate a contract or to discontinue funding for a particular program at any time. The cancellation of a contract, if terminated for cause, could also subject us to liability for the excess costs incurred by the U.S. government in procuring undelivered items from another source. If terminated for convenience, our recovery of costs would be limited to amounts already incurred or committed (including severance costs for terminated employees), and our profit would be limited based on the work completed prior to termination.

Our business could be adversely affected by a negative audit by the U.S. government.

U.S. government agencies, including the DCAA and various agency Inspectors General, routinely audit and investigate government contractors. These agencies review a contractor's performance under its contracts, cost structure, and compliance with applicable laws, regulations, and standards. The U.S. government also reviews the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the contractor's accounting systems, purchasing systems, property management systems, estimating systems, earned value management systems, and material management system. Any costs found to be misclassified may be subject to repayment. If an audit or investigation uncovers improper or illegal activities, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the U.S. government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

If we experience cost overruns on our contracts, we would have to absorb the excess costs which could adversely affect our financial results and our ability to win new contracts.

In fiscal 2013, approximately 46% of our net sales were from fixed-price contracts, most of which are in mature production mode. Under fixed-price contracts, we agree to perform specified work for a fixed price and realize all of the profit or loss resulting from variations in the costs of performing the contract. As a result, all fixed-price contracts involve the inherent risk of unreimbursed cost overruns. To the extent we were to incur unanticipated cost overruns on a program or platform subject to a fixed-price contract, our profitability would be adversely affected. Future profitability is subject to risks including the ability of suppliers to deliver components of acceptable quality on schedule and the successful implementation of automated tooling in production processes.

In fiscal 2013, approximately 49% of our net sales were from cost reimbursable contracts. Under cost reimbursable contracts, we agree to be reimbursed for allowable costs and be paid a fee. If our costs are in excess of the final target cost, fees, and our margin may be adversely affected. If our costs exceed authorized contract funding or they do not qualify as allowable costs under applicable regulations, we will not be reimbursed for those costs. Cost overruns may adversely affect our financial performance and our ability to win new contracts.

If our subcontractors or suppliers fail to perform their contractual obligations, our contract performance and our ability to win new contracts may be adversely affected.

We rely on subcontractors to perform a portion of the services we agree to provide our customers and on suppliers to provide raw materials and component parts for our contract performance. A failure by one or more of our subcontractors or suppliers to satisfactorily provide on a timely basis the agreed-upon services or supplies may affect our ability to perform our contractual obligations. Deficiencies in the performance of our subcontractors and suppliers could result in our customer terminating our contract for default. A termination for default could expose us to liability and adversely affect our financial performance and our ability to win new contracts.

Our success and growth in our Aerospace and Defense segment depends on our ability to execute long-standing programs and periodically secure new contracts in a competitive environment.

Aerojet Rocketdyne's revenue is primarily derived from long-standing contracts (often sole source) where Aerojet Rocketdyne is the long-term incumbent. The challenge for Aerojet Rocketdyne is to successfully utilize its technical, engineering, manufacturing, and management skills to execute these programs for the customer, to continue to innovate and refine its solutions, and to offer the customer increasing affordability in an era of fiscal restraint. If Aerojet Rocketdyne is unable to successfully execute these long-standing programs, our ability to retain existing customers and attract new customers may be impaired.

In addition, in sectors where there is competition, it can be intense. Many of our competitors have financial, technical, production, and other resources substantially greater than ours. Although the downsizing of the defense industry in the early 1990s resulted in a reduction in the aggregate number of competitors, the consolidation has also strengthened the capabilities of some of the remaining competitors. The U.S. government also has its own manufacturing capabilities in some areas. We may be unable to compete successfully with our competitors and our inability to do so could result in a decrease in sales, profits, and cash flows that we historically have generated from certain contracts. Further, the U.S. government may open to competition programs on which we are currently the sole supplier, which could have a material adverse effect on our operating results, financial condition, and/or cash flows.

Our Aerospace and Defense segment is subject to procurement and other related laws and regulations inherent in contracting with the U.S. government, non-compliance with which could adversely affect our financial results.

In the performance of contracts with the U.S. government, we operate in a highly regulated environment and are routinely audited and reviewed by the U.S. government and its agencies, such as the DCAA. These agencies review performance under our contracts, our cost structure and our compliance with applicable laws, regulations and standards, as well as the adequacy of, and our compliance with, our internal control systems and policies. Systems that are subject to review include, but are not limited to, our accounting systems, purchasing systems, property management systems, estimating systems, earned value management systems, and material management and accounting system. Any costs ultimately found to be unallowable or improperly allocated to a specific contract will not be reimbursed or must be refunded if already reimbursed. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties, sanctions or suspension or debarment from doing business with the U.S. government. Whether or not illegal activities are alleged, the U.S. government also has the ability to decrease or withhold certain payments when it deems systems subject to its review to be inadequate. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. If such actions were to result in suspension or debarment, this could have a material adverse effect on our business.

These laws and regulations provide for ongoing audits and reviews of incurred costs as well as contract procurement, performance and administration. The U.S. government may, if it deems appropriate, conduct an investigation into possible illegal or unethical activity in connection with these contracts. Investigations of this nature are common in the aerospace and defense industry, and lawsuits may result. In addition, the U.S. government and its principal prime contractors periodically investigate the financial viability of its contractors and subcontractors as part of its risk assessment process associated with the award of new contracts. If the U.S. government or one or more prime contractors were to determine that we were not financially viable, our ability to continue to act as a government contractor or subcontractor would be impaired.

Aerojet Rocketdyne's international sales are subject to applicable laws relating to export controls, the violation of which could adversely affect its operations.

A portion of the Aerojet Rocketdyne activities are subject to export control regulation by the U.S. Department of State under the U.S. Arms Export Control Act and International Traffic in Arms Regulations ("ITAR"). The export of certain defense-related products, hardware, software, services and technical data is regulated by the State Department's Office of Defense Trade Controls Compliance ("DTCC") under ITAR. DTCC administers the State Department's authority under ITAR to impose civil penalties and other administrative sanctions for violations, including debarment from engaging in the export of defense articles or defense services. Violations of ITAR could result in significant sanctions including fines, more onerous compliance requirements, debarments from export privileges or loss of authorizations needed to conduct aspects of the Aerojet Rocketdyne's international business.

In November 2011, DTCC informed UTC that it considers certain of UTC's voluntary disclosures filed since 2005 to reflect deficiencies warranting penalties and sanctions. On June 28, 2012, UTC entered into a Consent Agreement (the "UTC Consent Agreement") with DTCC to resolve a Proposed Charging Letter that references approximately 45 of UTC's previous disclosures. The UTC Consent Agreement, which applies to the Rocketdyne Business, has a four-year term, and provides that UTC will: (1) pay a civil penalty of up to $55 million; (2) appoint, subject to DTCC approval, an outside special compliance official to oversee the compliance by UTC and its subsidiaries and divisions, including the Rocketdyne Business, with the UTC Consent Agreement and ITAR; (3) continue and undertake additional remedial actions to strengthen ITAR compliance, with emphasis on human resources and organization, training, automation, and security of electronic data; and (4) sponsor two outside ITAR compliance audits for UTC and its subsidiaries and divisions, including the Rocketdyne Business, during the term of the UTC Consent Agreement.

In connection with the Acquisition, the DTCC agreed to release the Rocketdyne Business from the UTC Consent Agreement upon consummation of the Acquisition on the condition that we agreed to provide to the DTCC (i) our plan to integrate the Rocketdyne Business into our ITAR compliance program and (ii) an audit of the integration one year after closing the Acquisition. Further, UTC has agreed to reimburse us for any and all costs we incur to comply with these requirements. In connection with the closing of the Acquisition, we provided to the DTCC a letter committing to the DTCC's conditions. However, there can be no assurance that we will be successful in integrating the Rocketdyne Business into our ITAR compliance program or to prevent any further ITAR violations. A future violation of ITAR could materially adversely affect our business, financial condition and results of operations.

The acquisition of the 50% ownership of RD Amross is subject to a number of conditions which could delay or materially adversely affect the timing of its completion, or prevent it from occurring.

On June 12, 2013, GenCorp and UTC entered into the Amended and Restated Purchase Agreement, which amended and restated the Original Purchase Agreement, pursuant to which GenCorp and UTC agreed to the Acquisition, subject to the terms and conditions therein. The Amended and Restated Purchase Agreement modified the Original Purchase Agreement to provide, among other things, that (i) GenCorp is not obligated to acquire the 50% membership interest of RD Amross, a Delaware limited liability company owned by UTC or the portion of the UTC business that markets and supports the sale of RD 180 engines (the "RDA Acquisition") until certain conditions have been met, and (ii) $55 million of the Acquisition purchase price shall be payable to UTC upon such time as the RDA Acquisition may occur. Pursuant to the terms of the Amended and Restated Purchase Agreement, either party to such agreement may terminate the obligations to consummate the RDA Acquisition on or after June 12, 2015; provided, however, that such termination date may be extended for up to four additional periods of three months each (with the final termination date extended until June 12, 2016). Subject to the terms of Amended and Restated Purchase Agreement, in order to extend the termination date, either party may request the extension by providing written notice to the other party at least five business days prior to the termination date, provided that the requesting party must have a reasonable belief at the time such notice is given that a certain authorization for completion of the RDA Acquisition from the Russian government will be forthcoming.

In addition, RD Amross is the subject of an investigation by the FTC into the exclusivity arrangements relating to the sales and purchases of the RD180 engine between RD Amross and its customer, ULA. Orbital has also sued RD Amross and ULA in the Eastern District of Virginia, *Orbital Sciences Corporation v. United Launch Alliance, LLC and RD Amross, LLC, Case No. 1:13CV753-LMB,* alleging unfair competition and restraint of trade based on those exclusivity arrangements. Orbital seeks a permanent injunction against the exclusivity arrangements and alleges damages of at least $515 million, which it is seeking to treble up to $1.5 billion. Under the Amended and Restated Purchase Agreement, we have received a limited indemnity from UTC for the FTC investigation and Orbital lawsuit. If GenCorp completes the acquisition of RD Amross, an adverse outcome in either or both of these proceedings that results in liability in excess of the indemnification coverage under the Amended and Restated Purchase Agreement could have a material adverse effect on our operating results, financial condition, and/or cash flows.

There are a number of risks and uncertainties relating to the RDA Acquisition. The RDA Acquisition may not be consummated in the time frame or manner currently anticipated, if at all, including the receipt of certain Russian governmental regulatory approvals. There can be no assurance that such approvals will be obtained.

We may face integration difficulties and may be unable to integrate the Rocketdyne Business into our existing operations successfully or realize the anticipated benefits of the Acquisition.

We have devoted and will continue to devote significant management attention and resources to integrating the operations and business practices of the Rocketdyne Business with our existing operations and business practices. Potential difficulties we may encounter as part of the integration process include the following:

- the inability to successfully integrate the Rocketdyne Business in a manner that permits us to achieve the full revenue and other benefits anticipated to result from the Acquisition;
- complexities associated with managing the businesses, including difficulty addressing possible differences in corporate cultures and management philosophies and the challenge of integrating complex systems, technology, networks and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- potential unknown liabilities not covered by indemnifications and unforeseen increased expenses or delays associated with the Acquisition;
- the inability to implement effective internal controls, procedures and policies for the Rocketdyne Business as required by the Sarbanes-Oxley Act of 2002 within the time periods prescribed thereby;
- the inability to implement effectively our new enterprise resource planning ("ERP") system with respect to the Rocketdyne Business;
- negotiations concerning possible modifications to the Rocketdyne Business's contracts as a result of the Acquisition;
- diversion of the attention of our management and the management of the Rocketdyne Business; and
- the disruption of, or the loss of momentum in, ongoing operations or inconsistencies in standards, controls, procedures and policies.

These potential difficulties could adversely affect our ability to maintain relationships with customers, suppliers, employees and other constituencies and the ability to achieve the anticipated benefits of the Acquisition, and could reduce our earnings or otherwise adversely affect our operations and our financial results.

Our ability to operate our business effectively may suffer if we do not in a timely and cost effective manner establish our own financial, administrative, and other support functions, related to the acquisition of the Rocketdyne Business and we cannot assure you that the transitional services UTC agreed to provide us will be sufficient for our needs.

In connection with the acquisition of the Rocketdyne Business, we have entered into a transition services agreement with UTC under which UTC is providing certain transitional services to us, including supply chain, information technology, accounting, human resources, treasury, and other services for a period of time. These services may not be sufficient to meet our needs. After our agreement with UTC expires, if we have not established our own support services related to the Acquisition, we may not be able to obtain these services at as favorable prices or on as favorable terms, if at all.

Any failure or significant downtime in UTC's financial, administrative, or other support systems during the transitional period could negatively impact our results of operations or prevent us from paying our suppliers and employees, or performing administrative or other services on a timely basis, which could negatively affect our results of operations.

Our future results could suffer if we cannot effectively manage our expanded operations as a result of the Acquisition.

The size of our operations has increased significantly following the Acquisition. Our future success depends, in part, upon our ability to manage the expanded operations, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurance that we will be successful or that we will realize any operating efficiencies, cost savings, revenue enhancements or other benefits currently anticipated from the Acquisition.

We have incurred substantial expenses related to the Acquisition and may incur significant expenses in the future related to the integration of the Rocketdyne Business.

We have already incurred substantial expenses in connection with the Acquisition of the Rocketdyne Business. We have incurred $31.6 million of expenses related to the Acquisition through November 30, 2013. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, payroll, pricing, marketing and benefits. While we have assumed that a certain level of expenses will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate. These integration expenses may result in us taking significant charges against earnings in future periods related to the Acquisition, and the amount and timing of such charges are uncertain at present.

The increase in our leverage and debt service obligations as a result of the Acquisition may adversely affect our financial condition and results of operations.

We have incurred additional indebtedness in order to finance the Acquisition. On January 28, 2013, we issued $460.0 million in aggregate principal amount of our 7.125% Second-Priority Senior Secured Notes ("7⅛% Notes"). The 7⅛% Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and outside the U.S. in accordance with Regulation S under the Securities Act. We used the net proceeds of the 7⅛% Notes offering to fund, in part, the Acquisition, and to pay related fees and expenses. See Note 6 in Notes to Consolidated Financial Statements.

Following the Acquisition, we have $699.2 million of outstanding indebtedness as of November 30, 2013, an increase of $450.5 million as compared with our level of outstanding indebtedness as of November 30, 2012. Our maintenance of higher levels of indebtedness could have adverse consequences including impairing our ability to obtain additional financing in the future.

Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. Furthermore, our operations may not generate sufficient cash flows to enable us to meet our expenses and service our debt. As a result, we may need to enter into new financing arrangements to obtain the necessary funds. If we determine that it is necessary to seek additional funding for any reason, we may not be able to obtain such funding or, if funding is available, obtain it on acceptable terms. If we fail to make a payment on our debt, we could be in default on such debt, and this default could cause us to be in default on our other outstanding indebtedness.

We may expand our operations through acquisitions, which may divert management's attention and expose us to unanticipated liabilities and costs. Also, acquisitions may increase our non-reimbursable costs. We may experience difficulties integrating any acquired operations, and we may incur costs relating to acquisitions that are never consummated.

Our business strategy may lead us to expand our Aerospace and Defense segment through acquisitions. However, our ability to consummate any future acquisitions on terms that are favorable to us may be limited by government regulations, the number of attractive acquisition targets, internal demands on our resources, and our ability to obtain financing. Our success in integrating newly acquired businesses will depend upon our ability to retain key personnel, avoid diversion of management's attention from operational matters, integrate general and administrative services and key information processing systems and, where necessary, re-qualify our customer programs. In addition, future acquisitions could result in the incurrence of additional debt, costs, and/or contingent liabilities. We may also incur costs and divert management attention to acquisitions that are never consummated. Integration of acquired operations may take longer, or be more costly or disruptive to our business, than originally anticipated.

Although we undertake a due diligence investigation of each business that we have acquired or may acquire, there may be liabilities of the acquired companies that we fail to, or were unable to, discover during the due diligence investigation and for which we, as a successor owner, may be responsible. In connection with acquisitions, we generally seek to minimize the impact of these types of potential liabilities through indemnities and warranties from the seller. However, these indemnities and warranties, if obtained, may not fully cover the liabilities due to limitations in scope, amount or duration, financial limitations of the indemnitor or warrantor, or other reasons.

Our inability to adapt to rapid technological changes could impair our ability to remain competitive.

The aerospace and defense industry continues to undergo rapid and significant technological development. Our competitors may implement new technologies before us, allowing them to provide more effective products at more competitive prices. Future technological developments could:

- adversely impact our competitive position if we are unable to react to these developments in a timely or efficient manner;
- require us to write-down obsolete facilities, equipment, and technology;
- require us to discontinue production of obsolete products before we can recover any or all of our related research, development and commercialization expenses; or
- require significant capital expenditures for research, development, and launch of new products or processes.

Our business and operations would be adversely impacted in the event of a failure of our information technology infrastructure or adversely impacted by a successful cyber-attack.

We rely upon the capacity, reliability and security of our information technology hardware and software infrastructure and our ability to expand and update this infrastructure in response to our changing needs. We are constantly updating our information technology infrastructure. Any failure to manage, expand and update our information technology infrastructure or any failure in the operation of this infrastructure could harm our business.

Despite our implementation of security measures, our systems are vulnerable to damages from cyber-attacks, computer viruses, natural disasters, unauthorized access and other similar disruptions. Any system failure, successful cyber-attack, accident or security breach could result in disruptions to our operations. To the extent that any disruptions or security breach results in a loss or damage to our data, inappropriate disclosure of confidential information, or negative publicity, it could harm our business. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

The integration of the Rocketdyne Business into our ERP system may adversely affect our business and results of operations or the effectiveness of internal control over financial reporting.

ERP integrations are complex and very time-consuming projects that involve substantial expenditures on system software and activities. If we do not effectively integrate the ERP system or if the system does not operate as intended, it could adversely affect financial reporting systems, our ability to produce financial reports, and/or the effectiveness of our internal controls over financial reporting. The integration of the Rocketdyne Business into our ERP solution is scheduled to be complete by January 1, 2015. Any extension beyond January 1, 2015 will result in us incurring additional implementation costs and require fees be paid to UTC for additional transitional services costs.

We may experience warranty claims for product failures, schedule delays or other problems with existing or new products and systems.

Many of the products we develop and manufacture are technologically advanced systems that must function under demanding operating conditions. Even though we believe that we employ sophisticated and rigorous design, manufacturing and testing processes and practices, we may not be able to successfully launch or manufacture our products on schedule or our products may not perform as intended.

If our products fail to perform adequately, some of our contracts require us to forfeit a portion of our expected profit, receive reduced payments, provide a replacement product or service or reduce the price of subsequent sales to the same customer. Performance penalties may also be imposed if we fail to meet delivery schedules or other measures of contract performance. We do not generally insure against potential costs resulting from any required remedial actions or costs or loss of sales due to postponement or cancellation of scheduled operations or product deliveries.

The release or explosion of dangerous materials used in our business could disrupt our operations and could adversely affect our financial results.

Our business operations involve the handling and production of potentially explosive materials and other dangerous chemicals, including materials used in rocket propulsion and explosive devices. Despite our use of specialized facilities to handle dangerous materials and intensive employee training programs, the handling and production of hazardous materials could result in incidents that temporarily shut down or otherwise disrupt our manufacturing operations and could cause production delays. It is possible that a release of these chemicals or an explosion could result in death or significant injuries to employees and others. Material property damage to us and third parties could also occur. The use of these products in applications by our customers could also result in liability if an explosion or fire were to occur. Any release or explosion could expose us to adverse publicity or liability for damages or cause production delays, any of which could have a material adverse effect on our operating results, financial condition, and/or cash flows.

Disruptions in the supply of key raw materials, difficulties in the supplier qualification process or increases in prices of raw materials could adversely affect our financial results.

We use a significant quantity of raw materials that are subject to market fluctuations and government regulations. Further, as a U.S. government contractor, we are often required to procure materials from suppliers capable of meeting rigorous customer and government specifications. As market conditions change for these companies, they often discontinue materials with low sales volumes or profit margins. We are often forced to either qualify new materials or pay higher prices to maintain the supply. Although to date we have been successful in establishing replacement materials and securing customer funding to address specific qualification needs of the programs, we may be unable to continue to do so.

The supply of ammonium perchlorate, a principal raw material used in solid propellant, is limited to a single source that supplies the entire domestic solid propellant industry and actual pricing is based on the total industry demand. The slowdown and final close out of the Space Shuttle Program has reduced the total national demand, resulting in significant unit price increases. Pricing has stabilized with recent decisions from NASA to continue the Space Launch System Heavy Lift Vehicle program and the DoD to require the use of domestic ammonium perchlorate. In the majority of our contracts, we anticipated this price increase and incorporated abnormal escalation pricing language into our proposals and contracts.

We are also impacted, as is the rest of the industry, by fluctuations in the prices and lead-times of raw materials used in production on various fixed-price contracts, particularly on multi-year programs. We continue to experience volatility in the price and lead-times of certain commodity metals, primarily steel and aluminum. The schedules and pricing of titanium mill products have reduced recently but remain well above historical levels. Additionally, we may not be able to continue to negotiate with our customers for economic and/or price adjustment clauses tied to commodity indices to reduce program impact. The DoD also continues to rigorously enforce the provisions of the "Berry Amendment" which imposes a requirement to procure certain strategic materials critical to national security only from U.S. sources. While availability has not been a significant issue, cost remains a concern as this industry continues to quote "price in effect" at time of shipment terms, increasing the cost risk to our programs.

Prolonged disruptions in the supply of any of our key raw materials, difficulty qualifying new sources of supply, implementing use of replacement materials or new sources of supply, and/or a continuing volatility in the prices of raw materials could have a material adverse effect on our operating results, financial condition, and/or cash flows.

Our pension plans are currently underfunded and we expect to be required to make cash contributions in future periods, which may reduce the cash available for our businesses.

In November 2008, we decided to amend the defined benefit pension and benefits restoration plans to freeze future accruals under such plans. Effective February 1, 2009 and July 31, 2009, future benefit accruals for non-collective bargaining-unit employees and collective bargaining-unit employees were discontinued, respectively.

As of the last measurement date at November 30, 2013, our total defined benefit pension plan assets and unfunded pension obligation for our tax-qualified pension plan were approximately $1,258.4 million and $261.7 million, respectively. We do not expect to make any significant cash contributions to our government contractor business segment tax-qualified defined benefit pension plan until fiscal 2015, which are recoverable through our U.S government contracts (see below). Additionally, we do not expect to make any significant cash contributions to the GenCorp tax-qualified defined benefit pension plan until fiscal 2018 or later, which are not recoverable through our U.S. government contracts.

Further, with the Office of Federal Procurement Policy issuance of the final rule harmonizing Cost Accounting Standard ("CAS") 412, *Composition and Measurement of Pension Cost*, and CAS 413, *Adjustment and Allocation of Pension Cost*, with the Pension Protection Act (the "PPA"), we will recover portions of any required pension funding through our government contracts. Approximately 91% of our unfunded pension benefit obligation as of November 30, 2013 is related to our government contracting Aerospace and Defense segment.

The PPA requires underfunded pension plans to improve their funding ratios based on the funded status of the plan as of specified measurement dates through contributions or application of prepayment credits. As of November 30, 2013, we have accumulated $30.6 million in prepayment credits as a result of advanced funding.

On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act ("MAP-21") was signed into law by the U.S. government. MAP-21, in part, provides temporary relief for employers who sponsor defined benefit pension plans related to funding contributions under the Employee Retirement Income Security Act of 1974. Specifically, MAP-21 implemented a 25-year average interest rate corridor around the 24 month interest rate used for purposes of determining minimum funding obligations. This relief is expected to defer cash contributions until fiscal 2015.

The funded status of our pension plans may be adversely affected by the investment experience of the plans' assets, by any changes in U.S. law and by changes in the statutory interest rates used by tax-qualified pension plans in the U.S. to calculate funding requirements. Accordingly, if the performance of our plans' assets does not meet our assumptions, if there are changes to the Internal Revenue Service regulations or other applicable law or if other actuarial assumptions are modified, our future contributions to our underfunded pension plans could be higher than we expect.

The level of returns on retirement benefit plan assets, changes in interest rates, changes in legislation, and other factors affects our financial results.

The timing of recognition of pension expense or income in our financial statements differs from the timing of the required pension funding under PPA or the amount of funding that can be recorded in our overhead rates through our government contracting business. Our earnings are positively or negatively impacted by the amount of expense or income we record for our employee retirement benefit plans. We calculate the expense for the plans based on actuarial valuations. These valuations are based on assumptions that we make relating to financial market and other economic conditions. Changes in key economic indicators result in changes in the assumptions we use. The key assumptions used to estimate retirement benefit plan expense for the following year are the discount rate and expected long-term rate of return on plan assets. Our pension expense or income can also be affected by legislation and other government regulatory actions.

Although some of our environmental expenditures may be recoverable and we have established reserves, given the many uncertainties involved in assessing liability for environmental claims, our reserves may not be sufficient, which could adversely affect our financial results and cash flows.

As of November 30, 2013, the aggregate range of our estimated future environmental obligations was \$171.3 million to \$289.8 million and the accrued amount was \$171.3 million. We believe the accrued amount for future remediation costs represents the costs that could be incurred by us over the contractual term, if any, or the next fifteen years of the estimated remediation, to the extent they are probable and reasonably estimable. However, in many cases the nature and extent of the required remediation has not yet been determined. Given the many uncertainties involved in assessing liability for environmental claims, our reserves may prove to be insufficient. We evaluate the adequacy of those reserves on a quarterly basis, and adjust them as appropriate. In addition, the reserves are based only on known sites and the known contamination at those sites. It is possible that additional sites needing remediation may be identified or that unknown contamination at previously identified sites may be discovered. It is also possible that the regulatory agencies may change clean-up standards for chemicals of concern such as ammonium perchlorate and trichloroethylene. This could lead to additional expenditures for environmental remediation in the future and, given the uncertainties involved in assessing liability for environmental claims, our reserves may prove to be insufficient.

Most of our environmental costs are incurred by our Aerospace and Defense segment, and certain of these costs are allowed to be included in our contracts with the U.S. government or reimbursable by Northrop. Prior to the third quarter of fiscal 2010, approximately 12% of environmental reserve adjustments related to our Sacramento site and our former Azusa site were charged to the consolidated statements of operations. Subsequent to the third quarter of fiscal 2010, because we reached the reimbursement ceiling under the Northrop Agreement on an accrual basis, approximately 37% of environmental reserve adjustments are expensed to the consolidated statements of operations. We are seeking to amend our agreement with the U.S. government to increase the amount allocable to our U.S. government contracts; however, there can be no assurances that we will be successful in this pursuit.

Our environmental expenses related to non-Aerojet Rocketdyne sites are generally not recoverable and a significant increase in these estimated environmental expenses could have a significant adverse effect on our operating results, financial condition, and/or cash flows.

Our operations and properties are currently the subject of significant environmental liabilities, and the numerous environmental and other government requirements to which we are subject may become more stringent in the future.

We are subject to federal, state and local laws and regulations that, among other things, require us to obtain permits to operate and install pollution control equipment and regulate the generation, storage, handling, transportation, treatment, and disposal of hazardous and solid wastes. These requirements may become more stringent in the future. Additional regulations dictate how and to what level we remediate contaminated soils and the level to which we are required to clean contaminated groundwater. These requirements may also become more stringent in the future. We may also be subject to fines and penalties relating to the operation of our existing and formerly owned businesses. We have been and are subject to toxic tort and asbestos lawsuits as well as other third-party lawsuits, due to either our past or present use of hazardous substances or the alleged on-site or off-site contamination of the environment through past or present operations. We may incur material costs in defending these claims and lawsuits and any similar claims and lawsuits that may arise in the future. Contamination at our current and former properties is subject to investigation and remediation requirements under federal, state and local laws and regulations, and the full extent of the required remediation has not yet been determined. Any adverse judgment or cash outlay could have a significant adverse effect on our operating results, financial condition, and/or cash flows.

We are from time to time subject to significant litigation, the outcome of which could adversely affect our financial results.

We and our subsidiaries are subject to material litigation. We may be unsuccessful in defending or pursuing these lawsuits or claims. Regardless of the outcome, litigation can be very costly and can divert management's efforts. Adverse outcomes in litigation could have a material adverse effect on our operating results, financial condition, and/or cash flows.

We face certain significant risk exposures and potential liabilities that may not be adequately covered by indemnity or insurance.

A significant portion of our business relates to developing and manufacturing propulsion systems for defense and space applications, and armament systems for precision tactical weapon systems and munitions applications. New technologies may be untested or unproven. In addition, we may incur significant liabilities that are unique to our products and services. In some, but not all, circumstances, we may receive indemnification from the U.S. government. While we maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and it is not possible to obtain insurance to protect against all operational risks and liabilities. Accordingly, we may be forced to bear substantial costs resulting from risks and uncertainties of our business, which could have a material adverse effect on our operating results, financial condition, and/or cash flows.

Our inability to protect our patents and proprietary rights could adversely affect our businesses' prospects and competitive positions.

We seek to protect proprietary technology and inventions through patents and other proprietary-right protection. If we are unable to obtain or maintain these protections, we may not be able to prevent third parties from using our proprietary rights. In addition, we may incur significant expense in protecting our intellectual property.

We also rely on trade secrets, proprietary know-how and continuing technological innovation to remain competitive. We have taken measures to protect our trade secrets and know-how, including the use of confidentiality agreements with our employees, consultants and advisors. These agreements may be breached and remedies for a breach may not be sufficient to compensate us for damages incurred. We generally control and limit access to our product documentation and other proprietary information. Other parties may independently develop our know-how or otherwise obtain access to our technology.

Business disruptions could seriously affect us.

Our business may be affected by disruptions including, but not limited to: threats to physical security of our facilities and employees, including senior executives; terrorist acts; information technology attacks or failures; damaging weather or other acts of nature; and pandemics or other public health crises. The costs related to these events may not be fully mitigated by insurance or other means. Disruptions could affect our internal operations or services provided to customers, which could have a material adverse effect on our operating results, financial condition, and/or cash flows.

If our operating subsidiaries do not generate sufficient cash flow or if they are not able to pay dividends or otherwise distribute their cash to us, or if we have insufficient funds on hand, we may not be able to service our debt.

All of the operations of our Aerospace and Defense and Real Estate segments are conducted through subsidiaries. Consequently, our cash flow and ability to service our debt obligations will be largely dependent upon the earnings and cash flows of our operating subsidiaries and the distribution of those earnings to us, or upon loans, advances or other payments made by these subsidiaries to us. The ability of our subsidiaries to pay dividends or make other payments or advances to us will depend upon their operating results and cash flows and will be subject to applicable laws and any contractual restrictions contained in the agreements governing their debt, if any.

We have a substantial amount of debt. Our ability to operate is limited by the agreements governing our debt.

We have a substantial amount of debt for which we are required to make interest and principal payments. Interest on long-term financing is not a recoverable cost under our U.S. government contracts. As of November 30, 2013, we had $699.2 million of debt. Subject to the limits contained in some of the agreements governing our outstanding debt, we may incur additional debt in the future. Our maintenance of higher levels of indebtedness could have adverse consequences including impairing our ability to obtain additional financing in the future.

Our level of debt places significant demands on our cash resources, which could:

- make it more difficult to satisfy our outstanding debt obligations;
- require us to dedicate a substantial portion of our cash for payments related to our debt, reducing the amount of cash flow available for working capital, capital expenditures, entitlement of our real estate assets, and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the industries in which we compete;
- place us at a competitive disadvantage with respect to our competitors, some of which have lower debt service obligations and greater financial resources than we do;
- limit our ability to borrow additional funds;
- limit our ability to expand our operations through acquisitions; and
- increase our vulnerability to general adverse economic and industry conditions.

If we are unable to generate sufficient cash flow to service our debt and fund our operating costs, our liquidity may be adversely affected.

We are obligated to comply with financial and other covenants outlined in our debt indentures and agreements that could restrict our operating activities. A failure to comply could result in a default under our senior credit facility entered into on November 18, 2011 (the "Senior Credit Facility") with the lenders identified therein and Wells Fargo Bank, National Association, as administrative agent, which would, if not waived by the lenders which likely would come with substantial cost, accelerate the payment of our debt. A payment default under the Senior Credit Facility could result in cross defaults on our 7 1/8% Notes and our 4.0625% Convertible Subordinated Debentures ("4 1/16% Debentures").

Our debt instruments generally contain various restrictive covenants which include, among others, provisions which may restrict our ability to:

- access the full amount of our revolving credit facility and/or incur additional debt;
- enter into certain leases;
- make certain distributions, investments, and other restricted payments;
- cause our restricted subsidiaries to make payments to us;
- enter into transactions with affiliates;
- create certain liens;
- purchase assets or businesses;
- sell assets and, if sold, retain excess cash flow from these sales; and
- consolidate, merge or sell all or substantially all of our assets.

Our secured debt also contains other customary covenants, including, among others, provisions:

- relating to the maintenance of the property collateralizing the debt; and
- restricting our ability to pledge assets or create other liens.

In addition, certain covenants in our bank facility require that we maintain certain financial ratios.

Based on our existing debt agreements, we were in compliance with our financial and non-financial covenants as of November 30, 2013. Any of the covenants described in this risk factor may restrict our operations and our ability to pursue potentially advantageous business opportunities. Our failure to comply with these covenants could also result in an event of default that, if not cured or waived, could result in the acceleration of the Senior Credit Facility, the 7 1⁄8% Notes, and the 4 1⁄16% Debentures. In addition, our failure to pay principal and interest when due is a default under the Senior Credit Facility, and in certain cases, would cause cross defaults on the 7 1⁄8% Notes and 4 1⁄16% Debentures. We have limited collateral available for additional financing due to the fact that our indebtedness under the Senior Credit Facility is secured by (i) all equity interests owned or held by the Company, including interests in Easton and 66% of the voting stock (and 100% of the non-voting stock) of all present and future first-tier foreign subsidiaries of the Company and Aerojet Rocketdyne and (ii) substantially all of the tangible and intangible personal property and assets of the Company. In addition, our indebtedness under the Senior Credit Facility is secured by certain real property owned by the Company located in Orange, Virginia and Redmond, Washington. Except for certain real property located in Canoga Park, California acquired in connection with the Acquisition, the Company's real property located in California, including the real estate holdings of Easton, is excluded from the collateral securing the Senior Credit Facility.

The real estate market involves significant risk, which could adversely affect our financial results.

Our real estate activities involve significant risks, which could adversely affect our financial results. We are subject to various risks, including the following:

- we may be unable to obtain, or suffer delays in obtaining, necessary re-zoning, land use, building, occupancy, and other required governmental permits and authorizations, which could result in increased costs or our abandonment of these projects;
- we may be unable to complete environmental remediation or to have state and federal environmental restrictions on our property lifted, which could cause a delay or abandonment of these projects;
- we may be unable to obtain sufficient water sources to service our projects, which may prevent us from executing our plans;
- our real estate activities may require significant expenditures and we may not be able to obtain financing on favorable terms, which may render us unable to proceed with our plans;
- economic and political uncertainties could have an adverse effect on consumer buying habits, construction costs, availability of labor and materials and other factors affecting us and the real estate industry in general;
- our property is subject to federal, state, and local regulations and restrictions that may impose significant limitations on our plans;
- much of our property is raw land that includes the natural habitats of various endangered or protected wildlife species requiring mitigation;
- if our land use plans are approved by the appropriate governmental authorities, we may face lawsuits from those who oppose such plans. Such lawsuits and the costs associated with such opposition could be material and have an adverse effect on our ability to sell property or realize income from our projects; and
- the time frame required for approval of our plans means that we will have to wait years for a significant cash return.

Substantially all of our excess real estate, that we are in the process of entitling for new opportunities, is located in Sacramento County, California making us vulnerable to changes in economic and other conditions in that particular market.

As a result of the geographic concentration of our properties, our long-term real estate performance and the value of our properties will depend upon conditions in the Sacramento region, including:

- the sustainability and growth of industries located in the Sacramento region;
- the financial strength and spending of the State of California;

• local real estate market conditions;

• changes in neighborhood characteristics;

• changes in interest rates; and

• real estate tax rates.

If unfavorable economic or other conditions continue in the region, our plans and business strategy could be adversely affected.

We may incur additional costs related to past or future divestitures, which could adversely affect our financial results.

In connection with our divestitures of the Fine Chemicals and GDX Automotive businesses in fiscal 2005 and fiscal 2004, respectively, we have incurred and may incur additional costs, including costs related to the closure of a manufacturing facility in Chartres, France. As part of these and other divestitures, we have provided customary indemnification to the purchasers for such matters as claims arising from the operation of the businesses prior to disposition, including income tax matters and the liability to investigate and remediate certain environmental contamination existing prior to disposition. These additional costs and the indemnification of the purchasers of our former or current businesses may require additional cash expenditures, which could have a material adverse effect on our operating results, financial condition, and/or cash flows.

In order to be successful, we must attract and retain key employees.

Our business has a continuing need to attract large numbers of skilled personnel, including personnel holding security clearances, to support the growth of the enterprise and to replace individuals who have terminated employment due to retirement or for other reasons. To the extent that the demand for qualified personnel exceeds supply, we could experience higher labor, recruiting, or training costs in order to attract and retain such employees, or could experience difficulties in performing under our contracts if our needs for such employees were unmet. In addition, our inability to appropriately plan for the transfer or replacement of appropriate intellectual capital and skill sets critical to us could result in business disruptions and impair our ability to achieve business objectives.

A strike or other work stoppage, or our inability to renew collective bargaining agreements on favorable terms, could adversely affect our financial results.

As of November 30, 2013, 14% of our 5,386 employees were covered by collective bargaining agreements. In the future, if we are unable to negotiate acceptable new agreements with the unions, upon expiration of the existing contracts, we could experience a strike or work stoppage. Even if we are successful in negotiating new agreements, the new agreements could call for higher wages or benefits paid to union members, which would increase our operating costs and could adversely affect our profitability. If our unionized workers were to engage in a strike or other work stoppage, or other non-unionized operations were to become unionized, we could experience a significant disruption of operations at our facilities or higher ongoing labor costs. A strike or other work stoppage in the facilities of any of our major customers or suppliers could also have similar effects on us.

Due to the nature of our business, our sales levels may fluctuate causing our quarterly operating results to fluctuate.

Our quarterly and annual sales are affected by a variety of factors that may lead to significant variability in our operating results. In our Aerospace and Defense segment, sales earned under long-term contracts are recognized either on a cost basis, when deliveries are made, or when contractually defined performance milestones are achieved. The timing of deliveries or milestones may fluctuate from quarter to quarter. In our Real Estate segment, sales of property may be made from time to time, which may result in variability in our operating results and cash flows.

Failure to maintain effective internal controls in accordance with the Sarbanes-Oxley Act of 2002 could negatively impact the market price of our common stock. "Out of period" adjustments could require us to restate or revise previously issued financial statements.

Effective internal controls are necessary for us to provide reliable financial reports and to effectively prevent fraud. We rely on numerous manual processes to manage our business, which increases our risk of having an internal control failure. The SEC, as directed by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring public companies to include a report by management on the effectiveness of our internal control over financial reporting in our Annual Reports on Form 10-K. In addition, our independent registered public accounting firm must report on the effectiveness of the internal control over financial reporting. Although we review our internal control over financial reporting in order to ensure compliance with the Section 404 requirements, if we or our independent registered public accounting firm is not satisfied with our internal control over financial reporting or the level at which these controls are documented, designed, operated or reviewed, or if our independent registered public accounting firm interprets the requirements, rules and/or regulations differently from our interpretation, then they may issue a report that is qualified. This could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our financial statements, which ultimately could negatively impact our stock price.

In addition, we have in the past recorded, and may in the future record, out of period adjustments to our financial statements. In making such adjustments we apply the analytical framework of SEC Staff Accounting Bulletin No. 99, "*Materiality*" ("SAB 99"), to determine whether the effect of any out of period adjustment to our financial statements is material and whether such adjustments, individually or in the aggregate, would require us to restate or revise our financial statements for previous periods. Under SAB 99, companies are required to apply quantitative and qualitative factors to determine the "materiality" of particular adjustments. We recorded out of period adjustments in fiscal 2013 and other prior periods, and in each instance determined that the adjustments were not material to the period in which the error originated or was corrected. In the future we may identify further out of period adjustments impacting our interim or annual financial statements. Depending upon the complete qualitative and quantitative analysis, this could result in us restating or revising previously issued financial statements.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Significant operating, manufacturing, research, design, and/or marketing locations are set forth below.

Facilities

Corporate Headquarters

GenCorp Inc.
2001 Aerojet Road
Rancho Cordova, California 95742

Operating/Manufacturing/Research/Design/Marketing Locations

Aerospace and Defense
Aerojet Rocketdyne
Sacramento, California

Design/Manufacturing Facilities:
Camden, Arkansas*
Canoga Park, California*
Carlstadt, New Jersey*
Chatsworth, California
Clearfield, Utah*
Gainesville, Virginia*
Huntsville, Alabama*
Jonesborough, Tennessee**
Orange, Virginia
Rancho Cordova, California (owned and leased)
Redmond, Washington
Socorro, New Mexico*
Vernon, California*
West Palm Beach, Florida*
Woodland Hills, California*

Marketing/Sales Offices:
Arlington, Virginia*
Huntsville, Alabama*
Washington, DC*

Real Estate
Folsom, California

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

** This facility is owned and operated by Aerojet Ordnance Tennessee, Inc., a 100% owned subsidiary of Aerojet Rocketdyne.

We believe each of the facilities is adequate for the business conducted at that facility. The facilities are suitable and adequate for their intended purpose and taking into account current and planned future needs.

Item 3. *Legal Proceedings*

Groundwater Litigation

In December 2011, Aerojet Rocketdyne received notice of a lawsuit, *Sun Ridge LLC, et al. v. Aerojet-General Corporation, et al.,* Case No. 34-2011-00114675, filed in Sacramento County Superior Court. The complaint, which also names McDonnell Douglas Corporation (now Boeing), was filed by owners of properties adjacent to the Aerojet Rocketdyne property in Rancho Cordova, California and alleges damages attributable to contamination of groundwater including diminution of property value and increased costs associated with ensuring water supplies in connection with real estate development. That matter was dismissed without prejudice and the parties entered into settlement discussions through which a settlement was reached. As of November 30, 2013, the Company has accrued $0.2 million, which represents its share of the settlement. Expenditures associated with this matter are partially recoverable.

Natural Resource Damage ("NRD") Assessment Claim

The Company previously manufactured products for the automotive industry at a Toledo, Ohio site, which was adjacent to the Ottawa River. This facility was divested in 1990 and the Company indemnified the buyer for claims and liabilities arising out of certain pre-divestiture environmental matters. In August 2007, the Company, along with numerous other companies, received from the United States Department of Interior Fish and Wildlife Service a notice of a NRD Assessment Plan for the Ottawa River and Northern Maumee Bay. A group of PRPs, including the Company, was formed to respond to the NRD assessment and to pursue funding from the Great Lakes Legacy Act for primary restoration. The restoration project performed by the group consisted of river dredging and land-filling river sediments with a total project cost in the range of approximately $47 million to $49 million, one half of which was funded through the Great Lakes Legacy Act and the net project costs to the PRP group was estimated at $23.5 million to $24.5 million. The dredging of the river that began in December 2009 has been completed. In February 2011, the parties reached an agreement on allocation. Still unresolved at this time is the actual NRD Assessment itself. In August 2013, the PRPs voted to accept the State and Federal Trustees' proposal resolving the NRD Assessment and other claims which increased the Company's share by $0.1 million. A Consent Decree must be negotiated and approved before the settlement becomes final. As of November 30, 2013, the estimated range of the Company's share of anticipated costs for the NRD matter was $0.2 million to $0.5 million. None of the expenditures related to this matter are recoverable.

Textileather, Inc. ("Textileather")

In 2008, Textileather, the current owner of the former Toledo, Ohio site, filed a lawsuit against the Company claiming, among other things, that the Company failed to indemnify and defend Textileather for certain contractual environmental obligations. A second suit related to past and future Resource Conservation Recovery Act ("RCRA") closure costs was filed in late 2009. On May 5, 2010, the District Court granted the Company's Motion for Summary Judgment, thereby dismissing the claims in the initial action. Textileather appealed to the Sixth Circuit Court of Appeals. On September 11, 2012, the Court of Appeals affirmed the District Court's decision with respect to Textileather's Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") cost recovery claims, but reversed the decision to dismiss its breach of contract claims. The case was remanded to the District Court for further proceedings consistent with the opinion of the Court of Appeals. On September 10, 2013, the parties executed the definitive settlement agreement resolving the dispute for a release for all non-polychlorinated biphenyl ("PCB") related environmental issues for $4.3 million to be paid in two payments in the 2013 calendar year. The Company has a reserve of $2.7 million for the settlement and PCB related environmental issues as of November 30, 2013. None of the expenditures related to this matter are recoverable.

Asbestos Litigation

The Company has been, and continues to be, named as a defendant in lawsuits alleging personal injury or death due to exposure to asbestos in building materials, products, or in manufacturing operations. The majority of cases are pending in Texas and Pennsylvania. There were 129 asbestos cases pending as of November 30, 2013.

Given the lack of any significant consistency to claims (i.e., as to product, operational site, or other relevant assertions) filed against the Company, the Company is unable to make a reasonable estimate of the future costs of pending claims or unasserted claims. Accordingly, no estimate of future liability has been accrued for such contingencies.

In 2011, Aerojet Rocketdyne received a letter demand from AMEC, plc, ("AMEC") the successor entity to the 1981 purchaser of the business assets of Barnard & Burk, Inc., a former Aerojet Rocketdyne subsidiary, for Aerojet Rocketdyne to assume the defense of sixteen asbestos cases, involving 271 plaintiffs, pending in Louisiana, and reimbursement of over $1.7 million in past legal fees and expenses. AMEC is asserting that Aerojet Rocketdyne retained those liabilities when it sold the Barnard & Burk assets and agreed to indemnify the purchaser therefor. Under the relevant purchase agreement, the purchaser assumed only certain, specified liabilities relating to the operation of Barnard & Burk before the sale, with Barnard & Burk retaining all unassumed pre-closing liabilities, and Aerojet Rocketdyne agreed to indemnify the purchaser against unassumed liabilities that are asserted against it. Based on the information provided, Aerojet Rocketdyne declined to accept the liability and requested additional information from AMEC pertaining to the basis of the demand. On April 3, 2013, AMEC filed a complaint for breach of contract against Aerojet Rocketdyne in Sacramento County Superior Court, *AMEC Construction Management, Inc. v. Aerojet-General Corporation, Case No. 342013001424718*. Although AMEC served the complaint on Aerojet Rocketdyne, Aerojet Rocketdyne was granted an open extension of time in which to file a response in order to facilitate additional sharing of information and potential settlement negotiations. No estimate of liability has been accrued for this matter as of November 30, 2013.

The following table sets forth information related to asbestos litigation:

	Year Ended		
	2013	2012	2011
	(Dollars in thousands)		
Claims filed	18***	19**	28*
Claims dismissed	25	21	20
Claims settled	5	3	3
Claims pending	129	141	146
Aggregate settlement costs	$640	$ 53	$ 70
Average settlement costs	$128	$ 18	$ 23

* This number is net of one case tendered to a third party under a contractual indemnity obligation.

** This number is net of two cases tendered to a third party under a contractual indemnity obligation.

*** This number is net of three cases tendered to a third party under a contractual indemnity obligation.

Legal and administrative fees for the asbestos cases for fiscal 2013, 2012 and 2011 was $0.4 million for all years presented.

Item 4. ***Mine Safety Disclosures***

None.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholders' Matters and Issuer Purchases of Equity Securities***

As of January 14, 2014, there were 7,567 holders of record of the common stock. On January 14, 2014, the last reported sale price of our common stock on the New York Stock Exchange was $17.93 per share.

Our Senior Credit Facility (described in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Liquidity and Capital Resources") restricts the payment of dividends and we do not anticipate paying cash dividends in the foreseeable future.

Information concerning long-term debt, including material restrictions relating to payment of dividends on our common stock appears in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Liquidity and Capital Resources" and in Part II, Item 8. Consolidated Financial Statements and Supplementary Data at Note 6 in Notes to Consolidated Financial Statements. Information concerning securities authorized for issuance under our equity compensation plans appears in Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters under the caption "Equity Compensation Plan Information."

Common Stock

Our common stock is listed on the New York Stock Exchange under the trading symbol "GY." The following table lists, on a per share basis for the periods indicated, the high and low sale prices for the common stock as reported by the New York Stock Exchange:

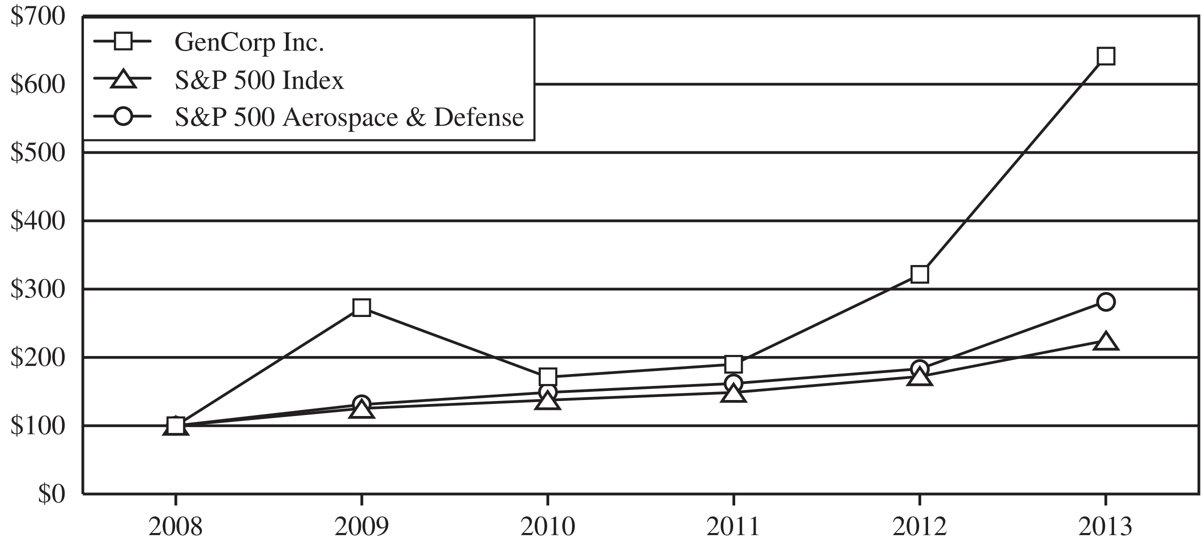
	Common Stock Price	
Year Ended November 30,	**High**	**Low**
2013		
First Quarter	$12.36	$ 8.70
Second Quarter	$13.98	$11.82
Third Quarter	$17.76	$13.40
Fourth Quarter	$18.50	$15.01
2012		
First Quarter	$ 6.15	$ 5.20
Second Quarter	$ 7.27	$ 5.75
Third Quarter	$ 9.25	$ 5.69
Fourth Quarter	$10.38	$ 8.05

Stock Performance Graph

The following graph compares the cumulative total shareholder returns, calculated on a dividend reinvested basis, on $100 invested in our Common Stock in November 2008 with the cumulative total return of (i) the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index"), and (ii) the Standard & Poor's 500 Aerospace & Defense Index. The stock price performance shown on the graph is not necessarily indicative of future performance.

Comparison of Cumulative Total Shareholder Return
Among GenCorp, S&P 500 Index, and the S&P 500 Aerospace & Defense Index,
November 2008 through November 2013

Comparison of Cumulative Five Year Total Return



Company/Index	Base Period 2008	As of November 30, 2009	2010	2011	2012	2013
GenCorp Inc.	$100.00	273.08	171.68	190.21	321.68	641.26
S&P 500 Index	100.00	125.39	137.85	148.65	172.63	224.93
S&P 500 Aerospace & Defense	100.00	131.63	149.25	162.17	183.42	281.87

Item 6. ***Selected Financial Data***

The following selected financial data is qualified by reference to and should be read in conjunction with the Consolidated Financial Statements, including the Notes thereto in Item 8. Consolidated Financial Statements and Supplementary Data, and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended				
	2013	**2012**	**2011**	**2010**	**2009**
	(In millions, except per share amounts)				
Net sales	$1,383.1	$994.9	$918.1	$857.9	$795.4
Net income (loss):					
Income (loss) from continuing operations, net of income taxes	$ 167.7	$ (5.7)	$ 2.9	$ 6.0	$ 58.9
Income (loss) from discontinued operations, net of income taxes	0.2	3.1	—	0.8	(6.7)
Net income (loss)	$ 167.9	$ (2.6)	$ 2.9	$ 6.8	$ 52.2
Basic earnings (loss) per share of Common Stock					
Income (loss) from continuing operations, net of income taxes	$ 2.76	$ (0.09)	$ 0.05	$ 0.11	$ 1.00
Income (loss) from discontinued operations, net of income taxes	—	0.05	—	0.01	(0.11)
Total	$ 2.76	$ (0.04)	$ 0.05	$ 0.12	$ 0.89
Diluted earnings (loss) per share of Common Stock					
Income (loss) from continuing operations, net of income taxes	$ 2.11	$ (0.09)	$ 0.05	$ 0.11	$ 0.96
Income (loss) from discontinued operations, net of income taxes	—	0.05	—	0.01	(0.10)
Total	$ 2.11	$ (0.04)	$ 0.05	$ 0.12	$ 0.86
Supplemental statement of operations information:					
(Loss) income from continuing operations before income taxes	$ (26.2)	$ 13.2	$ 9.0	$ 2.1	$ 41.3
Interest expense	48.7	22.3	30.8	37.0	38.6
Interest income	(0.2)	(0.6)	(1.0)	(1.6)	(1.9)
Depreciation and amortization	43.8	22.3	24.6	27.9	25.7
Retirement benefit expense (benefit)	65.0	41.0	46.4	41.9	(11.9)
Unusual items in continuing operations					
Executive severance agreements	—	—	—	1.4	3.1
Rocketdyne Business acquisition related costs	20.0	11.6	—	—	—
(Gain) loss on legal matters and settlements	(0.5)	0.7	4.1	2.8	1.3
Loss on bank amendment	—	—	1.3	0.7	0.2
Loss on debt repurchased	5.0	0.4	0.2	1.2	—
Gain on legal settlement and insurance recoveries	—	—	—	(2.7)	—
Adjusted EBITDAP (Non-GAAP measure)	$ 155.6	$110.9	$115.4	$110.7	$ 96.4
Adjusted EBITDAP (Non-GAAP measure) as a percentage of net sales	11.3%	11.1%	12.6%	12.9%	12.1%
Cash flow information:					
Cash flow provided by operating activities	$ 77.6	$ 86.2	$ 76.8	$148.1	$ 50.3
Cash flow (used in) provided by investing activities	(474.9)	(36.6)	5.6	(43.5)	(14.3)
Cash flow provided by (used in) financing activities	432.8	(75.5)	(75.9)	(49.4)	(2.4)
Balance Sheet information:					
Total assets	$1,755.3	$919.3	$939.5	$991.5	$934.9
Long-term debt, including current maturities	699.2	248.7	326.4	392.7	421.6

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Unless otherwise indicated or required by the context, as used in this Annual Report on Form 10-K, the terms "we," "our" and "us" refer to GenCorp Inc. and all of its subsidiaries that are consolidated in conformity with accounting principles generally accepted in the United States of America ("GAAP").

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations with an overview of our business and operations, followed by a discussion of our results of operations, including results of our operating segments, for the past three fiscal years. We then provide an analysis of our liquidity and capital resources, including discussions of our cash flows, debt arrangements, sources of capital, and contractual obligations. In the next section, we discuss the critical accounting policies that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.

The following discussion should be read in conjunction with the other sections of this Report, including the Consolidated Financial Statements and Notes thereto appearing in Item 8. Consolidated Financial Statements and Supplementary Data of this Report, the risk factors appearing in Item 1A. Risk Factors of this Report, and the disclaimer regarding forward-looking statements appearing at the beginning of Item 1. Business of this Report. Historical results set forth in Item 6. Selected Financial Data and Item 8. Consolidated Financial Statements and Supplementary Data of this Report should not be taken as indicative of our future operations.

Overview

We are a manufacturer of aerospace and defense products and systems with a real estate segment that includes activities related to the re-zoning, entitlement, sale, and leasing of our excess real estate assets. We develop and manufacture propulsion systems for defense and space applications, and armaments for precision tactical and long range weapon systems applications. Our continuing operations are organized into two segments:

Aerospace and Defense — includes the operations of our wholly-owned subsidiary Aerojet Rocketdyne, a leading technology-based designer, developer and manufacturer of aerospace and defense products and systems for the U.S. government, including the DoD, NASA, major aerospace and defense prime contractors as well as portions of the commercial sector. Aerojet Rocketdyne is a world-recognized engineering and manufacturing company that specializes in the development and production of propulsion systems for defense and space applications, armament systems for precision tactical systems and munitions, and is considered a domestic market leader in launch propulsion, in-space propulsion, missile defense propulsion, tactical missile propulsion and hypersonic propulsion systems.

Real Estate — includes the activities of our wholly-owned subsidiary Easton related to the re-zoning, entitlement, sale, and leasing of our excess real estate assets. We own approximately 11,900 acres of land adjacent to U.S. Highway 50 between Rancho Cordova and Folsom, California east of Sacramento. We are currently in the process of seeking zoning changes and other governmental approvals on a portion of the Sacramento Land to optimize its value.

A summary of the significant financial highlights for fiscal 2013 which management uses to evaluate our operating performance and financial condition is presented below.

- Net sales for fiscal 2013 increased to $1,383.1 million from $994.9 million for fiscal 2012.
- Net income for fiscal 2013 was $167.9 million, or $2.11 diluted income per share, compared to a net loss of ($2.6) million, or ($0.04) loss per share, for fiscal 2012.
- Adjusted EBITDAP (Non-GAAP measure) for fiscal 2013 was $155.6 million or 11.3% of net sales, compared to $110.9 million or 11.1% of net sales, for fiscal 2012.
- Segment performance (Non-GAAP measure) before environmental remediation provision adjustments, retirement benefit plan expense, and unusual items was $151.4 million for fiscal 2013, compared to $119.2 million for fiscal 2012.
- Cash provided by operating activities in fiscal 2013 totaled $77.6 million, compared to $86.2 million in fiscal 2012.

- Free cash flow (Non-GAAP measure) in fiscal 2013 totaled $14.4 million, compared to $49.0 million in fiscal 2012.
- As of November 30, 2013, we had $501.6 million in net debt (Non-GAAP measure) compared to $86.6 million as of November 30, 2012.
- Funded backlog was $1,664 million as of November 30, 2013 compared to $1,018 million as of November 30, 2012.

We provide Non-GAAP measures as a supplement to financial results based on GAAP. A reconciliation of the Non-GAAP measures to the most directly comparable GAAP measures is presented later in this Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Operating Segment Information" and "Use of Non-GAAP Financial Measures."

In July 2012, we signed the Original Purchase Agreement with UTC to acquire the Rocketdyne Business from UTC for $550 million. On June 10, 2013, the FTC announced that it closed its investigation into the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. On June 12, 2013, we entered into the Amended and Restated Purchase Agreement with UTC, which amended and restated the Original Purchase Agreement, as amended. On June 14, 2013, we completed the acquisition of substantially all of the Rocketdyne Business pursuant to the Amended and Restated Purchase Agreement. The aggregate consideration to UTC was $411 million, paid in cash, which represents the initial purchase price of $550 million reduced by $55 million relating to the pending future acquisition of UTC's 50% ownership interest of RD Amross (a joint venture with NPO Energomash of Khimki, Russia which sells RD-180 engines to RD Amross), and the portion of the UTC business that markets and supports the sale of RD-180 engines. The acquisition of UTC's 50% ownership interest of RD Amross and UTC's related business is contingent upon certain conditions including receipt of certain Russian governmental regulatory approvals, which may not be obtained. The purchase price was further adjusted for advance payments on contracts, capital expenditures and other net assets, and is subject further to post-closing adjustments. See Note 4 in Notes to Consolidated Financial Statements.

The Rocketdyne Business was the largest liquid rocket propulsion designer, developer, and manufacturer in the United States. As the primary propulsion system provider to the U.S. government, specifically NASA and the DoD through ULA, Rocketdyne was considered to be a leader in liquid launch propulsion and hypersonic systems. For more than 50 years, Rocketdyne has set the standard in space propulsion design, development and manufacturing. Rocketdyne has powered nearly all of NASA's human-rated launch vehicles to date and has recorded more than 1,600 space launches. Rocketdyne propulsion systems have powered missions to nearly every planet in the solar system and have been a cornerstone to the U.S. Space Program since its inception. Additionally, Rocketdyne propulsion systems are vital to the launch of astronauts and cargo required for space exploration and for U.S. military and commercial satellites.

We believe the Rocketdyne Business acquisition provides strategic value for the country, our customers, and our stakeholders. We anticipate that the combined enterprise will be better positioned to compete in a dynamic, highly competitive marketplace, and provide more affordable products for our customers. In addition, this transaction is expected to transform our business and provide additional growth opportunities as we build upon the complementary capabilities of each legacy company.

The unaudited pro forma information for the periods set forth below gives effect to the Acquisition as if it had occurred at the beginning of each respective fiscal year. These amounts have been calculated after applying our accounting policies and adjusting the results of the Rocketdyne Business to reflect depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied as at the beginning of each respective year, together with the tax effects, as applicable. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the Acquisition been consummated as of that time or that may result in the future.

	Year Ended		
	2013	2012	2011
	(In millions, except per share amounts)		
Net sales:			
As reported	$1,383.1	$ 994.9	$ 918.1
Pro forma	$1,762.7	$1,694.0	$1,572.7
Net income (loss):			
As reported	$ 167.9	$ (2.6)	$ 2.9
Pro forma	$ 30.7	$ 38.2	$ (142.1)
Basic EPS:			
Income (loss) per share:			
As reported	$ 2.76	$ (0.04)	$ 0.05
Pro forma	$ 0.50	$ 0.64	$ (2.42)
Diluted EPS:			
Income (loss) per share:			
As reported	$ 2.11	$ (0.04)	$ 0.05
Pro forma	$ 0.47	$ 0.56	$ (2.42)

On January 28, 2013, we issued $460.0 million in aggregate principal amount of our 7 1⁄8% Notes. The 7 1⁄8% Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the U.S. in accordance with Regulation S under the Securities Act. The net proceeds of the 7 1⁄8% Notes offering were used to fund, in part, the acquisition of the Rocketdyne Business, and to pay related fees and expenses in June 2013. In November 2013, the 7 1⁄8% Notes were registered under the Securities Act.

We incurred substantial expenses in connection with the Acquisition. A summary of the expenses related to the Acquisition recorded in fiscal 2012 ($11.6 million) and fiscal 2013 ($20.0 million) is as follows (in millions):

Legal expenses	$16.4
Professional fees and consulting	8.9
Internal labor	3.4
Costs related to the previously planned divestiture of the Liquid Divert and Attitude Control Systems (the "LDACS") business, including $0.3 million of internal labor	1.7
Other	1.2
	$31.6

As of November 30, 2012, we classified our LDACS program as assets held for sale because we expected that we would be required to divest the LDACS product line in order to consummate the Acquisition. However, as of May 31, 2013, we believed that we would not be required to divest the LDACS product line in order to consummate the Acquisition based on conversations with the FTC. On June 10, 2013, the FTC announced that it closed its investigation into the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and we were not required to divest our LDACS business (see Note 14 in Notes to Consolidated Financial Statements).

We are operating in an environment that is characterized by both increasing complexity in the global security environment, as well as continuing worldwide economic pressures. A significant component of our strategy in this environment is to focus on delivering excellent performance to our customers, driving improvements and efficiencies across our operations, and creating value through the enhancement and expansion of our business.

Some of the significant challenges we face are as follows: dependence upon government programs and contracts, future reductions or changes in U.S. government spending in our industry, integration of the Rocketdyne Business, environmental matters, capital structure, an underfunded pension plan, stabilization of our ERP system, and the future integration of the recently acquired Rocketdyne Business into our ERP system. Some of these matters are discussed in more detail below.

Major Customers

The principal end user customers of our products and technology are agencies of the U.S. government. Since a majority of our sales are, directly or indirectly, to the U.S. government, funding for the purchase of our products and services generally follows trends in U.S. aerospace and defense spending.

Customers that represented more than 10% of net sales for the fiscal years presented are as follows:

	Year Ended		
	2013	2012	2011
Raytheon	32%	37%	36%
Lockheed Martin	23	32	28
ULA	18	*	*

* Less than 10%.

Sales to the U.S. government and its agencies, including sales to our significant customers discussed above, were as follows (dollars in millions):

	U.S. Government Sales	Percentage of Net Sales
Fiscal 2013	$1,311.0	95%
Fiscal 2012	936.9	94
Fiscal 2011	855.8	93

The Standard Missile program, which is included in the U.S. government sales, represented 22%, 25%, and 24% of net sales for fiscal 2013, 2012, and 2011, respectively.

Industry Update

Our primary aerospace and defense customers include the DoD and its agencies, NASA, and the prime contractors that supply products to these customers. We are seeing more opportunities for commercial in-launch and in-space business. In addition, sales to our aerospace and defense customers that provide products to international customers continue to grow. However, we rely on particular levels of U.S. government spending on propulsion systems for defense, space and armament systems for precision tactical weapon systems and munitions applications, and our backlog depends, in a large part, on continued funding by the U.S. government for the programs in which we are involved. These spending levels are not generally correlated with any specific economic cycle, but rather follow the cycle of general public policy and political support for this type of spending. Moreover, although our contracts often contemplate that our services will be performed over a period of several years, the U.S. President must propose and Congress must appropriate funds for a given program each GFY and may significantly change, increase, reduce or eliminate, funding for a program. A decrease in DoD and/or NASA expenditures, the elimination or curtailment of a material program in which we are involved, or changes in payment patterns of our customers as a result of changes in U.S. government spending, could have a material adverse effect on our operating results, financial condition, and/or cash flows.

The Bipartisan Budget Act of 2013 set overall discretionary spending levels for GFY 2014 and eased sequestration cuts to the DoD and other federal agencies (e.g., NASA) for GFY 2014 and 2015, paving the way for an eventual agreement on GFY 2014 Appropriations for all federal agencies. In relatively short order, Congress was able to pass the Consolidated (so-called "Omnibus") Appropriation bill for GFY 2014. The Defense portion of the bill was below the President's requested level of funding for GFY 2014 but roughly the same as the post-sequester GFY13 DoD Appropriation levels. Funding for NASA was also below the President's Budget Request for GFY 2014 but up from the post-sequester GFY13 NASA Appropriation level.

Despite overall U.S. government budget spending pressures, we believe we are well-positioned to benefit from spending in DoD and NASA priority areas. This view reflects the DoD's strategic guidance report released in January 2012 which affirms support for many of our core programs and points toward continued DoD investment in: access to space — in order to ensure access to this highly congested and contested "global commons"; missile defense — in order to protect the homeland, counter weapons of mass destruction and enhance space-based capabilities; and power projection by tactical missile systems.

During 2013, Congress began consideration of a new NASA Authorization Act, authorizing NASA funding for the next several years, starting with GFY 2014. Ultimately, Congress did not complete action on a new NASA Authorization in 2013, but will likely resume consideration in 2014. In 2010, the NASA Authorization Act, which remains in effect, impacted GFYs 2011-2013. NASA has identified the SLS program as one of its top priorities in the NASA portion of the GFY 2014 President's Budget Request. The SLS program also enjoys wide bipartisan support in both chambers of Congress. We maintain a strong relationship with NASA and our propulsion systems have been powering NASA launch vehicles and spacecraft since the inception of the U.S. Space Program. Our booster and upper stage propulsion systems are currently baselined on the new SLS vehicle and both upper stage and booster engines are in development for future SLS variants. Due to the retirement of the space shuttle fleet, U.S. astronauts are now dependent on Russian Soyuz flights for access to the ISS for the better part of this decade. NASA has indicated that it is working to re-establish U.S. manned space capability as soon as possible through development of the commercial cargo and crew ISS resupply capability and the heavy lift SLS designed for manned deep space exploration. In both instances, we have significant propulsion content.

Environmental Matters

Our current and former business operations are subject to, and affected by, federal, state, local, and foreign environmental laws and regulations relating to the discharge, treatment, storage, disposal, investigation, and remediation of certain materials, substances, and wastes. Our policy is to conduct our business with due regard for the preservation and protection of the environment. We continually assess compliance with these regulations and we believe our current operations are materially in compliance with all applicable environmental laws and regulations.

We review on a quarterly basis estimated future remediation costs that could be incurred over the contractual term or the next fifteen years of the expected remediation. These liabilities have not been discounted to their present value as the timing of cash payments is not fixed or reliably determinable. We have an established practice of estimating environmental remediation costs over a fifteen year period, except for those environmental remediation costs with a specific contractual term. With respect to the Baldwin Park Operable Unit ("BPOU") site, our estimates of anticipated environmental remediation costs only extend through the term of the project agreement for such site, which expires in 2017, since we are unable to reasonably estimate the related costs after the expiration of such agreement. Therefore no reserve has been accrued for this site for the period after the expiration of the project agreement and we will reevaluate the environmental reserves related to the BPOU site once the terms of a new agreement related to the site are available and we are able to reasonably estimate the related environmental remediation costs. At that time, the amount of reserves accrued following such reevaluation may be significant. As the period for which estimated environmental remediation costs increase, the reliability of such estimates decrease. These estimates consider the investigative work and analysis of engineers, outside environmental consultants, and the advice of legal staff regarding the status and anticipated results of various administrative and legal proceedings. In most cases, only a range of reasonably possible costs can be estimated. In establishing our reserves, the most probable estimate is used when determinable; otherwise, the minimum amount is used when no single amount in the range is more probable. Accordingly, such estimates can change as we periodically evaluate and revise such estimates as new information becomes available. We cannot predict whether new information gained as projects progress will affect the estimated liability accrued. The timing of payment for estimated future environmental costs is influenced by a number of factors such as the regulatory approval process and the time required to design, construct, and implement the remedy. A summary of our environmental reserves, recoverable amounts, and range of liability as of November 30, 2013 is presented below:

	Reserve	Recoverable Amount	Estimated Range of Liability
		(In millions)	
Sacramento	$128.0	$ 88.2	$128.0 – $199.5
Baldwin Park Operable Unit	26.9	18.5	26.9 – 57.3
Other Aerojet Rocketdyne sites	8.2	7.6	8.2 – 23.2
Other sites	8.2	0.8	8.2 – 9.8
Total	$171.3	$115.1	$171.3 – $289.8

Most of our environmental costs are incurred by our Aerospace and Defense segment, and certain of these future costs are allowable to be included in our contracts with the U.S. government and allocable to Northrop until the cumulative expenditure limitation is reached (discussed below).

On January 12, 1999, Aerojet Rocketdyne and the U.S. government implemented the Global Settlement resolving certain prior environmental and facility disagreements, with retroactive effect to December 1, 1998. Under the Global Settlement, Aerojet Rocketdyne and the U.S. government resolved disagreements about an appropriate cost-sharing ratio with respect to the cleanup costs of the environmental contamination at the Sacramento and Azusa sites. The Global Settlement cost-sharing ratio does not have a defined term over which costs will be recovered. Additionally, in conjunction with the sale of the EIS business in 2001, Aerojet Rocketdyne entered into the Northrop Agreement whereby Aerojet Rocketdyne is reimbursed by Northrop for a portion of environmental expenditures eligible for recovery under the Global Settlement, subject to annual and cumulative limitations.

Pursuant to the Global Settlement, prior to the third quarter of fiscal 2010, approximately 12% of environmental costs related to Aerojet Rocketdyne's Sacramento site and its former Azusa site were charged to the consolidated statements of operations. Subsequent to the third quarter of fiscal 2010, because our estimated environmental costs have reached the reimbursement ceiling under the Northrop Agreement, approximately 37% of such costs will not be reimbursable and were therefore directly charged to the consolidated statements of operations. However, we are seeking to amend our agreement with the U.S. government to increase the amount allocable to U.S. government contracts. There can be no assurances that we will be successful in this pursuit.

Allowable environmental costs are charged to our contracts as the costs are incurred. Aerojet Rocketdyne's mix of contracts can affect the actual reimbursement made by the U.S. government. Because these costs are recovered through forward-pricing arrangements, the ability of Aerojet Rocketdyne to continue recovering these costs from the U.S. government depends on Aerojet Rocketdyne's sustained business volume under U.S. government contracts and programs and the relative size of Aerojet Rocketdyne's commercial business. Annually, we evaluate Aerojet Rocketdyne's forecasted business volume under U.S. government contracts and programs and the relative size of Aerojet Rocketdyne's commercial business as part of its long-term business review. Since the acquisition of the Rocketdyne Business closed in the third quarter of fiscal 2013, the prospective mix of contracts may affect the actual reimbursement made by the U.S. government. Under the Global Settlement agreement, environmental costs are allocable to the newly acquired business. Additionally, we are reviewing the percentage of Global Settlement environmental costs allocable to our Aerojet Rocketdyne business and Northrop. Any change in the percentage allocable will require approval from the U.S. government and if received, this change may materially and favorably affect our results of operations in the period received along with future periods.

The inclusion of such environmental costs in our contracts with the U.S. government impacts our competitive pricing and earnings; however, we believe that this impact is mitigated by driving improvements and efficiencies across our operations as well as our ability to deliver innovative and quality products to our customers.

Capital Structure

We have a substantial amount of debt for which we are required to make interest and principal payments. Interest on long-term financing is not a recoverable cost under our U.S. government contracts. As of November 30, 2013, we had $699.2 million of debt principal outstanding. The fair value of the debt outstanding at November 30, 2013 was $938.6 million.

Retirement Benefits

We do not expect to make any significant cash contributions to our government contractor business segment, Aerojet Rocketdyne, tax-qualified defined benefit pension plan until fiscal 2015, which will be recoverable through our U.S government contracts. Additionally, we do not expect to make any significant cash contributions to the GenCorp tax-qualified defined benefit pension plan until fiscal 2018 or later, which will not be recoverable through our U.S. government contracts.

In addition, under the Office of Federal Procurement Policy rules, we will recover portions of any required pension funding through our government contracts and we estimate that approximately 91% of our unfunded pension obligation as of November 30, 2013 is related to our government contracting business.

We estimate that our retirement benefit expense will be approximately $36 million in fiscal 2014.

The funded status of our pension plans may be adversely affected by the investment experience of the plans' assets, by any changes in U.S. law and by changes in the statutory interest rates used by tax-qualified pension plans in the U.S. to calculate funding requirements. Accordingly, if the performance of our plans' assets does not meet our assumptions, if there are changes to the Internal Revenue Service regulations or other applicable law or if other actuarial assumptions are modified, our future contributions to our underfunded pension plans could be higher than we expect.

Implementation of ERP System

During fiscal 2010, we conducted a thorough review of our business to assess the effectiveness of our current business processes and supporting information systems. After extensive study and analysis, we determined that there are many potential benefits from the investment in a state-of-the-art ERP system. The benefits will be achieved through the integration of our data and processes into one single system based upon industry best business practices.

We selected the Oracle Business Suite as our ERP solution. Work began on the project in fiscal 2011 and we implemented the ERP system in June 2013. The one-time cost through the date of the implementation, both capital and expense, was $52.4 million, consisting primarily of software and hardware costs, system integrator costs, labor costs, and data migration.

The integration of the Rocketdyne Business into our ERP solution is scheduled to be complete by January 1, 2015. Any extension beyond January 1, 2015 will result in us incurring additional implementation costs and require fees be paid to UTC for additional transitional services costs.

We expect that the new ERP system will provide reliable, transparent, and real-time data access providing us with the opportunity to make better and faster business decisions. We expect the integration among various functional areas will lead to improved communication, productivity and efficiency. These improvements should enhance our ability to respond to our customers' needs and lead to increased customer satisfaction. Other advantages we expect to realize by centralization of our current systems into an ERP system are to eliminate difficulties in synchronizing changes between multiple systems, improve coordination of business processes that cross functional boundaries and provide a top-down view of the enterprise.

Results of Operations

	Year Ended		
	2013	2012	2011
		(In millions)	
Net sales	$1,383.1	$994.9	$918.1
Operating costs and expenses:			
Cost of sales (exclusive of items shown separately below)	1,229.6	869.6	799.3
Selling, general and administrative	53.6	41.9	40.9
Depreciation and amortization	43.8	22.3	24.6
Other expense, net	33.8	26.2	14.5
Total operating costs and expenses	1,360.8	960.0	879.3
Operating income	22.3	34.9	38.8
Non-operating (income) expense			
Interest expense	48.7	22.3	30.8
Interest income	(0.2)	(0.6)	(1.0)
Total non-operating expense, net	48.5	21.7	29.8
(Loss) income from continuing operations before income taxes	(26.2)	13.2	9.0
Income tax (benefit) provision	(193.9)	18.9	6.1
Income (loss) from continuing operations	167.7	(5.7)	2.9
Income from discontinued operations, net of income taxes	0.2	3.1	—
Net income (loss)	$ 167.9	$ (2.6)	$ 2.9

Net sales

	Year Ended			Year Ended		
	2013	2012	Change*	2012	2011	Change**
			(In millions)			
Net sales	$1,383.1	$994.9	$388.2	$994.9	$918.1	$76.8

* *Primary reason for change.* The increase in net sales was primarily due to the following: (i) sales from the Rocketdyne Business contributed $319.4 million of net sales from the acquisition date of June 14, 2013; (ii) an increase of $53.7 million in the various Standard Missile programs primarily from increased development activities for the Throttling Divert and Attitude Control System for the Standard Missile-3 Block IIA program and increased deliveries on the Standard Missile-1 Regrain program; and (iii) increased deliveries on the Atlas V program generating additional sales of $21.0 million. The increase in net sales was partially offset by a reduction of $16.1 million on the Bomb Live Unit — 129B ("BLU-129B") composite case program due to completion of the contract in fiscal 2012 and the timing of the follow-on BLU-129B contract which is valued at $16.0 million.

Our fiscal year ends on November 30 of each year. The fiscal year of our subsidiary, Aerojet Rocketdyne, ends on the last Saturday of November. As a result of the 2013 calendar, we had 53 weeks of operations in fiscal 2013 compared to 52 weeks of operations in the fiscal 2012. The additional week of operations in fiscal 2013 accounted for $27.8 million in additional net sales.

** *Primary reason for change.* The increase in net sales was primarily due to (i) increased deliveries on the THAAD program generating $39.6 million in additional net sales; (ii) an increase of $34.5 million in the various Standard Missile programs primarily from the timing of deliveries; and (iii) increased engineering technology activities on the T3 development contracts resulting in $17.7 million of additional net sales. The increase in net sales was partially offset by a reduction of $24.9 million on the Hawk program due to the completion of the production contract in the first quarter of fiscal 2012.

Sales by contract type were as follows:

	Year Ended 2013	2012	2011
Fixed-price contracts	46%	52%	53%
Cost reimbursable contracts	49	42	41
Other sales including commercial contracts and real estate activities	5	6	6
Total	100%	100%	100%

Cost of sales (exclusive of items shown separately below)

	Year Ended 2013	2012	Change*	Year Ended 2012	2011	Change*
	(In millions, except percentage amounts)					
Cost of sales (exclusive of items shown separately below)	$1,229.6	$869.6	$360.0	$869.6	$799.3	$70.3
Percentage of net sales	88.9%	87.4%		87.4%	87.1%	
Percentage of net sales excluding retirement benefit expense and step-up in fair value of inventory	85.5%	85.5%		85.5%	84.8%	
Components of cost of sales:						
Cost of sales excluding retirement benefit expense and step-up in fair value of inventory	$1,183.2	$850.7	$332.5	$850.7	$778.3	$72.4
Cost of sales associated with the Acquisition step-up in fair value of inventory not allocable to our U.S. government contracts	2.2	—	2.2	—	—	—
Retirement benefit plan expense	44.2	18.9	25.3	18.9	21.0	(2.1)
Cost of sales	$1,229.6	$869.6	$360.0	$869.6	$799.3	$70.3

* *Primary reason for change.* Cost of sales as a percentage of net sales excluding retirement benefit expense and step-up in fair value of inventory was essentially unchanged.

Selling, general and administrative ("SG&A")

	Year Ended 2013	2012	Change*	Year Ended 2012	2011	Change**
	(In millions, except percentage amounts)					
SG&A	$53.6	$41.9	$11.7	$41.9	$40.9	$ 1.0
Percentage of net sales	3.9%	4.2%		4.2%	4.5%	
Components of SG&A:						
SG&A excluding retirement benefit expense and stock based compensation	$18.7	$13.3	$ 5.4	$13.3	$11.8	$ 1.5
Retirement benefit plan expense	20.8	22.1	(1.3)	22.1	25.4	(3.3)
Stock-based compensation	14.1	6.5	7.6	6.5	3.7	2.8
SG&A	$53.6	$41.9	$11.7	$41.9	$40.9	$ 1.0

* *Primary reason for change.* The increase in SG&A expense was primarily due to (i) an increase of $7.6 million in stock-based compensation primarily as a result of increases in the fair value of the stock appreciation rights and (ii) an increase in legal and consulting expenses related to various corporate activities.

** *Primary reason for change.* The increase in SG&A expense is primarily related to (i) an increase of $2.8 million in stock-based compensation primarily due to changes in the fair value of the stock appreciation rights and (ii) an increase in professional and consulting fees of $1.1 million related to our continuing evaluation of our corporate strategy. The increase in SG&A was partially offset by a decrease of $3.3 million of non-cash corporate retirement benefit plan expenses. See discussion of "Retirement Benefit Plans" below.

Depreciation and amortization

	Year Ended			Year Ended		
	2013	2012	Change*	2012	2011	Change**
			(In millions)			
Depreciation and amortization	$43.8	$22.3	$21.5	$22.3	$24.6	$(2.3)

* *Primary reason for change.* The increase in depreciation and amortization is primarily related to the following: (i) $15.2 million of depreciation expense related to the Rocketdyne Business since the acquisition of which $10.3 million was associated with the step-up in fair value of the tangible assets not allocable to our U.S. government contracts and (ii) $5.0 million of amortization of intangibles associated with the Rocketdyne Business since the acquisition.

** *Primary reason for change.* The decrease in depreciation and amortization is primarily related to the following (i) a reduction in the estimated useful life of tangible assets related to our fire suppression programs in the third quarter of fiscal 2011 and (ii) a decrease in the capital expenditures put into service in fiscal 2012.

Other expense, net

	Year Ended			Year Ended		
	2013	2012	Change*	2012	2011	Change**
			(In millions)			
Other expense, net	$33.8	$26.2	$7.6	$26.2	$14.5	$11.7

* *Primary reason for change.* The increase in other expense, net was primarily due to an increase in unusual item charges of $11.8 million partially offset by a decrease of $3.2 million in environmental remediation expenses and a $1.5 million contribution pledged in fiscal 2012 to support space science education. See Notes 8(c) and 8(d) in Notes to Consolidated Financial Statements for additional discussion of environmental remediation matters. See discussion of unusual items below.

** *Primary reason for change.* The increase in other expense, net was primarily due to the following: (i) an increase in unusual item charges of $7.1 million; (ii) higher non-reimbursable environmental remediation costs of $3.0 million; and (iii) a $1.5 million contribution pledged in fiscal 2012 to support space science education. See discussion of unusual items below.

Total unusual items expense, a component of other expense, net in the consolidated statements of operations, was as follows:

	Year Ended		
	2013	2012	2011
		(In millions)	
Aerospace and Defense:			
(Gain) loss on legal matters and settlements	$ (1.0)	$ 0.7	$4.1
Rocketdyne Business acquisition related costs	2.6	—	—
Aerospace and defense unusual items	1.6	0.7	4.1
Corporate:			
Rocketdyne Business acquisition related costs	17.4	11.6	—
Loss on debt repurchased	5.0	0.4	0.2
Loss on legal settlement	0.5	—	—
Loss on bank amendment	—	—	1.3
Corporate unusual items	22.9	12.0	1.5
Total unusual items	$24.5	$12.7	$5.6

Fiscal 2013 Activity:

We recorded a charge of $0.5 million related to a legal settlement.

We recorded ($1.0) million in gains and interest associated with the failure to register with the SEC the issuance of certain of our common shares under the defined contribution 401(k) employee benefit plan.

We incurred expenses of $20.0 million, including internal labor costs of $1.4 million, related to the Rocketdyne Business acquisition.

A summary of our losses on the 4 1⁄16% Debentures repurchased during fiscal 2013 is as follows (in millions):

Principal amount repurchased	$ 5.2
Cash repurchase price	(10.1)
Write-off of the deferred financing costs	(0.1)
Loss on 4 1⁄16% Debentures repurchased	$ (5.0)

The $5.2 million principal of 4 1⁄16% Debentures repurchased were convertible into 0.6 million shares of common stock.

Fiscal 2012 Activity

We recorded $0.7 million for realized losses and interest associated with the failure to register with the SEC the issuance of certain of our common shares under the defined contribution 401(k) employee benefit plan.

We incurred expenses of $11.6 million, including internal labor costs of $2.0 million, related to the Rocketdyne Business acquisition announced in July 2012.

We redeemed $75.0 million of our 9 1⁄2% Senior Subordinated Notes ("9 1⁄2% Notes") at a redemption price of 100% of the principal amount. The redemption resulted in a charge of $0.4 million associated with the write-off of the 9 1⁄2% Notes deferred financing costs.

Fiscal 2011 Activity

We recorded a charge of $3.3 million related to a legal settlement and $0.8 million for realized losses and interest associated with the failure to register with the SEC the issuance of certain of our common shares under the defined contribution 401(k) employee benefit plan.

During fiscal 2011, we repurchased $22.0 million principal amount of our 2 1⁄4% Convertible Subordinated Debentures ("2 1⁄4% Debentures") at various prices ranging from 99.0% of par to 99.6% of par resulting in a loss of $0.2 million.

In addition, during fiscal 2011, we recorded $1.3 million of losses related to an amendment to the Senior Credit Facility.

Interest expense

	Year Ended			Year Ended		
	2013	**2012**	**Change***	**2012**	**2011**	**Change****
			(In millions)			
Interest expense	$48.7	$22.3	$26.4	$22.3	$30.8	$(8.5)
Components of interest expense:						
Contractual interest and other	44.2	19.4	24.8	19.4	24.1	(4.7)
Debt discount amortization	—	—	—	—	3.5	(3.5)
Amortization of deferred financing costs	4.5	2.9	1.6	2.9	3.2	(0.3)

* *Primary reason for change.* The increase in interest expense was primarily due to the issuance of the 7 1⁄8% Notes in January 2013 related to the acquisition of the Rocketdyne Business.

** *Primary reason for change.* The decrease in interest expense was primarily due to the repurchase of debt in fiscal 2012 and 2011. We repurchased $68.4 million of the outstanding 2 1⁄4% Debentures in fiscal 2011 and repurchased $75.0 million of the outstanding 9 1⁄2% Notes in fiscal 2012.

Interest income

	Year Ended			Year Ended		
	2013	2012	Change*	2012	2011	Change*
			(In millions)			
Interest income	$0.2	$0.6	$(0.4)	$0.6	$1.0	$(0.4)

* *Primary reason for change.* Interest income was essentially unchanged for the periods presented.

Income tax (benefit) provision

	Year Ended		
	2013	2012	2011
		(In millions)	
Income tax (benefit) provision	$(193.9)	$18.9	$6.1

The following table shows the reconciling items between the income tax (benefit) provision using the federal statutory rate and our reported income tax (benefit) provision.

	Year Ended		
	2013	2012	2011
		(In millions)	
Statutory U.S. federal income tax rate	$ (9.2)	$ 4.6	$ 3.2
State and local income taxes, net of U.S. federal income tax effect	(1.9)	2.7	2.7
Changes in state income tax rates	(7.7)	—	—
Tax settlements and refund claims, including interest	—	—	0.3
Reserve adjustments	1.5	2.8	0.1
Valuation allowance adjustments	(178.4)	13.0	(4.0)
Rescindable common stock interest and realized (gains) losses	(0.4)	0.2	0.3
Non-deductible convertible subordinated notes interest	4.5	2.8	2.8
Deferred net operating loss to additional paid in capital	—	3.1	0.2
Research credits	(1.2)	(10.0)	—
Benefit of manufacturing deductions	—	(1.3)	—
Retroactive change in federal tax law	(1.4)	—	—
Other, net	0.3	1.0	0.5
Income tax (benefit) provision	$(193.9)	$ 18.9	$ 6.1

In fiscal 2013, our effective tax rate was an income tax benefit of 740.1% on a pre-tax loss of $26.2 million. Our effective tax rate differed from the 35% statutory federal income tax rate due largely to the release of a significant portion of the valuation allowance previously recorded against deferred tax assets, the impact of state income taxes, and certain non-deductible interest expense. We released $282.4 million of the valuation allowance that existed at the beginning of the year, of which approximately $178.7 million was recorded as an income tax benefit to continuing operations, $1.1 million to discontinued operations, and $102.6 million was recorded in other comprehensive income.

The timing of recording or releasing a valuation allowance requires significant management judgment. The amount of the valuation allowance released by us represents a portion of deferred tax assets that was deemed more-likely-than-not that we will realize the benefits based on the analysis in which the positive evidence outweighed the negative evidence.

A valuation allowance is required when it is more-likely-than-not that all or a portion of deferred tax assets may not be realized. Establishment and removal of a valuation allowance requires management to consider all positive and negative evidence and make a judgmental decision regarding the amount of valuation allowance required as of a reporting date. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. In the evaluation as of November 30, 2013, management has considered all available evidence, both positive and negative, including but not limited to the following:

Positive evidence

- The three year other comprehensive cumulative income position as of the end of fiscal 2013;
- The improved pro forma historical operating results when combined with that of the Rocketdyne Business, continued growth in contract backlog, and the anticipated impact of the Rocketdyne Business financial results on our forecasted financial performance;
- The decrease in the projected pension obligation at November 30, 2013 due to the upward trend in the discount rate during fiscal 2013, which lowered future projected pension expense;
- Our recent history of generating taxable income which has allowed for the utilization of tax credit carryforwards; and
- Favorable trends with respect to Congressional action regarding sequestration from the Budget Control Act of 2011.

Negative evidence

- The lack of objective, verifiable evidence to predict future aerospace and defense spending associated with the Budget Control Act of 2011, including which governmental spending accounts may be subject to sequestration, the percentage reduction with respect thereto, and the latitude agencies will have in selecting specific expenditures to cut;
- The significance of our defined benefit pension obligation and related impact it could have in future years; and
- The additional indebtedness incurred in fiscal 2013 related to the acquisition of the Rocketdyne Business.

During fiscal 2013, we concluded the positive evidence supporting the release of the valuation allowance previously recorded against substantially all of our net deferred tax assets outweighed the negative evidence supporting retention of the reserve. The evidence included the improved expected operating profits as a result of the Rocketdyne Business acquisition in the third quarter of fiscal 2013 and significant improvements surrounding the measurement of our defined benefit pension plan liability as of November 30, 2013. Accordingly, the valuation allowance that relates to expected future operating income was released in the third quarter of fiscal 2013 and allocated to continuing operations. The valuation allowance that was related to the gain in other comprehensive income, due to significant improvements surrounding the measurement of our defined benefit pension plan liability, was released through other comprehensive income in the fourth quarter of fiscal 2013 when the defined benefit pension plan gain was recognized. We will continue to evaluate the ability to realize our net deferred tax assets and the remaining valuation allowance on a quarterly basis.

Discontinued Operations:

On August 31, 2004, we completed the sale of our GDX Automotive business. On November 30, 2005, we completed the sale of our Fine Chemicals business. The remaining subsidiaries after the sale of GDX Automotive, including Snappon SA, and the Fine Chemicals business are classified as discontinued operations in our Consolidated Financial Statements.

In November 2003, we announced the closing of a GDX manufacturing facility in Chartres, France owned by Snappon SA, a subsidiary of the Company. The decision resulted primarily from declining sales volumes with French automobile manufacturers. In June 2004, we completed the legal process for closing the facility and establishing a social plan. During fiscal 2009, an expense of approximately €2.9 million ($3.8 million) was recorded related to legal judgments rendered against Snappon SA under French law, related to wrongful discharge claims by certain former employees of Snappon SA. During fiscal 2009, Snappon SA filed for declaration of suspensions of payments with the clerk's office of the Paris Commercial Court. During fiscal 2012, we released a $3.8 million loss contingency reserve for discharged employee claims.

During fiscal 2012, we recorded a charge of $1.0 million for environmental obligations related to our former Fine Chemicals business.

Summarized financial information for discontinued operations is set forth below:

	Year Ended		
	2013	2012	2011
	(In millions)		
Net sales	$ —	$ —	$—
(Loss) income before income taxes(1)	(0.9)	2.6	—
Income tax benefit	1.1	0.5	—
Income from discontinued operations	0.2	3.1	—

(1) Includes foreign currency transaction (losses) and gains of ($0.2) million in fiscal 2013, $0.4 million in fiscal 2012, and ($0.3) million in fiscal 2011.

Retirement Benefit Plans:

Components of retirement benefit expense are:

	Year Ended		
	2013	2012	2011
	(In millions)		
Service cost(1)	$ 6.4	$ 4.6	$ 4.0
Interest cost on benefit obligation	63.4	76.8	81.9
Assumed return on plan assets(2)	(96.4)	(99.2)	(102.4)
Amortization of prior service (credits) costs	(0.9)	(0.1)	0.1
Amortization of net losses	92.5	58.9	62.8
Net retirement benefit expense	$ 65.0	$ 41.0	$ 46.4

(1) Service cost for pension benefits represents the administrative costs of the tax-qualified pension plan and the service cost for Rocketdyne's bargaining unit employees from the acquisition date of June 14, 2013 to November 30, 2013.

(2) The actual return and rate of return on plan assets are as follows:

	Year Ended		
	2013	2012	2011
	(In millions, except rate of return)		
Actual return on plan assets	$150.2	$81.2	$54.5
Actual rate of return on plan assets	12.5%	6.5%	3.8%

We estimate that our non-cash retirement benefit expense will be approximately $36 million in fiscal 2014 compared to $65.0 million in fiscal 2013. The timing of recognition of pension expense in our financial statements differs from the timing of the required pension funding under PPA or the amount of funding that can be recorded in our overhead rates through our government contracting business.

Market conditions and interest rates significantly affect the assets and liabilities of our pension plans. Pension accounting permits market gains and losses to be deferred and recognized over a period of years. This "smoothing" results in the creation of other accumulated income or losses which will be amortized to retirement benefit expense in future years. The accounting method we utilize recognizes one-fifth of the unamortized gains and losses in the market-related value of pension assets and all other gains and losses, including changes in the discount rate used to calculate benefit costs each year. Investment gains or losses for this purpose are the difference between the expected return and the actual return on the market-related value of assets which smoothes asset values over three years. Although the smoothing period mitigates some volatility in the calculation of annual retirement benefit expense, future expenses are impacted by changes in the market value of pension plan assets and changes in interest rates.

Additionally, we sponsor a defined contribution 401(k) plan and participation in the plan is available to all employees. Our contributions to the 401(k) plan were $14.7 million in fiscal 2013, $10.8 million in fiscal 2012, and $9.9 million in fiscal 2011. The cost is recoverable through our overhead rates on our U.S. government contracts.

Operating Segment Information:

We evaluate our operating segments based on several factors, of which the primary financial measure is segment performance. Segment performance, which is a non-GAAP financial measure, represents net sales from continuing operations less applicable costs, expenses and provisions for unusual items relating to the segment. Excluded from segment performance are: corporate income and expenses, interest expense, interest income, income taxes, and provisions for unusual items not related to the segment. We believe that segment performance provides information useful to investors in understanding our underlying operational performance. In addition, we provide the non-GAAP financial measures of our operational performance called segment performance before environmental remediation provision adjustments, retirement benefit plan expense and unusual items. We believe the exclusion of the items listed above permits an evaluation and a comparison of results for ongoing business operations, and it is on this basis that management internally assesses operational performance.

Aerospace and Defense Segment

	Year Ended			Year Ended		
	2013	2012	Change*	2012	2011	Change**
	(In millions, except percentage amounts)					
Net Sales	$1,377.4	$986.1	$391.3	$986.1	$909.7	$76.4
Segment Performance(1)	97.2	84.5	12.7	84.5	74.6	9.9
Segment margin	7.1%	8.6%		8.6%	8.2%	
Segment margin before environmental remediation provision adjustments, retirement benefit plan expense, and unusual items (Non-GAAP measure)(1)	10.7%	11.7%		11.7%	11.9%	
Components of segment performance:						
Aerospace and Defense(1)	$ 147.6	$115.5	$ 32.1	$115.5	$108.6	$ 6.9
Environmental remediation provision adjustments	(4.6)	(11.4)	6.8	(11.4)	(8.9)	(2.5)
Retirement benefit plan expense	(44.2)	(18.9)	(25.3)	(18.9)	(21.0)	2.1
Unusual items	(1.6)	(0.7)	(0.9)	(0.7)	(4.1)	3.4
Aerospace and Defense total(1)	$ 97.2	$ 84.5	$ 12.7	$ 84.5	$ 74.6	$ 9.9

(1) Includes expenses of $17.5 million, 1.3% of net sales, in fiscal 2013 related to the following (i) depreciation associated with the step-up in fair value of tangible assets not allocable to our U.S. government contracts; (ii) amortization of intangible assets associated with the Rocketdyne Business acquisition; and (iii) cost of sales associated with the step-up in fair value of inventory not allocable to our U.S. government contracts.

* *Primary reason for change.* The increase in net sales was primarily due to the following: (i) sales from the Rocketdyne Business contributed $319.4 million of net sales from the acquisition date of June 14, 2013; (ii) an increase of $53.7 million in the various Standard Missile programs primarily from increased development activities for the Throttling Divert and Attitude Control System for the Standard Missile-3 Block IIA program and increased deliveries on the Standard Missile-1 Regrain program; and (iii) increased deliveries on the Atlas V program generating additional sales of $21.0 million. The increase in net sales was partially offset by a reduction of $16.1 million on the BLU-129B composite case program due to completion

of the contract in fiscal 2012 and the timing of the follow-on BLU-129B contract which is valued at $16.0 million.

Our fiscal year ends on November 30 of each year. The fiscal year of our subsidiary, Aerojet Rocketdyne, ends on the last Saturday of November. As a result of the 2013 calendar, Aerojet Rocketdyne had 53 weeks of operations in fiscal 2013 compared to 52 weeks of operations in fiscal 2012 and 2011. The additional week of operations, which occurred in the first quarter of fiscal 2013, accounted for $27.8 million in additional net sales.

The decrease in the segment margin before environmental remediation provision adjustments, retirement benefit plan expense and unusual items compared to the comparable prior year period was driven by higher depreciation and amortization expense of $21.4 million or 1.6% of net sales, primarily related to the valuation of the assets acquired from the Rocketdyne Business.

** *Primary reason for change.* The increase in net sales was primarily due to (i) increased deliveries on the THAAD program generating $39.6 million in additional net sales; (ii) an increase of $34.5 million in the various Standard Missile programs primarily from the timing of deliveries; and (iii) increased engineering technology activities on the T3 contracts resulting in $17.7 million of additional net sales. The increase in net sales was partially offset by a reduction of $24.9 million on the Hawk program due to the completion of the production contract in the first quarter of fiscal 2012.

Segment margin before environmental remediation provision adjustments, retirement benefit plan expense, and unusual items (Non-GAAP measure) was 11.7% for fiscal 2012, compared to 11.9% for fiscal 2011.

Real Estate Segment

	Year Ended			Year Ended		
	2013	2012	Change*	2012	2011	Change**
			(In millions)			
Net Sales	$5.7	$8.8	$(3.1)	$8.8	$8.4	$ 0.4
Segment Performance	3.8	3.7	0.1	3.7	5.6	(1.9)

* *Primary reason for change.* Net sales and segment performance consist primarily of rental property operations. Fiscal 2012 results included $3.7 million in land sales resulting in a gain of $0.2 million.

** *Primary reason for change.* Net sales and segment performance consist primarily of rental property operations. Fiscal 2012 results included $3.7 million in land sales resulting in a gain of $0.2 million. The decrease in segment performance is primarily due to gains on land sales in fiscal 2011 and higher rental operation costs in fiscal 2012.

Use of Non-GAAP Financial Measures

In addition to segment performance (discussed above), we provide the Non-GAAP financial measure of our operational performance called Adjusted EBITDAP. We use this metric to further our understanding of the historical and prospective consolidated core operating performance of our segments, net of expenses incurred by our corporate activities in the ordinary, ongoing and customary course of our operations. Further, we believe that to effectively compare the core operating performance metric from period to period on a historical and prospective basis, the metric should exclude items relating to retirement benefits (pension and postretirement benefits), significant non-cash expenses, the impacts of financing decisions on earnings, and items incurred outside the ordinary, ongoing and customary course of our operations. Accordingly, we define Adjusted EBITDAP as GAAP income from continuing operations before income taxes adjusted by interest expense, interest income, depreciation and amortization, retirement benefit expense, and unusual items which we do not believe are reflective of such ordinary, ongoing and customary course activities. Adjusted EBITDAP does not represent, and should not be considered an alternative to, net income (loss), as determined in accordance with GAAP.

	Year Ended		
	2013(1)(2)	2012(1)	2011(1)
	(In millions)		
(Loss) income from continuing operations before income taxes	$ (26.2)	$ 13.2	$ 9.0
Interest expense	48.7	22.3	30.8
Interest income	(0.2)	(0.6)	(1.0)
Depreciation and amortization	43.8	22.3	24.6
Retirement benefit expense	65.0	41.0	46.4
Unusual items			
Rocketdyne Business acquisition related costs	20.0	11.6	—
(Gain) loss on legal matters and settlements	(0.5)	0.7	4.1
Loss on bank amendment	—	—	1.3
Loss on debt repurchased	5.0	0.4	0.2
Adjusted EBITDAP	$155.6	$110.9	$115.4
Adjusted EBITDAP as a percentage of net sales	11.3%	11.1%	12.6%

(1) Stock-based compensation expense was $14.1 million, or 1.0% of net sales, $6.5 million, or 0.7% of net sales, and $3.7 million, 0.4% of net sales, for fiscal 2013, fiscal 2012, and fiscal 2011, respectively.

(2) Cost of sales associated with the step-up in fair value of inventory not allocable to our U.S. government contracts was $2.2 million, or 0.2% of net sales, in fiscal 2013.

In addition to segment performance and Adjusted EBITDAP, we provide the Non-GAAP financial measures of free cash flow and net debt. We use these financial measures, both in presenting our results to stockholders and the investment community, and in our internal evaluation and management of the business. Management believes that these financial measures are useful to investors because they permit investors to view our business using the same tools that management uses to gauge progress in achieving our goals.

	Year Ended		
	2013(1)	2012(2)	2011
	(In millions)		
Cash provided by operating activities	$ 77.6	$ 86.2	$ 76.8
Capital expenditures	(63.2)	(37.2)	(21.1)
Free cash flow	$ 14.4	$ 49.0	$ 55.7

(1) Capital expenditures in fiscal 2013 related to the consolidation of the Rocketdyne facilities and ERP implementation were $41.8 million.

(2) Capital expenditures in fiscal 2012 related to the implementation of the ERP system was $14.9 million.

	As of November 30,		
	2013	2012	2011
		(In millions)	
Debt principal	$ 699.2	$ 248.7	$ 326.4
Cash and cash equivalents	(197.6)	(162.1)	(188.0)
Net debt	$ 501.6	$ 86.6	$ 138.4

Because our method for calculating the Non-GAAP measures may differ from other companies' methods, the Non-GAAP measures presented above may not be comparable to similarly titled measures reported by other companies. These measures are not recognized in accordance with GAAP, and we do not intend for this information to be considered in isolation or as a substitute for GAAP measures.

Environmental Matters

Our policy is to conduct our businesses with due regard for the preservation and protection of the environment. We devote a significant amount of resources and management attention to environmental matters and actively manage our ongoing processes to comply with environmental laws and regulations. We are involved in the remediation of environmental conditions that resulted from generally accepted manufacturing and disposal practices at certain plants in the 1950s and 1960s. In addition, we have been designated a PRP with other companies at third party sites undergoing investigation and remediation.

Estimating environmental remediation costs is difficult due to the significant uncertainties inherent in these activities, including the extent of remediation required, changing governmental regulations and legal standards regarding liability, evolving technologies and the long period of time over which most remediation efforts take place. We:

- accrue for costs associated with the remediation of environmental pollution when it becomes probable that a liability has been incurred and when our proportionate share of the costs can be reasonably estimated; and

- record related estimated recoveries when such recoveries are deemed probable.

In addition to the costs associated with environmental remediation discussed above, we incur expenditures for recurring costs associated with managing hazardous substances or pollutants in ongoing operations which totaled $4.9 million in fiscal 2013, $6.3 million in fiscal 2012, and $7.1 million in fiscal 2011.

Reserves

We review on a quarterly basis estimated future remediation costs that could be incurred over the contractual term or next fifteen years of the expected remediation. These liabilities have not been discounted to their present value as the timing of cash payments is not fixed or reliably determinable. We have an established practice of estimating environmental remediation costs over a fifteen year period, except for those environmental remediation costs with a specific contractual term. With respect to the BPOU site, our estimates of anticipated environmental remediation costs only extend through the term of the project agreement for such site, which expires in 2017, since we are unable to reasonably estimate the related costs after the expiration of such agreement. Therefore no reserve has been accrued for this site for the period after the expiration of the project agreement and we will reevaluate the environmental reserves related to the BPOU site once the terms of a new agreement related to the site are available and we are able to reasonably estimate the related environmental remediation costs. At that time, the amount of reserves accrued following such reevaluation may be significant. As the period for which estimated environmental remediation costs increase, the reliability of such estimates decrease. These estimates consider the investigative work and analysis of engineers, outside environmental consultants, and the advice of legal staff regarding the status and anticipated results of various administrative and legal proceedings. In most cases, only a range of reasonably possible costs can be estimated. In establishing our reserves, the most probable estimate is used when determinable; otherwise, the minimum amount is used when no single amount in the range is more probable. Accordingly, such estimates can change as we periodically evaluate and revise such estimates as new information becomes available. We cannot predict whether new information gained as projects progress will affect the estimated liability accrued. The timing of payment for estimated future environmental costs is influenced by a number of factors such as the regulatory approval process, the time required to design, construct, and implement the remedy.

A summary of our environmental reserve activity is shown below:

	Aerojet Rocketdyne Sacramento	Aerojet Rocketdyne BPOU	Other Aerojet Rocketdyne Sites	Total Aerojet Rocketdyne	Other	Total Environmental Reserve
			(In millions)			
November 30, 2010	$139.8	$ 46.1	$ 20.1	$206.0	$11.7	$217.7
Additions	21.2	5.9	5.9	33.0	(0.1)	32.9
Expenditures	(30.3)	(13.4)	(13.9)	(57.6)	(2.4)	(60.0)
November 30, 2011	130.7	38.6	12.1	181.4	9.2	190.6
Additions	24.5	5.9	3.8	34.2	0.5	34.7
Expenditures	(14.7)	(13.3)	(5.1)	(33.1)	(2.7)	(35.8)
November 30, 2012	140.5	31.2	10.8	182.5	7.0	189.5
Additions	9.8	5.1	0.1	15.0	3.8	18.8
Expenditures	(22.3)	(9.4)	(2.7)	(34.4)	(2.6)	(37.0)
November 30, 2013	$128.0	$ 26.9	$ 8.2	$163.1	$ 8.2	$171.3

The $18.8 million of environmental reserve additions in fiscal 2013 was primarily due to the following items: (i) $6.6 million of additional operations and maintenance for treatment facilities; (ii) $4.4 million of remediation related to operable treatment units; (iii) $2.3 million of additional estimated costs related to the former Toledo, Ohio site; (iv) $1.5 million associated with water replacement; and (v) $4.0 million related to other environmental clean-up matters.

The $34.7 million of environmental reserve additions in fiscal 2012 was primarily due to the following items: (i) $15.3 million of additional operations and maintenance for treatment facilities; (ii) $6.7 million of remediation related to operable treatment units; (iii) $3.5 million of additional estimated costs related to the Camden, Arkansas site; (iv) $1.4 million associated with water replacement; and (v) $7.8 million related to other environmental clean-up matters.

The $32.9 million of environmental reserve additions in fiscal 2011 was primarily due to the following items: (i) $9.0 million associated with water replacement; (ii) $7.6 million of additional operations and maintenance for treatment facilities; (iii) $2.6 million of additional estimated costs related to the Fullerton, California site; (iv) $2.5 million of remediation related to operable treatment units; (v) $2.4 million of additional estimated costs related to the Camden, Arkansas site; and (vi) $8.8 million related to other environmental clean-up matters.

The effect of the final resolution of environmental matters and our obligations for environmental remediation and compliance cannot be predicted with complete certainty due to changes in both the amount and timing of future expenditures as well as regulatory or technological changes. We believe, on the basis of presently available information, that the resolution of environmental matters and our obligations for environmental remediation and compliance will not have a material adverse effect on our business, liquidity and/or financial condition. We will continue our efforts to mitigate past and future costs through pursuit of claims for recoveries from insurance coverage and other PRPs and continued investigation of new and more cost effective remediation alternatives and associated technologies.

As part of the acquisition of the Atlantic Research Corporation ("ARC") propulsion business in October 2003, Aerojet Rocketdyne entered into an agreement with ARC pursuant to which Aerojet Rocketdyne is responsible for up to $20.0 million of costs ("Pre-Close Environmental Costs") associated with environmental issues that arose prior to Aerojet Rocketdyne's acquisition of the ARC propulsion business. Pursuant to a separate agreement with the U.S. government which was entered into prior to the completion of the ARC acquisition, these Pre-Close Environmental Costs are not subject to limitations under the Global Settlement, and are recovered through the establishment of prices for Aerojet Rocketdyne's products and services sold to the U.S. government.

A summary of the Pre-Close Environmental Costs is shown below (in millions):

Pre-Close Environmental Costs	$ 20.0
Amount spent through November 30, 2013	(15.6)
Amount included as a component of reserves for environmental remediation costs in the consolidated balance sheet as of November 30, 2013	(2.9)
Remaining Pre-Close Environmental Costs	$ 1.5

Estimated Recoveries

On January 12, 1999, Aerojet Rocketdyne and the U.S. government implemented the Global Settlement resolving certain prior environmental and facility disagreements, with retroactive effect to December 1, 1998. Under the Global Settlement, Aerojet Rocketdyne and the U.S. government resolved disagreements about an appropriate cost-sharing ratio with respect to the cleanup costs of the environmental contamination at the Sacramento and Azusa sites. The Global Settlement cost-sharing ratio does not have a defined term over which costs will be recovered. Additionally, in conjunction with the sale of the EIS business in 2001, Aerojet Rocketdyne entered into the Northrop Agreement whereby Aerojet Rocketdyne is reimbursed by Northrop for a portion of environmental expenditures eligible for recovery under the Global Settlement, subject to annual and cumulative limitations.

A summary of our environmental reserves, recoverable amounts, and range of liability as of November 30, 2013 is presented below:

	Reserve	Recoverable Amount	Estimated Range of Liability
		(In millions)	
Sacramento	$128.0	$ 88.2	$128.0 – $199.5
Baldwin Park Operable Unit	26.9	18.5	26.9 – 57.3
Other Aerojet Rocketdyne sites	8.2	7.6	8.2 – 23.2
Other sites	8.2	0.8	8.2 – 9.8
Total	$171.3	$115.1	$171.3 – $289.8

Pursuant to the Global Settlement, prior to the third quarter of fiscal 2010, approximately 12% of environmental costs related to Aerojet Rocketdyne's Sacramento site and its former Azusa site were charged to the consolidated statements of operations. Subsequent to the third quarter of fiscal 2010, because our estimated environmental costs have reached the reimbursement ceiling under the Northrop Agreement, approximately 37% of such costs will not be reimbursable and were therefore directly charged to the consolidated statements of operations. However, we are seeking to amend our agreement with the U.S. government to increase the amount allocable to U.S. government contracts. There can be no assurances that we will be successful in this pursuit.

Allowable environmental costs are charged to our contracts as the costs are incurred. Aerojet Rocketdyne's mix of contracts can affect the actual reimbursement made by the U.S. government. Because these costs are recovered through forward-pricing arrangements, the ability of Aerojet Rocketdyne to continue recovering these costs from the U.S. government depends on Aerojet Rocketdyne's sustained business volume under U.S. government contracts and programs and the relative size of Aerojet Rocketdyne's commercial business. Annually, we evaluate Aerojet Rocketdyne's forecasted business volume under U.S. government contracts and programs and the relative size of Aerojet Rocketdyne's commercial business as part of its long-term business review. Since the acquisition of the Rocketdyne Business closed in the third quarter of fiscal 2013, the prospective mix of contracts may affect the actual reimbursement made by the U.S. government. Under the Global Settlement agreement, environmental costs are allocable to the newly acquired business. Additionally, we are reviewing the percentage of Global Settlement environmental costs allocable to our Aerojet Rocketdyne business and Northrop Grumman. Any change in the percentage allocable will require approval from the U.S. government and if received, this change may materially and favorably affect our results of operations in the period received along with future periods.

Pursuant to the Northrop Agreement, environmental expenditures to be reimbursed are subject to annual limitations and the total reimbursements are limited to a ceiling of $189.7 million. A summary of the Northrop Agreement activity is shown below (in millions):

Total reimbursable costs under the Northrop Agreement	$ 189.7
Amount reimbursed through November 30, 2013	(101.2)
Potential future cost reimbursements available(1)	88.5
Long-term receivable from Northrop in excess of the annual limitation included in the Consolidated Balance Sheet as of November 30, 2013	(72.0)
Amounts recoverable from Northrop in future periods included as a component of recoverable from the U.S. government and other third parties for environmental remediation costs in the Consolidated Balance Sheet as of November 30, 2013	(16.5)
Potential future recoverable amounts available under the Northrop Agreement	$ —

(1) Includes the short-term receivable from Northrop of $6.0 million as of November 30, 2013.

Our applicable cost estimates reached the cumulative limitation under the Northrop Agreement during the third quarter of fiscal 2010. We have accumulated $22.8 million of environmental remediation provision adjustments above the cumulative limitation under the Northrop Agreement through November 30, 2013. Accordingly, subsequent to the third quarter of fiscal 2010, we had incurred a higher percentage of expense related to additions to the Sacramento site and BPOU site environmental reserve until an arrangement is reached with the U.S. government. While we are currently seeking an arrangement with the U.S. government to recover environmental expenditures in excess of the reimbursement ceiling identified in the Northrop Agreement, there can be no assurances that such a recovery will be obtained, or if not obtained, that such unreimbursed environmental expenditures will not have a materially adverse effect on our operating results, financial condition, and/or cash flows.

A summary of the current and non-current recoverable amounts from Northrop and the U.S government is shown below:

	Recoverable Environmental Remediation - U.S. Government	Recoverable Environmental Remediation - Northrop	Total Recoverable - U.S Government and Northrop
		(In millions)	
November 30, 2010	$128.4	$103.0	$231.4
Additions	21.5	—	21.5
Reimbursements	(41.4)	(10.9)	(52.3)
Other adjustments	2.7	(1.0)	1.7
Change in Northrop noncurrent receivable (see discussion above)	—	7.7	7.7
November 30, 2011	111.2	98.8	210.0
Additions	21.7	—	21.7
Reimbursements	(22.7)	(7.0)	(29.7)
Other adjustments	1.3	(0.8)	0.5
Change in Northrop noncurrent receivable (see discussion above)	—	3.0	3.0
November 30, 2012	111.5	94.0	205.5
Additions	8.7	—	8.7
Reimbursements	(22.6)	(7.9)	(30.5)
Other adjustments	1.6	(0.9)	0.7
Change in Northrop noncurrent receivable (see discussion above)	—	2.7	2.7
November 30, 2013	$ 99.2	$ 87.9	$187.1

Fiscal 2013 Activity

Fiscal 2013 additions — The $8.7 million of additions to the environmental recoverable asset was primarily due to the following items: (i) $3.9 million of additional operations and maintenance for treatment facilities; (ii) $2.6 million of remediation related to operable treatment units; (iii) $0.9 million associated with water replacement; and (iv) $1.3 million related to other environmental clean-up matters.

Fiscal 2013 reimbursements — The $30.5 million of environmental expenditures that were reimbursed related to the following items: (i) $11.5 million for operations and maintenance of treatment facilities; (ii) $9.3 million of remediation related to operable treatment units; (iii) $2.1 million associated with water supply replacement; (iv) $1.6 million of additional estimated costs related to the Camden, Arkansas site; and (v) $6.0 million related to other environmental clean-up matters.

Fiscal 2013 other adjustments — reflects changes in the amount recoverable due to updated recoverability estimates from the U.S. government or Northrop.

Fiscal 2012 Activity

Fiscal 2012 additions — The $21.7 million of additions to the environmental recoverable asset was primarily due to the following items: (i) $9.0 million of additional operations and maintenance for treatment facilities; (ii) $4.3 million of remediation related to operable treatment units; (iii) $3.3 million of additional estimated costs related to the Camden, Arkansas site; (iv) $0.8 million associated with water replacement; and (v) $4.3 million related to other environmental clean-up matters.

Fiscal 2012 reimbursements — The $29.7 million of environmental expenditures that were reimbursed related to the following items: (i) $14.7 million for operations and maintenance of treatment facilities; (ii) $7.1 million of remediation related to operable treatment units; (iii) $1.8 million of additional estimated costs related to the Camden, Arkansas site; (iv) $1.3 million associated with water supply replacement and (v) $4.8 million related to other environmental clean-up matters.

Fiscal 2012 other adjustments — reflects changes in the amount recoverable due to updated recoverability estimates from the U.S. government or Northrop.

Fiscal 2011 Activity

Fiscal 2011 additions — The $21.5 million of additions to the environmental recoverable asset was primarily due to the following items: (i) $5.3 million associated with water replacement; (ii) $4.4 million of additional operations and maintenance for treatment facilities; (iii) $2.5 million of additional estimated costs related to the Fullerton, California site; (iv) $2.4 million of additional estimated costs related to the Camden site; (v) $1.5 million of remediation related to operable treatment units; and (vi) $5.4 million related to other environmental clean-up matters.

Fiscal 2011 reimbursements — The $52.3 million of environmental expenditures that were reimbursed related to the following items: (i) $17.2 million associated with water supply replacement; (ii) $14.7 million for operations and maintenance of treatment facilities; (iii) $7.6 million related to the Fullerton, California site; (iv) $6.8 million of remediation related to operable treatment units; and (v) $6.0 million related to other environmental clean-up matters.

Fiscal 2011 other adjustments — reflects changes in the amount recoverable due to updated recoverability estimates from the U.S. government or Northrop.

Environmental reserves and recoveries impact to the Consolidated Statements of Operations

The expenses associated with adjustments to the environmental reserves are recorded as a component of other expense, net in the consolidated statements of operations. Summarized financial information for the impact of environmental reserves and recoveries to the consolidated statements of operations is set forth below:

	Year Ended		
	2013	2012	2011
	(In millions)		
Estimated recoverable amounts under U.S. government contracts	$10.4	$23.1	$24.3
Charge to consolidated statement of operations	8.4	11.6	8.6
Total environmental reserve additions	$18.8	$34.7	$32.9

Adoption of New Accounting Principles

As of September 1, 2011, we adopted the Financial Accounting Standards Board ("FASB") amended guidance on testing goodwill for impairment. Previous guidance required that an entity test for goodwill impairment by comparing the fair value of a reporting unit with its carrying amount including goodwill. If the fair value is less than its carrying amount, then a second step is performed to measure the amount of the impairment loss. Under this new amendment an entity is not required to calculate the fair value of the reporting unit unless the entity determines that it is more likely than not (a likelihood of more than 50%) that its fair value is less than its carrying amount. The adoption of the new standard did not have a material impact on our financial position or results of operations.

In December 2010, the FASB issued authoritative guidance on disclosure of supplementary pro forma information for business combinations. The new guidance requires that pro forma financial information be prepared as if the business combination occurred as of the beginning of the prior annual period. The guidance was effective for business combinations subsequent to December 1, 2011.

In May 2011, the FASB issued amended guidance on fair value measurement and related disclosures. The new guidance clarified the concepts applicable for fair value measurement and required new disclosures, with a particular focus on Level 3 measurements. This guidance was effective for us in the second quarter of fiscal 2012, and was applied retrospectively.

In June 2011, the FASB issued amended guidance on the presentation of comprehensive income. The amended guidance eliminates one of the presentation options provided by then-current GAAP, which was to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, it gave an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance was effective for us beginning in the first quarter of fiscal 2013, and was applied retrospectively. As the accounting standard only impacted disclosures, the new standard did not have an impact on our financial position, results of operations, or cash flows.

In February 2013, the FASB issued guidance on reporting of amounts reclassified out of accumulated other comprehensive income ("AOCI"). The guidance requires an entity to provide information about the amounts reclassified out of AOCI by component. In addition, entities are required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income. We adopted this guidance beginning in the second quarter of fiscal 2013. As the accounting standard only impacted disclosures, the new standard did not have an impact on our financial position, results of operations, or cash flows.

New Accounting Pronouncements

In July 2013, the FASB issued an amendment to the accounting guidance related to the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The guidance requires an unrecognized tax benefit to be presented as a decrease in a deferred tax asset where a net operating loss, a similar tax loss, or a tax credit carryforward exists and certain criteria are met. This guidance is effective prospectively for annual and interim reporting periods beginning after December 15, 2013. We are currently evaluating the potential impact of the adoption of this guidance on our consolidated financial statements.

Liquidity and Capital Resources

The change in cash and cash equivalents is summarized as follows:

	Year Ended		
	2013	2012	2011
	(In millions)		
Net Cash Provided by Operating Activities	$ 77.6	$ 86.2	$ 76.8
Net Cash (Used in) Provided by Investing Activities	(474.9)	(36.6)	5.6
Net Cash Provided by (Used in) Financing Activities	432.8	(75.5)	(75.9)
Increase (decrease) in cash and cash equivalents	$ 35.5	$(25.9)	$ 6.5

Net Cash Provided by Operating Activities

The $77.6 million of cash provided by operating activities in fiscal 2013 was primarily the result of loss from continuing operations before income taxes adjusted for non-cash items which generated $106.0 million. This amount was partially offset by cash used to fund working capital (excluding the impact of changes in current deferred income taxes) including our real estate activities of $18.3 million. The funding of working capital is primarily due to the following (i) a decrease in contract advances due to the timing of customer payments and (ii) an increase in accounts receivables due to timing of sales and billing during the quarter. These factors were partially offset by (i) an increase in accounts payable related to the increase in cost-reimbursable contract sales and timing of payments and (ii) an increase in other current liabilities primarily related to the timing of payments.

The $86.2 million of cash provided by operating activities in fiscal 2012 was primarily the result of the net loss adjusted for non-cash adjustments which generated $64.1 million of cash and an increase of $22.3 million in accounts payable which was primarily due to the timing of payments.

The $76.8 million of cash provided by operating activities in fiscal 2011 was primarily the result of net income adjusted for non-cash adjustments which generated $85.6 million of cash partially offset by a net cash usage of $14.2 million related to environmental remediation and retirement benefit plans.

Net Cash (Used In) Provided By Investing Activities

During fiscal 2013, 2012 and 2011, we had capital expenditures of $63.2 million, $37.2 million and $21.1 million, respectively. During fiscal 2013 and 2012, the capital expenditures totals included $16.4 million and $14.9 million, respectively, related to our ERP implementation. Additionally in fiscal 2013, capital expenditures totals included $25.4 million related to consolidating the Rocketdyne Business facilities.

During the fiscal 2013, we purchased the Rocketdyne Business for $411.2 million (see Note 4 in Notes to Consolidated Financial Statements.)

During fiscal 2012, we generated proceeds of $0.6 million from the sale of a property. During fiscal 2011, we generated $26.7 million of net cash from the sale of marketable securities.

Net Cash Used in Financing Activities

During fiscal 2013, we issued $460.0 million of debt and had $12.8 million in cash payments of debt (see below). In addition, we incurred $14.9 million of debt issuance costs.

During fiscal 2012, we had $77.7 million in debt repayments. In addition, other financing activities provided $2.2 million of cash.

During fiscal 2011, we had $70.1 million in debt repayments and $1.8 million in vendor financing payments. In addition, we incurred $4.2 million in debt issuance costs related to the amendment to the Senior Credit Facility.

Borrowing Activity and Senior Credit Facility:

Our debt activity during fiscal 2013 was as follows:

	November 30, 2012	Additions	Cash Payments	Non-cash Conversion Activity	November 30, 2013
			(In millions)		
Term loan	$ 47.5	$ —	$ (2.5)	$ —	$ 45.0
7 1⁄8% Notes	—	460.0	—	—	460.0
4 1⁄16% Debentures	200.0	—	(10.1)	3.3	193.2
2 1⁄4% Debentures	0.2	—	—	—	0.2
Other debt	1.0	—	(0.2)	—	0.8
Total Debt and Borrowing Activity	$248.7	$460.0	$(12.8)	$3.3	$699.2

On November 18, 2011, we entered the Senior Credit Facility with the lenders identified therein and Wells Fargo Bank, National Association, as administrative agent, which replaced our prior credit facility.

On May 30, 2012, we executed an amendment (the "First Amendment") to the Senior Credit Facility with the lenders identified therein, and Wells Fargo Bank, National Association, as administrative agent. The First Amendment, among other things, (i) provided for an incremental facility of up to $50.0 million through additional borrowings under the term loan facility and/or increases under the revolving credit facility, (ii) provided greater flexibility with respect to our ability to incur indebtedness to support permitted acquisitions, and (iii) increased the aggregate limitation on sale leasebacks from $20.0 million to $30.0 million during the term of the Senior Credit Facility.

On August 16, 2012, we executed an amendment (the "Second Amendment") to the Senior Credit Facility with the lenders identified therein, and Wells Fargo Bank, National Association, as administrative agent. The Second Amendment, among other things, (i) allowed for the incurrence of up to $510 million of second lien indebtedness in connection with the Acquisition, and (ii) provided for a committed delayed draw term loan facility of $50 million under which we were entitled to draw in connection with the Acquisition or up through August 9, 2013. This delayed draw term loan facility expired undrawn in August 2013.

On January 14, 2013, we executed an amendment (the "Third Amendment") to the Senior Credit Facility with the lenders identified therein, and Wells Fargo Bank, National Association, as administrative agent. The Third Amendment, among other things, allowed for the 7 1⁄8% Notes to be secured by a first priority security interest in the escrow account into which the proceeds of the 7 1⁄8% Notes offering were deposited pending the consummation of the Acquisition.

In connection with the consummation of the Acquisition, GenCorp added Pratt & Whitney Rocketdyne, Inc. ("PWR"), Arde, Inc. ("Arde") and Arde-Barinco, Inc. ("Arde-Barinco") as subsidiary guarantors under its Senior Credit Facility pursuant to that certain Joinder Agreement, dated as of June 14, 2013, by and among PWR, Arde, Arde-Barinco, GenCorp and Wells Fargo Bank, National Association, as administrative agent. In connection with the consummation of the Acquisition, the name of PWR was changed to Aerojet Rocketdyne of DE, Inc. and the name of Aerojet-General Corporation, a subsidiary guarantor prior to the Acquisition, was changed to Aerojet Rocketdyne, Inc.

The Senior Credit Facility, as amended, provides for credit of up to $250.0 million in aggregate principal amount of senior secured financing, consisting of:

- a 5-year $50.0 million term loan facility;
- a 5-year $150.0 million revolving credit facility; and

- an incremental uncommitted facility under which we are entitled to incur, subject to certain conditions, up to $50.0 million of additional borrowings under the term loan facility and/or increases under the revolving credit facility.

The revolving credit facility includes a $100.0 million sublimit for the issuance of letters of credit and a $5.0 million sublimit for swingline loans. The term loan facility amortizes in quarterly installments at a rate of 5.0% of the original principal amount per annum, with the balance due on the maturity date. Outstanding indebtedness under the Senior Credit Facility may be voluntarily prepaid at any time, in whole or in part, in general without premium or penalty (subject to customary breakage costs).

As of November 30, 2013, we had $58.1 million outstanding letters of credit under the $100.0 million sub-facility for standby letters of credit and had $45.0 million outstanding under the term loan facility.

In general, borrowings under the Senior Credit Facility bear interest at a rate equal to LIBOR plus 350 basis points (subject to downward adjustment), or the base rate as it is defined in the credit agreement governing the Senior Credit Facility plus 250 basis points (subject to downward adjustment). In addition, we are charged a commitment fee of 50 basis points per annum on unused amounts of the revolving credit facility and 350 basis points per annum (subject to downward adjustment), along with a fronting fee of 25 basis points per annum, on the undrawn amount of all outstanding letters of credit.

Aerojet Rocketdyne, Aerojet Rocketdyne of DE, Inc., Arde and Arde-Barinco guarantee the payment obligations under the Senior Credit Facility. All obligations under the Senior Credit Facility are further secured by (i) all equity interests owned or held by the loan parties, including interests in our Easton subsidiary and 66% of the voting stock (and 100% of the non-voting stock) of all present and future first-tier foreign subsidiaries of the loan parties; (ii) substantially all of the tangible and intangible personal property and assets of the loan parties; and (iii) certain real property owned by the loan parties located in Orange, Virginia and Redmond, Washington. Except for certain real property located in Canoga Park, California acquired in connection with the consummation of the Acquisition, our real property located in California, including the real estate holdings of Easton, are excluded from collateralization under the Senior Credit Facility.

We are subject to certain limitations including the ability to incur additional debt, make certain investments and acquisitions, and make certain restricted payments, including stock repurchases and dividends. The Senior Credit Facility includes events of default usual and customary for facilities of this nature, the occurrence of which could lead to an acceleration of our obligations thereunder. Additionally, the Senior Credit Facility includes certain financial covenants, including that we maintain (i) a maximum total leverage ratio, calculated net of cash up to a maximum of $100.0 million, of 4.25 to 1.00 through fiscal periods ending November 30, 2014 and 4.00 to 1.00 thereafter; and (ii) a minimum interest coverage ratio of 2.40 to 1.00.

Financial Covenant	Actual Ratios as of November 30, 2013	Required Ratios
Interest coverage ratio, as defined under the Senior Credit Facility	4.54 to 1.00	Not less than: 2.4 to 1.00
Leverage ratio, as defined under the Senior Credit Facility	2.86 to 1.00	Not greater than: 4.25 to 1.00

We were in compliance with our financial and non-financial covenants as of November 30, 2013.

Outlook

Short-term liquidity requirements consist primarily of recurring operating expenses, including but not limited to costs related to our retirement benefit plans, capital and environmental expenditures, integration costs of the Rocketdyne Business, and debt service requirements. We believe that our existing cash and cash equivalents, cash flow from operations, and existing credit facilities will provide sufficient funds to meet our operating plan for the next twelve months, including the operations of the Rocketdyne Business. The operating plan for this period provides for full operation of our businesses, and interest and principal payments on our debt.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

As disclosed in Notes 8(b) and 8(c) of Notes to Consolidated Financial Statements, we have exposure for certain legal and environmental matters. We believe that it is currently not possible to estimate the impact, if any, that the ultimate resolution of certain of these matters will have on our financial position, results of operations, and/or cash flows.

As disclosed in Note 4 of Notes to Consolidated Financial Statements, we have a $55.0 million commitment associated with the pending future acquisition of UTC's 50% ownership interest of RD Amross and potential future post-close adjustments to the purchase price of the Rocketdyne Business.

Major factors that could adversely impact our forecasted operating cash flows and our financial condition are described in Part I, Item 1A. Risk Factors. In addition, our liquidity and financial condition will continue to be affected by changes in prevailing interest rates on the portion of debt that bears interest at variable interest rates.

Contractual Obligations

We have contractual obligations and commitments in the form of debt obligations, operating leases, certain other liabilities, and purchase commitments. The following table summarizes our contractual obligations as of November 30, 2013 and their expected effect on our liquidity and cash flows in future periods:

	Payments due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
	(In millions)				
Contractual Obligations:					
Long-term debt:					
Term loan	$ 45.0	$ 2.5	$ 42.5	$ —	$ —
4 1⁄16% Debentures	193.2	—	193.2	—	—
7 1⁄8% Notes	460.0	—	—	—	460.0
Other debt	1.0	0.4	0.5	0.1	—
Interest on long-term debt(1)	260.1	45.0	74.5	65.5	75.1
Postretirement medical and life insurance benefits(2)	60.6	7.3	14.1	13.2	26.0
Operating leases	122.1	21.4	33.9	21.6	45.2
Conditional asset retirement obligations(3)	22.9	—	—	3.7	19.2
Liabilities associated with legal settlements	2.7	2.4	0.3	—	—
Total	$1,167.6	$79.0	$359.0	$104.1	$625.5

(1) Includes interest on variable debt calculated based on interest rates at November 30, 2013.

(2) The payments presented above are expected payments for the next 10 years. The payments for postretirement medical and life insurance benefits reflect the estimated benefit payments of the plans using the provisions currently in effect. The obligation related to postretirement medical and life insurance benefits is actuarially determined on an annual basis. The estimated payments have been reduced to reflect the provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. A substantial portion of these amounts are recoverable through our contracts with the U.S. government.

(3) The conditional asset retirement obligations presented are related to our Aerospace and Defense segment, and certain of these future obligations are allowable costs under our contracts with the U.S. government.

As of November 30, 2013, the liability for uncertain income tax positions was $5.6 million. Due to the uncertainty regarding the timing of potential future cash flows associated with these liabilities, we are unable to make a reasonably reliable estimate of the amount and period in which these liabilities might be paid.

We may be required to make significant cash contributions in the future to fund our defined benefit pension plan, a portion of which we may not be able to immediately recover from our government contracts.

We also issue purchase orders and make other commitments to suppliers for equipment, materials, and supplies in the normal course of business. These purchase commitments are generally for volumes consistent with anticipated requirements to fulfill purchase orders or contracts for product deliveries received, or expected to be received, from customers and would be subject to reimbursement if a cost-plus contract was terminated.

Arrangements with Off-Balance Sheet Risk

As of November 30, 2013, arrangements with off-balance sheet risk consisted of:

- $58.1 million in outstanding commercial letters of credit expiring through January 2015, the majority of which may be renewed, primarily to collateralize obligations for environmental remediation and insurance coverage.

- $43.7 million in outstanding surety bonds to satisfy indemnification obligations for environmental remediation coverage.
- Up to $120.0 million aggregate in guarantees by GenCorp of Aerojet Rocketdyne's obligations to U.S. government agencies for environmental remediation activities.
- $55.0 million related to the pending future acquisition of UTC's 50% ownership interest of RD Amross and potential future post-closing adjustments to the purchase price of the Rocketdyne Business.
- Guarantees, jointly and severally, by our material domestic subsidiaries of their obligations under our Senior Credit Facility and 7 ⅛% Notes.

In addition to the items discussed above, we have and will from time to time enter into certain types of contracts that require us to indemnify parties against potential third-party and other claims. These contracts primarily relate to: (i) divestiture agreements, under which we may provide customary indemnification to purchasers of our businesses or assets including, for example, claims arising from the operation of the businesses prior to disposition, liability to investigate and remediate environmental contamination existing prior to disposition; (ii) certain real estate leases, under which we may be required to indemnify property owners for claims arising from the use of the applicable premises; and (iii) certain agreements with officers and directors, under which we may be required to indemnify such persons for liabilities arising out of their relationship with us. The terms of such obligations vary. Generally, a maximum obligation is not explicitly stated.

Additionally, we issue purchase orders and make other commitments to suppliers for equipment, materials, and supplies in the normal course of business. These purchase commitments are generally for volumes consistent with anticipated requirements to fulfill purchase orders or contracts for product deliveries received, or expected to be received, from customers and would be subject to reimbursement if contract is terminated.

We provide product warranties in conjunction with certain product sales. The majority of our warranties are a one-year standard warranty for parts, workmanship, and compliance with specifications. On occasion, we have made commitments beyond the standard warranty obligation. While we have contracts with warranty provisions, there is not a history of any significant warranty claims experience. A reserve for warranty exposure is made on a product by product basis when it is both estimable and probable. These costs are included in the program's estimate at completion and are expensed in accordance with our revenue recognition methodology.

Critical Accounting Policies

Our financial statements are prepared in accordance with GAAP that offer acceptable alternative methods for accounting for certain items affecting our financial results, such as determining inventory cost, depreciating long-lived assets, and recognizing revenues.

The preparation of financial statements requires the use of estimates, assumptions, judgments, and interpretations that can affect the reported amounts of assets, liabilities, revenues, and expenses, the disclosure of contingent assets and liabilities and other supplemental disclosures. The development of accounting estimates is the responsibility of our management. Management discusses those areas that require significant judgment with the audit committee of our board of directors. All of our financial disclosures in our filings with the SEC have been reviewed with the audit committee. Although we believe that the positions we have taken with regard to uncertainties are reasonable, others might reach different conclusions and our positions can change over time as more information becomes available. If an accounting estimate changes, its effects are accounted for prospectively and, if significant, disclosed in the Notes to Consolidated Financial Statements.

The areas most affected by our accounting policies and estimates are revenue recognition, other contract considerations, goodwill, retirement benefit plans, litigation, environmental remediation costs and recoveries, and income taxes. Except for income taxes and litigation matters related to discontinued operations, which are not allocated to our operating segments, these areas affect the financial results of our business segments.

For a discussion of all of our accounting policies, including the accounting policies discussed below, see Note 1 in Notes to Consolidated Financial Statements.

Revenue Recognition

In our Aerospace and Defense segment, recognition of profit on long-term contracts requires the use of assumptions and estimates related to the contract value or total contract revenue, the total cost at completion and the measurement of progress towards completion. Due to the nature of the programs, developing the estimated total cost at completion requires the use of significant judgment. Estimates are continually evaluated as work progresses and are revised as necessary. Factors that must be considered in estimating the work to be completed include labor productivity, the nature and technical complexity of the work to be performed, availability and cost volatility of materials, subcontractor and vendor performance, warranty costs, volume assumptions, anticipated labor agreements and inflationary trends, schedule and performance delays, availability of funding from the customer, and the recoverability of costs incurred outside the original contract included in any estimates to complete. We review contract performance and cost estimates for some contracts at least monthly and for others at least quarterly and more frequently when circumstances significantly change. When a change in estimate is determined to have an impact on contract profit, we will record a positive or negative adjustment to the statement of operations. Changes in estimates and assumptions related to the status of certain long-term contracts may have a material effect on our operating results. The following table summarizes the impact from changes in estimates and assumptions on the statement of operations on key contracts, representing 68% of our net sales over the last three fiscal years, accounted for under the percentage-of-completion method of accounting:

	Year Ended		
	2013	2012	2011
	(In millions, except per share amounts)		
Favorable effect of the changes in contract estimates on (loss) income from continuing operations	$18.4	$ 8.9	$ 3.9
Favorable effect of the changes in contract estimates on net income (loss)	10.8	5.3	2.4
Favorable effect of the changes in contract estimates on basic income (loss) per share	0.18	0.09	0.04
Favorable effect of the changes in contract estimates on diluted income (loss) per share	0.13	0.09	0.04

The fiscal 2013 favorable changes in contract estimates was primarily driven by greater than expected performance on tactical systems programs due to manufacturing efficiencies and lower overhead costs. The improvements in fiscal 2013 were offset by unexpected cost growth on a space launch contract. The fiscal 2012 favorable changes in contract estimates was primarily driven by greater than expected performance on the Atlas V program and several tactical systems programs due to manufacturing efficiencies and lower overhead costs. These improvements in fiscal 2012 were offset by unanticipated inefficiencies and cost growth on a space launch contract. The fiscal 2011 favorable changes in contract estimates was primarily driven by greater than expected performance on the Atlas V program and various space system programs due to manufacturing efficiencies and lower overhead costs. These improvements in fiscal 2011 were offset by a decrease on a space launch contract for a test failure/rework on rocket motors.

We consider the nature of the individual underlying contract and the type of products and services provided in determining the proper accounting for a particular contract. Each method is applied consistently to all contracts having similar characteristics, as described below. We typically account for these contracts using the percentage-of-completion method, and progress is measured on a cost-to-cost or units-of-delivery basis. Sales are recognized using various measures of progress depending on the contractual terms and scope of work of the contract. We recognize revenue on a units-of-delivery basis when contracts require unit deliveries on a frequent and routine basis. Sales using this measure of progress are recognized at the contractually agreed upon unit price. Where the scope of work on contracts principally relates to research and/or development efforts, or the contract is predominantly a development effort with few deliverable units, we recognize revenue on a cost-to-cost basis. In this case, sales are recognized as costs are incurred and include estimated earned fees or profits calculated on the basis of the relationship between costs incurred and total estimated costs at completion. Revenue on service or time and material contracts is recognized when performed. If at any time expected costs exceed the value of the contract, the loss is recognized immediately.

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. Incentive and award fees, which are generally awarded at the discretion of the customer, are considered in estimating profit rates at the time the amounts can be reasonably determined and are reasonably assured based on historical experience and anticipated performance. We continually evaluate our performance and incorporate any anticipated changes in penalties and cost incentives into our revenue and earnings calculations. Performance incentives, which increase or decrease earnings based solely on a single significant event, generally are not recognized until an event occurs.

Revenue from real estate asset sales is recognized when a sufficient down-payment has been received, financing has been arranged and title, possession and other attributes of ownership have been transferred to the buyer. The allocation to cost of sales on real estate asset sales is based on a relative fair market value computation of the land sold which includes the basis on our books, capitalized entitlement costs, and an estimate of our continuing financial commitment.

Revenue that is not derived from long-term development and production contracts, or real estate asset transactions, is recognized when persuasive evidence of a final agreement exists, delivery has occurred, the selling price is fixed or determinable and payment from the customer is reasonably assured. Sales are recorded net of provisions for customer pricing allowances.

Other Contract Considerations

Our sales are driven by pricing based on costs incurred to produce products or perform services under contracts with the U.S. government. Cost-based pricing is determined under the FAR and CAS. The FAR and CAS provide guidance on the types of costs that are allowable and allocable in establishing prices for goods and services under U.S. government contracts. For example, costs such as those related to pension contributions in accordance with the PPA that are in excess of CAS allowable pension costs, charitable contributions, advertising, interest expense, and public relations are unallowable, and therefore not recoverable through sales. In addition, we may enter into agreements with the U.S. government that address the subjects of allowability and allocability of costs to contracts for specific matters.

We closely monitor compliance with and the consistent application of our critical accounting policies related to contract accounting. We review the status of contracts through periodic contract status and performance reviews. Also, regular and recurring evaluations of contract cost, scheduling and technical matters are performed by management personnel independent from the business segment performing work under the contract. Costs incurred and allocated to contracts with the U.S. government are reviewed for compliance with regulatory standards by our personnel, and are subject to audit by the DCAA.

Goodwill

Goodwill represents the excess of the purchase price of an acquired enterprise or assets over the fair values of the identifiable assets acquired and liabilities assumed. Tests for impairment of goodwill are performed on an annual basis, or at any other time, if events occur or circumstances indicate that the carrying amount of goodwill may not be recoverable. We evaluated goodwill for impairment as of September 1, 2013 and 2012, and determined that goodwill was not impaired.

We evaluate qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance) to determine whether it is necessary to perform the first step of the two-step goodwill test. This step is referred to as the “Step Zero analysis”. If it is determined that it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount, we will need to proceed to the first step (“Step One”) of the two-step goodwill test. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, relevant events and circumstances as discussed above shall be assessed. If, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the first and second steps of the impairment test are unnecessary.

Circumstances that could trigger an impairment test include but are not limited to: a significant adverse change in the business climate or legal factors; adverse cash flow trends; an adverse action or assessment by a regulator; unanticipated competition; loss of key personnel; decline in stock price; and results of testing for recoverability of a significant asset group within a reporting unit. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recorded.

All of our recorded goodwill resides in the Aerospace and Defense reporting unit. As of September 1, 2013 and 2012, we evaluated goodwill using a "Step Zero analysis" and determined that it was more likely than not that the fair value of the Aerospace and Defense reporting unit exceeded its carrying amount by a substantial margin.

There can be no assurance that our estimates and assumptions made for purposes of our goodwill impairment testing will prove to be accurate predictions of the future. If our assumptions and estimates are incorrect, we may be required to record goodwill impairment charges in future periods.

Retirement Benefit Plans

We have a frozen defined benefit pension plan that previously covered substantially all salaried and hourly employees. In addition, we provide medical and life insurance benefits ("postretirement benefits") to certain eligible retired employees, with varied coverage by employee group. Generally, employees hired after January 1, 1997 are not eligible for postretirement benefits. Annual charges are made for the cost of the plans, including administrative costs, interest costs on benefit obligations, and net amortization and deferrals, increased or reduced by the return on assets. We also sponsor a defined contribution 401(k) plan and participation in the plan is available to all employees.

Retirement benefits are a significant cost of doing business and represent obligations that will be ultimately settled far in the future and therefore are subject to estimates. We will recover portions of any required retirement benefits funding through our government contracts. Our pension and medical and life insurance benefit obligations and related costs are calculated using actuarial concepts in accordance with GAAP. We are required to make assumptions regarding such variables as the expected long-term rate of return on assets and the discount rate applied to determine service cost and interest cost to arrive at pension income or expense for the year.

We used the following assumptions, calculated based on a weighted-average, to determine the benefit obligations and net periodic benefit expense for the applicable fiscal year.

	Pension Benefits		Medical and Life Insurance Benefits	
	2013	**2012**	**2013**	**2012**
Discount rate (benefit obligations)	4.54%	3.68%	3.98%	3.24%
Discount rate (net periodic benefit expense)	3.68%	4.95%	3.24%	4.58%
Expected long-term rate of return on plan assets	8.00%	8.00%	*	*

* Not applicable.

The discount rate represents the current market interest rate used to determine the present value of future cash flows currently expected to be required to settle pension obligations. Based on market conditions, discount rates can experience significant variability. Changes in discount rates can significantly change the liability and accordingly the funded status of the pension plan. The discount rate was determined at November 30, 2013 for our pension plans, and is subject to change each year based on changes in overall market interest rates. The assumed discount rate represents the market rate available for investments in high-quality fixed income instruments with maturities matched to the expected benefit payments for pension and medical and life insurance benefit plans.

The expected long-term rate of return on plan assets represents the rate of earnings expected in the funds invested, and funds to be invested, to provide for anticipated benefit payments to plan participants. We evaluated the plan's historical investment performance, its current and expected asset allocation, and, with input from our external advisors and investment managers, developed best estimates of future investment performance of the plan's assets. Based on this analysis, we have assumed a long-term rate of return on plan assets of 8.00%.

Market conditions and interest rates significantly affect assets and liabilities of our pension plans. Pension accounting permits market gains and losses to be deferred and recognized over a period of years. This "smoothing" results in the creation of other accumulated income or loss which will be amortized to pension costs in future years. The accounting method we utilize recognizes one-fifth of the unamortized gains and losses in the market-related value of pension assets and all other gains and losses including changes in the discount rate used to calculate benefit costs each year. Investment gains or losses for this purpose are the difference between the expected return and the actual return on the market-related value of assets which smoothes asset values over three years. Although the smoothing period mitigates some volatility in the calculation of annual pension costs, future pension costs are impacted by changes in the market value of pension plan assets and changes in interest rates.

In addition, we maintain medical and life insurance benefits other than pensions that are not funded.

A one percentage point change in the key assumptions would have the following effects on the projected benefit obligations as of November 30, 2013 and on expense for fiscal 2013:

	Pension Benefits and Medical and Life Insurance Benefits Discount Rate		Expected Long-term Rate of Return	Assumed Healthcare Cost Trend Rate	
	Net Periodic Benefit Expense	Projected Benefit Obligation	Net Periodic Pension Benefit Expense	Net Periodic Medical and Life Insurance Benefit Expense	Accumulated Benefit Obligation
			(In millions)		
1% decrease	$ 26.8	$ 159.5	$ 12.1	$(0.5)	$(1.6)
1% increase	(22.8)	(134.8)	(12.1)	0.5	1.8

Contingencies and Litigation

We are currently involved in certain legal proceedings and, as required, have accrued our estimate of the probable costs and recoveries for resolution of these claims. These estimates are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially affected by changes in assumptions or the effectiveness of strategies related to these proceedings. See Notes 8(b) and 8(c) in Notes to Consolidated Financial Statements for more detailed information on litigation exposure.

Reserves for Environmental Remediation and Recoverable from the U.S. Government and Other Third Parties for Environmental Remediation Costs

For a discussion of our accounting for environmental remediation obligations and costs and related legal matters, see "Environmental Matters" above and Notes 8(c) and 8(d) in Notes to Consolidated Financial Statements.

We accrue for costs associated with the remediation of environmental contamination when it becomes probable that a liability has been incurred, and when our costs can be reasonably estimated. Management has a well-established process in place to identify and monitor our environmental exposures. In most cases, only a range of reasonably probable costs can be estimated. In establishing the reserves, the most probable estimated amount is used when determinable, and the minimum amount is used when no single amount in the range is more probable. Environmental reserves include the costs of completing remedial investigation and feasibility studies, remedial and corrective actions, regulatory oversight costs, the cost of operation and maintenance of the remedial action plan, and employee compensation costs for employees who are expected to devote a significant amount of time to remediation efforts. Calculation of environmental reserves is based on the evaluation of currently available information with respect to each individual environmental site and considers factors such as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. Such estimates are based on the expected costs of investigation and remediation and the likelihood that other potentially responsible parties will be able to fulfill their commitments at sites where we may be jointly or severally liable.

At the time a liability is recorded for future environmental costs, we record an asset for estimated future recoveries that are estimable and probable. Some of our environmental costs are eligible for future recovery in the pricing of our products and services to the U.S. government and under existing third party agreements. We consider the recovery probable based on the Global Settlement Agreement, Northrop Agreement, government contracting regulations, and our long history of receiving reimbursement for such costs.

Income Taxes

We file a consolidated U.S. federal income tax return for the Company and our 100% owned consolidated subsidiaries. The deferred tax assets and/or liabilities are determined by multiplying the differences between the financial reporting and tax reporting bases for assets and liabilities by the enacted tax rates expected to be in effect when such differences are recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in the period of the enactment date of the change.

The carrying value of our deferred tax assets is dependent upon our ability to generate sufficient taxable income in the future. A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. A review of all available positive and negative evidence is considered, including our past and future performance, the market environment in which we operate, the utilization of tax attributes in the past, the length of carryback and carryforward periods, and evaluation of potential tax planning strategies.

Despite our belief that our tax return positions are consistent with applicable tax laws, we believe that certain positions are likely to be challenged by taxing authorities. Settlement of any challenge can result in no change, a complete disallowance, or some partial adjustment reached through negotiations or litigation. Our tax reserves reflect the difference between the tax benefit claimed on tax returns and the amount recognized in the financial statements. The accounting standards provide guidance for the recognition and measurement in financial statements for uncertain tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process, the first step being recognition. We determine whether it is more likely than not that a tax position will be sustained upon tax examination, including resolution of any related appeals or litigation, based on only the technical merits of the position. The technical merits of a tax position are derived from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. A tax position that meets the more likely than not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution with a taxing authority. As the examination process progresses with tax authorities, adjustments to tax reserves may be necessary to reflect taxes payable upon settlement. Tax reserve adjustments related to positions impacting the effective tax rate affect the provision for income taxes. Tax reserve adjustments related to positions impacting the timing of deductions impact deferred tax assets and liabilities.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Policies and Procedures

As an element of our normal business practice, we have established policies and procedures for managing our exposure to changes in interest rates.

The objective in managing exposure to interest rate changes is to limit the impact of interest rate changes on earnings and cash flow and to make overall borrowing costs more predictable. To achieve this objective, we may use interest rate hedge transactions or other interest rate hedge instruments to manage the net exposure to interest rate changes related to our portfolio of borrowings and to balance our fixed rate compared to floating rate debt. We did not enter into any interest rate hedge transactions or instruments during the past three fiscal years.

Interest Rate Risk

We are exposed to market risk principally due to changes in interest rates. Debt with interest rate risk includes borrowings under our Senior Credit Facility. Other than pension assets and liabilities, we do not have any significant exposure to interest rate risk related to our investments.

As of November 30, 2013, our debt totaled $699.2 million: $654.2 million, or 94%, was at an average fixed rate of 6.22%; and $45.0 million, or 6%, was at a variable rate of 3.67%.

The estimated fair value and principal amount for the Company's long-term debt is presented below:

	Fair Value		Principal Amount	
	November 30, 2013	November 30, 2012	November 30, 2013	November 30, 2012
	(In millions)			
Term loan	$ 45.0	$ 47.5	$ 45.0	$ 47.5
7 1⁄8% Notes	494.5	—	460.0	—
4 1⁄16% Debentures	398.1	246.0	193.2	200.0
Other debt	1.0	1.2	1.0	1.2
	$938.6	$294.7	$699.2	$248.7

The fair values of the 7 1⁄8% Notes and 4 1⁄16% Debentures were determined using broker quotes that are based on open markets of our debt securities as of November 30, 2013 and 2012 (both Level 2 securities). The fair value of the term loan and other debt was determined to approximate carrying value.

Item 8. ***Consolidated Financial Statements and Supplementary Data***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the consolidated financial statements listed in the accompanying index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of GenCorp Inc. and its subsidiaries (the "Company") at November 30, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting appearing under Item 9A, management has excluded its acquisition of United Technologies Corporation's Pratt & Whitney Rocketdyne division (the "Rocketdyne Business") from its assessment of internal control over financial reporting as of November 30, 2013 because it was acquired by the Company in a purchase business combination effective June 14, 2013. We have also excluded the Rocketdyne Business from our audit of internal control over financial reporting. The Rocketdyne Business is a wholly-owned subsidiary whose total assets and total net sales represent 20% and 23%, respectively, of the Company's related consolidated financial statement amounts as of and for the year ended November 30, 2013.

/s/ PricewaterhouseCoopers LLP
Sacramento, California
February 7, 2014

GENCORP INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended		
	2013	2012	2011
	(In millions, except per share amounts)		
Net sales	$1,383.1	$994.9	$918.1
Operating costs and expenses:			
Cost of sales (exclusive of items shown separately below)	1,229.6	869.6	799.3
Selling, general and administrative	53.6	41.9	40.9
Depreciation and amortization	43.8	22.3	24.6
Other expense, net	33.8	26.2	14.5
Total operating costs and expenses	1,360.8	960.0	879.3
Operating income	22.3	34.9	38.8
Non-operating (income) expense			
Interest expense	48.7	22.3	30.8
Interest income	(0.2)	(0.6)	(1.0)
Total non-operating expense, net	48.5	21.7	29.8
(Loss) income from continuing operations before income taxes	(26.2)	13.2	9.0
Income tax (benefit) provision	(193.9)	18.9	6.1
Income (loss) from continuing operations	167.7	(5.7)	2.9
Income from discontinued operations, net of income taxes	0.2	3.1	—
Net income (loss)	$ 167.9	$ (2.6)	$ 2.9
Income (loss) per share of common stock			
Basic:			
Income (loss) per share from continuing operations	$ 2.76	$ (0.09)	$ 0.05
Income from discontinued operations, net of income taxes	—	0.05	—
Net income (loss) per share	$ 2.76	$ (0.04)	$ 0.05
Diluted:			
Income (loss) per share from continuing operations	$ 2.11	$ (0.09)	$ 0.05
Income from discontinued operations, net of income taxes	—	0.05	—
Net income (loss) per share	$ 2.11	$ (0.04)	$ 0.05
Weighted average shares of common stock outstanding	59.6	59.0	58.7
Weighted average shares of common stock outstanding, assuming dilution	81.9	59.0	58.7

See Notes to Consolidated Financial Statements.

GENCORP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended		
	2013	2012	2011
	(In millions)		
Net income (loss)	$167.9	$ (2.6)	$ 2.9
Other comprehensive income (loss):			
Amortization of net actuarial losses, net of $1.2 million of income taxes in fiscal 2013	91.3	58.9	62.8
Actuarial gains (losses) arising during the period, net of $2.2 million of income taxes in fiscal 2013	173.5	(245.7)	(81.1)
Amortization of prior service credits (costs), net of $0.1 million of income taxes in fiscal 2013	(0.9)	(0.1)	0.1
Comprehensive income (loss)	$431.8	$(189.5)	$(15.3)

See Notes to Consolidated Financial Statements.

GENCORP INC.

CONSOLIDATED BALANCE SHEETS

	November 30, 2013	November 30, 2012
	(In millions, except per share and share amounts)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 197.6	$ 162.1
Accounts receivable	214.1	111.5
Inventories	105.9	46.9
Recoverable from the U.S. government and other third parties for environmental remediation costs	20.4	22.3
Receivable from Northrop Grumman Corporation ("Northrop")	6.0	6.0
Other receivables, prepaid expenses and other	22.4	16.8
Income taxes	12.6	2.5
Deferred income taxes	17.0	—
Total Current Assets	596.0	368.1
Noncurrent Assets		
Property, plant and equipment, net	374.7	143.9
Real estate held for entitlement and leasing	80.2	70.2
Recoverable from the U.S. government and other third parties for environmental remediation costs	88.7	107.9
Receivable from Northrop	72.0	69.3
Deferred income taxes	175.7	—
Goodwill	159.6	94.9
Intangible assets	135.7	13.9
Other noncurrent assets, net	72.7	51.1
Total Noncurrent Assets	1,159.3	551.2
Total Assets	$1,755.3	$ 919.3
LIABILITIES, REDEEMABLE COMMON STOCK, AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Short-term borrowings and current portion of long-term debt	$ 2.9	$ 2.7
Accounts payable	122.5	56.1
Reserves for environmental remediation costs	36.6	39.5
Postretirement medical and life insurance benefits	7.3	7.5
Advance payments on contracts	104.4	100.1
Deferred income taxes	—	9.4
Other current liabilities	206.0	103.3
Total Current Liabilities	479.7	318.6
Noncurrent Liabilities		
Senior debt	42.5	45.0
Second-priority senior notes	460.0	—
Convertible subordinated notes	193.2	200.2
Other debt	0.6	0.8
Deferred income taxes	—	2.2
Reserves for environmental remediation costs	134.7	150.0
Pension benefits	261.7	454.5
Postretirement medical and life insurance benefits	59.3	68.3
Other noncurrent liabilities	73.8	68.5
Total Noncurrent Liabilities	1,225.8	989.5
Total Liabilities	1,705.5	1,308.1
Commitments and contingencies (Note 8)		
Redeemable common stock, par value of $0.10; less than 0.1 million shares issued and outstanding as of November 30, 2013; 0.4 million shares issued and outstanding as of November 30, 2012	0.2	3.9
Shareholders' Equity (Deficit)		
Preference stock, par value of $1.00; 15.0 million shares authorized; none issued or outstanding	—	—
Common stock, par value of $0.10; 150.0 million shares authorized; 59.9 million shares issued and outstanding as of November 30, 2013; 58.9 million shares issued and outstanding as of November 30, 2012	5.9	5.9
Other capital	280.1	269.6
Accumulated deficit	(14.0)	(181.9)
Accumulated other comprehensive loss, net of income taxes	(222.4)	(486.3)
Total Shareholders' Equity (Deficit)	49.6	(392.7)
Total Liabilities, Redeemable Common Stock and Shareholders' Equity (Deficit)	$1,755.3	$ 919.3

See Notes to Consolidated Financial Statements.

GENCORP INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

	Common Stock		Other Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' (Deficit) Equity
	Shares	Amount				
			(In millions)			
November 30, 2010	58.1	$5.9	$257.3	$(182.2)	$(281.2)	$(200.2)
Net income	—	—	—	2.9	—	2.9
Amortization of net actuarial losses	—	—	—	—	62.8	62.8
Actuarial losses arising during the period, net	—	—	—	—	(81.1)	(81.1)
Amortization of prior service costs	—	—	—	—	0.1	0.1
Reclassification from redeemable common stock	0.1	—	0.7	—	—	0.7
Tax benefit from shares issued under equity and performance incentive plans	—	—	0.2	—	—	0.2
Repurchase of convertible debt	—	—	(0.3)	—	—	(0.3)
Stock-based compensation and shares issued under equity plan	0.2	—	3.3	—	—	3.3
November 30, 2011	58.4	5.9	261.2	(179.3)	(299.4)	(211.6)
Net loss	—	—	—	(2.6)	—	(2.6)
Amortization of net actuarial losses	—	—	—	—	58.9	58.9
Actuarial losses arising during the period, net	—	—	—	—	(245.7)	(245.7)
Amortization of prior service credits	—	—	—	—	(0.1)	(0.1)
Reclassification from redeemable common stock	—	—	0.5	—	—	0.5
Tax benefit from shares issued under equity and performance incentive plans	—	—	3.3	—	—	3.3
Stock-based compensation and shares issued under equity plans, net	0.5	—	4.6	—	—	4.6
November 30, 2012	58.9	5.9	269.6	(181.9)	(486.3)	(392.7)
Net income	—	—	—	167.9	—	167.9
Amortization of net actuarial losses, net of $1.2 million of income taxes	—	—	—	—	91.3	91.3
Actuarial gains arising during the period, net of $2.2 million of income taxes	—	—	—	—	173.5	173.5
Amortization of prior service credits, net of less than $0.1 million of income taxes	—	—	—	—	(0.9)	(0.9)
Conversion of debt to common stock	0.2	—	1.6	—	—	1.6
Reclassification from redeemable common stock	0.4	—	3.7	—	—	3.7
Stock-based compensation and shares issued under equity plans, net	0.4	—	5.2	—	—	5.2
November 30, 2013	59.9	$5.9	$280.1	$ (14.0)	$(222.4)	$ 49.6

See Notes to Consolidated Financial Statements.

GENCORP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	2013	2012	2011
	(In millions)		
Operating Activities			
Net income (loss)	$ 167.9	$ (2.6)	$ 2.9
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income from discontinued operations, net of income taxes	(0.2)	(3.1)	—
Depreciation and amortization	43.8	22.3	24.6
Amortization of debt discount and financing costs	4.5	2.9	6.7
Retirement benefit expense	65.0	41.0	46.4
Stock-based compensation	14.1	6.5	3.7
Tax benefit on stock-based awards	—	(3.3)	(0.2)
Loss on debt repurchased	5.0	0.4	0.2
Loss on bank amendment	—	—	1.3
Changes in assets and liabilities, net of effects from acquisition:			
Accounts receivable	(37.6)	(4.5)	(0.3)
Inventories	(25.5)	2.6	1.6
Other receivables, prepaid expenses and other	0.1	0.6	2.2
Income tax receivable	(12.6)	6.5	2.3
Real estate held for entitlement and leasing	(4.4)	(3.9)	(4.4)
Receivable from Northrop	(2.7)	(3.0)	(7.7)
Recoverable from the U.S. government and other third parties for environmental remediation costs	21.1	7.5	29.1
Other noncurrent assets	(7.8)	3.2	2.5
Accounts payable	50.1	22.3	6.7
Pension benefits	—	—	(3.1)
Postretirement medical and life insurance benefits	(5.4)	(5.1)	(5.5)
Advance payments on contracts	(43.9)	(8.4)	(1.5)
Other current liabilities	56.8	4.7	(1.6)
Deferred income taxes	(191.3)	4.0	—
Reserve for environmental remediation costs	(18.2)	(1.1)	(27.0)
Other noncurrent liabilities and other	(1.1)	(1.2)	(1.8)
Net cash provided by continuing operations	77.7	88.3	77.1
Net cash used in discontinued operations	(0.1)	(2.1)	(0.3)
Net Cash Provided by Operating Activities	77.6	86.2	76.8
Investing Activities			
Capital expenditures	(63.2)	(37.2)	(21.1)
Proceeds from sale of land	—	0.6	—
Purchases of marketable securities	—	—	(15.0)
Sales of marketable securities	—	—	41.7
Purchase of Rocketdyne Business (see table below)	(411.2)	—	—
Purchases of investments	(0.5)	—	—
Purchase of restricted cash investments	(470.0)	—	—
Sale of restricted cash investments	470.0	—	—
Net Cash (Used in) Provided by Investing Activities	(474.9)	(36.6)	5.6
Financing Activities			
Proceeds from the issuance of debt	460.0	—	—
Repayments on debt	(12.8)	(77.7)	(70.1)
Debt issuance costs	(14.9)	(1.3)	(4.2)
Tax benefit on stock-based awards	—	3.3	0.2
Proceeds from shares issued under equity plans	0.5	1.0	—
Vendor financing repayments	—	(0.8)	(1.8)
Net Cash Provided by (Used in) Financing Activities	432.8	(75.5)	(75.9)
Net increase (decrease) in cash and cash equivalents	35.5	(25.9)	6.5
Cash and cash equivalents at beginning of year	162.1	188.0	181.5
Cash and Cash Equivalents at End of Year	$ 197.6	$162.1	$188.0
Supplemental Disclosures of Cash Flow Information			
Cash refund for income taxes	$ 0.1	$ 6.0	$ 0.2
Cash paid for income taxes	8.5	11.2	3.9
Cash paid for interest	33.7	18.5	22.4
Conversion of debt to common stock	1.6	—	—
Purchase of Rocketdyne Business (see Note 4)			
Total tangible assets	$ 318.0	$ —	$ —
Intangible assets	128.3	—	—
Goodwill	64.7	—	—
Deferred income taxes	12.9	—	—
Liabilities assumed	(112.7)	—	—
Total preliminary purchase price	$ 411.2	$ —	$ —

See Notes to Consolidated Financial Statements.

Note 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 100% 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 manufacturer of aerospace and defense products and systems with a real estate segment that includes activities related to the re-zoning, entitlement, sale, and leasing of the Company's excess real estate assets. The Company's continuing operations are organized into two segments:

Aerospace and Defense — includes the operations of our wholly-owned subsidiary Aerojet Rocketdyne, Inc. ("Aerojet Rocketdyne"), a leading technology-based designer, developer and manufacturer of aerospace and defense products and systems for the United States ("U.S.") government, including the Department of Defense ("DoD"), the National Aeronautics and Space Administration ("NASA"), major aerospace and defense prime contractors as well as portions of the commercial sector. Aerojet Rocketdyne is a world-recognized engineering and manufacturing company that specializes in the development and production of propulsion systems for defense and space applications, armament systems for precision tactical systems and munitions, and is considered a domestic market leader in launch propulsion, in-space propulsion, missile defense propulsion, tactical missile propulsion and hypersonic propulsion systems.

Real Estate — includes the activities of the Company's wholly-owned subsidiary Easton Development Company, LLC ("Easton") related to the re-zoning, entitlement, sale, and leasing of the Company's excess real estate assets. The Company owns approximately 11,900 acres of land adjacent to U.S. Highway 50 between Rancho Cordova and Folsom, California east of Sacramento ("Sacramento Land"). The Company is currently in the process of seeking zoning changes and other governmental approvals on a portion of the Sacramento Land to optimize its value.

In July 2012, the Company signed a stock and asset purchase agreement (the "Original Purchase Agreement") with United Technologies Corporation ("UTC") to acquire the Pratt & Whitney Rocketdyne division (the "Rocketdyne Business") from UTC for $550 million (the "Acquisition"). The Rocketdyne Business was the largest liquid rocket propulsion designer, developer, and manufacturer in the U.S. On June 10, 2013, the Federal Trade Commission ("FTC") announced that it closed its investigation into the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. On June 12, 2013, the Company and UTC entered into an amended and restated stock and asset purchase agreement (the "Amended and Restated Purchase Agreement"), which amended and restated the Original Purchase Agreement, as amended. On June 14, 2013, the Company completed the acquisition of substantially all of the Rocketdyne Business pursuant to the Amended and Restated Purchase Agreement. The aggregate consideration to UTC was $411 million, paid in cash, which represents the initial purchase price of $550 million reduced by $55 million relating to the pending future acquisition of UTC's 50% ownership interest of RD Amross, LLC (a joint venture with NPO Energomash of Khimki, Russia which sells RD-180 engines to RD Amross) and the portion of the UTC business that markets and supports the sale of RD-180 engines. The acquisition of UTC's 50% ownership interest of RD Amross and UTC's related business is contingent upon certain conditions including receipt of certain Russian governmental regulatory approvals, which may not be obtained. Pursuant to the terms of the Amended and Restated Purchase Agreement, either party to such agreement may terminate the obligations to consummate the RDA Acquisition on or after June 12, 2015; provided, however, that such termination date may be extended for up to four additional periods of three months each (with the final termination date extended until June 12, 2016). Subject to the terms of Amended and Restated Purchase Agreement, in order to extend the termination date, either party may request the extension by providing written notice to the other party at least five business days prior to the termination date, provided that the requesting party must have a reasonable belief at the time such notice is given that a certain authorization for completion of the RDA Acquisition from the Russian government will be forthcoming. The purchase price was further adjusted for changes in advance payments on contracts, capital expenditures and other net assets, and is subject further to post-closing adjustments (see Note 4).

As of November 30, 2012, the Company classified its Liquid Divert and Attitude Control Systems (the "LDACS") business as assets held for sale because the Company expected that it would be required to divest the LDACS product line in order to consummate the Acquisition. However, as of May 31, 2013, the Company believed that it would not be required to divest the LDACS product line in order to consummate the Acquisition based on conversations with the FTC. On June 10, 2013, the FTC announced that it closed its investigation into the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the Company was not required to divest its LDACS business (see Note 14).

On August 31, 2004, the Company completed the sale of its GDX Automotive ("GDX") business. On November 30, 2005, the Company completed the sale of the Fine Chemicals business. The remaining subsidiaries after the sale of GDX Automotive, including Snappon SA, and the Fine Chemicals business are classified as discontinued operations in the Consolidated Financial Statements (see Note 13).

The Company's fiscal year ends on November 30 of each year. The fiscal year of the Company's subsidiary, Aerojet Rocketdyne, ends on the last Saturday of November. As a result of the 2013 calendar, Aerojet Rocketdyne had 53 weeks of operations in fiscal 2013 compared to 52 weeks of operations in fiscal 2012 and 2011. The additional week of operations, which occurred in the first quarter of fiscal 2013, accounted for $27.8 million in additional net sales. The operating results of the Rocketdyne Business are included in the Company's Consolidated Financial Statements since the acquisition date within the Company's Aerospace and Defense segment. Net sales of the Rocketdyne Business included in the Company's operating results for fiscal 2013 from the acquisition date of June 14, 2013 were $319.4 million.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Company 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.

Out of Period Adjustments

During fiscal 2012, the Company recorded out of period adjustments to cost of sales, interest expense, and the income tax provision and related balance sheet accounts. The out of period adjustments relate to the treatment of prior years' intercompany interest within the state tax provisions and the accounting for a lease modification. The out of period adjustments resulted in the Company increasing its net loss in fiscal 2012 by an additional $0.2 million.

During the fourth quarter of fiscal 2011, the Company recorded out of period adjustments to the income tax provision and related balance sheet accounts. The out of period adjustments relate to the Company incorrectly calculating the tax benefit on a tax refund associated with an election made on the Company's fiscal 2003 income tax return and the Company not recording a reserve for uncertain tax positions during the appropriate period. The out of period adjustments in fiscal 2011, combined with the effects of the fiscal 2012 adjustments described above, resulted in the Company under reporting net income by $0.8 million in fiscal 2011.

As a result of *de minimis* out of period adjustments recorded in fiscal 2013, the combined effect of the errors resulted in a negligible impact to net income in fiscal 2012 and an under reporting of net income of ($0.4) million in fiscal 2011. Management believes that such amounts are not material to previously reported financial statements.

b. Cash and Cash Equivalents

All highly liquid debt instruments purchased with a remaining maturity at the date of purchase of three months or less are considered to be cash equivalents. The Company aggregates its cash balances by bank, and reclassifies any negative balances, if applicable, to accounts payable.

c. Fair Value of Financial Instruments

The accounting standards use a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The following are measured at fair value:

		Fair value measurement at November 30, 2013		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Money market funds	$174.4	$174.4	$—	$—

		Fair value measurement at November 30, 2012		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Money market funds	$166.0	$166.0	$—	$—

As of November 30, 2013, a summary of cash and cash equivalents and grantor trust by investment type is as follows:

	Total	Cash and Cash Equivalents	Money Market Funds
		(In millions)	
Cash and cash equivalents	$197.6	$35.6	$162.0
Grantor trust	12.4	—	12.4
	$210.0	$35.6	$174.4

The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued compensation, and other accrued liabilities, approximate fair value because of their short maturities.

The estimated fair value and principal amount for the Company's long-term debt is presented below:

	Fair Value		Principal Amount	
	November 30, 2013	November 30, 2012	November 30, 2013	November 30, 2012
		(In millions)		
Term loan	$ 45.0	$ 47.5	$ 45.0	$ 47.5
7.125% Second-Priority Senior Secured Notes ("7 1⁄8% Notes")	494.5	—	460.0	—
4 1⁄16% Convertible Subordinated Debentures ("4 1⁄16% Debentures")	398.1	246.0	193.2	200.0
Other debt	1.0	1.2	1.0	1.2
	$938.6	$294.7	$699.2	$248.7

The fair values of the 7 1⁄8% Notes and 4 1⁄16% Debentures were determined using broker quotes that are based on open markets of the Company's debt securities as of November 30, 2013 and 2012 (both Level 2 securities). The fair value of the term loan and other debt was determined to approximate carrying value.

d. Accounts Receivable

Accounts receivable associated with long-term contracts consist of billed and unbilled amounts. Billed amounts include invoices presented to customers that have not been paid. Unbilled amounts relate to revenues that have been recorded and billings that have not been presented to customers. Amounts for overhead disallowances or billing decrements are reflected in unbilled receivables and primarily represent estimates of potential overhead costs which may not be successfully negotiated and collected.

Other receivables represent amounts billed where revenues were not derived from long-term contracts.

e. Inventories

Inventories are stated at the lower of cost or market, generally using the average cost method. Costs on long-term contracts and programs in progress represent recoverable costs incurred for production, contract-specific facilities and equipment, allocable operating overhead, advances to suppliers, environmental expenses and, in the case of contracts with the U.S. government, bid and proposal, research and development, and general and administrative expenses. Pursuant to contract provisions, agencies of the U.S. government and certain other customers have title to, or a security interest in, inventories related to such contracts as a result of performance-based and progress payments. Such progress payments are reflected as an offset against the related inventory balances.

The acquired Rocketdyne Business inventory was recorded at fair value on the date of Acquisition. The fair value adjustment of $6.3 million is not allocable to the Company's U.S. government contracts and will be expensed to cost of sales as the inventory is delivered to the customer (see Note 4).

f. Income Taxes

The Company files a consolidated U.S. federal income tax return with its 100% owned consolidated subsidiaries. The deferred tax assets and/or liabilities are determined by multiplying the differences between the financial reporting and tax reporting bases for assets and liabilities by the enacted tax rates expected to be in effect when such differences are recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in the period of the enactment date of the change.

The carrying value of the Company's deferred tax assets is dependent upon its ability to generate sufficient taxable income in the future. A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. A review of all available positive and negative evidence is considered, including the Company's past and future performance, the market environment in which it operates, the utilization of tax attributes in the past, the length of carryback and carryforward periods, and evaluation of potential tax planning strategies.

Despite the Company's belief that its tax return positions are consistent with applicable tax laws, the Company believes that certain positions are likely to be challenged by taxing authorities. Settlement of any challenge can result in no change, a complete disallowance, or some partial adjustment reached through negotiations or litigation. The Company's tax reserves reflect the difference between the tax benefit claimed on tax returns and the amount recognized in the financial statements. The accounting standards provide guidance for the recognition and measurement in financial statements for uncertain tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process, the first step being recognition. The Company determines whether it is more likely than not that a tax position will be sustained upon tax examination, including resolution of any related appeals or litigation, based on only the technical merits of the position. The technical merits of a tax position are derived from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. A tax position that meets the more likely than not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution with a taxing authority. As the examination process progresses with tax authorities, adjustments to tax reserves may be necessary to reflect taxes payable upon settlement. Tax reserve adjustments related to positions impacting the effective tax rate affect the provision for income taxes. Tax reserve adjustments related to positions impacting the timing of deductions impact deferred tax assets and liabilities.

g. Property, Plant and Equipment, net

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 accelerated methods based on the following useful lives:

Buildings and improvements	9 — 40 years
Machinery and equipment	5 — 19 years

The acquired Rocketdyne Business property, plant and equipment were recorded at fair value on the date of Acquisition. The fair value adjustment of $81.9 million is not allocable to the Company's U.S. government contracts and will be depreciated using a weighted average life of approximately 15 years (see Note 4).

h. Real Estate Held for Entitlement and Leasing

The Company capitalizes all costs associated with the real estate entitlement and leasing process. The Company classifies activities related to the entitlement, sale, and leasing of its excess real estate assets as operating activities in the consolidated statements of cash flows.

i. Goodwill

Goodwill represents the excess of the purchase price of an acquired enterprise or assets over the fair values of the identifiable assets acquired and liabilities assumed. Tests for impairment of goodwill are performed on an annual basis, or at any other time if events occur or circumstances indicate that the carrying amount of goodwill may not be recoverable. The Company evaluated goodwill for impairment as of September 1, 2013 and 2012, and determined that goodwill was not impaired.

The Company evaluates qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance) to determine whether it is necessary to perform the first step of the two-step goodwill test. This step is referred to as the "Step Zero analysis". If it is determined that it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount, the Company will need to proceed to the first step ("Step One") of the two-step goodwill impairment test. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, relevant events and circumstances as discussed above shall be assessed. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the first and second steps of the impairment test are unnecessary.

Circumstances that could trigger an impairment test include but are not limited to: a significant adverse change in the business climate or legal factors; adverse cash flow trends; an adverse action or assessment by a regulator; unanticipated competition; loss of key personnel; decline in stock price; and results of testing for recoverability of a significant asset group within a reporting unit. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recorded.

All of the Company's recorded goodwill resides in the Aerospace and Defense reporting unit. As of September 1, 2013 and 2012, the Company evaluated goodwill using a "Step Zero analysis" and determined that it was more likely than not that the fair value of the Aerospace and Defense reporting unit exceeded its carrying amount.

There can be no assurance that the Company's estimates and assumptions made for purposes of its goodwill impairment testing will prove to be accurate predictions of the future. If the Company's assumptions and estimates are incorrect, the Company may be required to record goodwill impairment charges in future periods.

j. Intangible Assets

Identifiable intangible assets, such as 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 based on when they provide the Company economic benefit, or using the straight-line method, over their estimated useful life. Amortization periods for identifiable intangible assets range from 3 years to 30 years.

Intangible assets weighted average amortization periods are as follows (in years):

	As of November 30,	
	2013	2012
Customer related	10.2	20.0
Intellectual property\trade secrets	13.0	—
Non-Compete Agreements	3.0	—
Trade name	30.0	—
Technology	25.1	25.1

k. Environmental Remediation

The Company expenses, on a current basis, recurring costs associated with managing hazardous substances and contamination in ongoing operations. The Company accrues for costs associated with the remediation of environmental contamination when it becomes probable that a liability has been incurred, and the amount can be reasonably estimated. In most cases only a range of reasonably probable costs can be estimated. In establishing the Company's reserves, the most probable estimated amount is used when determinable, and the minimum amount is used when no single amount in the range is more probable. The Company's environmental reserves include the costs of completing remedial investigation and feasibility studies, remedial and corrective actions, regulatory oversight costs, the cost of operation and maintenance of the remedial action plan, and employee compensation costs for employees who are expected to devote a significant amount of time to remediation efforts. Calculation of environmental reserves is based on the evaluation of currently available information with respect to each individual environmental site and considers factors such as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. Such estimates are based on the expected costs of investigation and remediation and the likelihood that other potentially responsible parties will be able to fulfill their commitments at sites where the Company may be jointly or severally liable. At the time a liability is recorded for future environmental costs, the Company records an asset for estimated future recoveries that are estimable and probable. Some of the Company's environmental costs are eligible for future recovery in the pricing of its products and services to the U.S. government and under existing third party agreements. The Company considers the recovery probable based on the Global Settlement Agreement, Northrop Agreement, government contracting regulations, and its long history of receiving reimbursement for such costs (see Notes 8(c) and (d)).

l. Retirement Benefits

The Company has a frozen defined benefit pension plan that previously covered substantially all salaried and hourly employees. In addition, the Company provides medical and life insurance benefits ("postretirement benefits") to certain eligible retired employees, with varied coverage by employee group. Annual charges are made for the cost of the plans, including administrative costs, interest costs on benefit obligations, and net amortization and deferrals, increased or reduced by the return on assets. In conjunction with the Acquisition, the Company recorded a $5.3 million pension liability associated with the Rocketdyne Business' bargaining unit employees. The annual expenses associated with the pension liability are allowable to be included in the Company's contracts with the U.S. government (see Note 4). The Company also sponsors a defined contribution 401(k) plan and participation in the plan is available to all employees (see Note 7).

m. Conditional Asset Retirement Obligations

Conditional asset retirement obligations ("CAROs") are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the Company records period-to-period changes in the CARO liability resulting from the passage of time and revisions to either the timing or the amount of the estimate of the undiscounted cash flows.

The Company's estimate of CAROs associated with owned properties relates to estimated costs necessary for the legally required removal or remediation of various regulated materials, primarily asbestos disposal and radiological decontamination of an ordnance manufacturing facility. For CAROs that are not expected to be retired in the next fifteen (15) years, the Company estimated the retirement date of such asset retirement obligations to be thirty (30) years from the date of adoption of the applicable accounting standard. For leased properties, such obligations relate to the estimated cost of contractually required property restoration.

The changes in the carrying amount of CAROs since November 30, 2010 were as follows (in millions):

Balance as of November 30, 2010	$ 15.3
Additions and other, net	1.2
Accretion	1.3
Balance as of November 30, 2011	17.8
Additions and other, net	1.5
Accretion	1.5
Balance as of November 30, 2012	20.8
Rocketdyne Business Acquisition	1.2
Additions and other, net	(0.6)
Accretion	1.5
Balance as of November 30, 2013	$ 22.9

n. Advance Payments on Contracts

The Company receives advances from customers which may exceed costs incurred on certain contracts. Such advances or billings in excess of cost and estimated earnings, other than those reflected as a reduction of inventories as progress payments, are classified as current liabilities.

o. Loss Contingencies

The Company is currently involved in certain legal proceedings and, as required, has accrued its estimate of the probable costs and recoveries for resolution of these claims. These estimates are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations or cash flows for any particular period could be materially affected by changes in estimates or the effectiveness of strategies related to these proceedings.

p. Warranties

The Company provides product warranties in conjunction with certain product sales. The majority of the Company's warranties are a one-year standard warranty for parts, workmanship, and compliance with specifications. On occasion, the Company has made commitments beyond the standard warranty obligation. While the Company has contracts with warranty provisions, there is not a history of any significant warranty claims experience. A reserve for warranty exposure is made on a product by product basis when it is both estimable and probable. These costs are included in the program's estimate at completion and are expensed in accordance with the Company's revenue recognition methodology as allowed under GAAP for that particular contract.

q. Revenue Recognition

In the Company's Aerospace and Defense segment, recognition of profit on long-term contracts requires the use of assumptions and estimates related to the contract value or total contract revenue, the total cost at completion and the measurement of progress towards completion. Due to the nature of the programs, developing the estimated total cost at completion requires the use of significant judgment. Estimates are continually evaluated as work progresses and are revised as necessary. Factors that must be considered in estimating the work to be completed include labor productivity, the nature and technical complexity of the work to be performed, availability and cost volatility of materials, subcontractor and vendor performance, warranty costs, volume assumptions, anticipated labor agreements and inflationary trends, schedule and performance delays, availability of funding from the customer, and the recoverability of costs incurred outside the original contract included in any estimates to complete. The Company reviews contract performance and cost estimates for some contracts at least monthly and for others at least quarterly and more frequently when circumstances significantly change. When a change in estimate is determined to have an impact on contract profit, the Company will record a positive or negative adjustment to the statement of operations. Changes in estimates and assumptions related to the status of certain long-term contracts may have a material effect on the Company's operating results. The following table summarizes the impact from changes in estimates and assumptions on the statement of operations on key contracts, representing 68% of the Company's net sales over the last three fiscal years, accounted for under the percentage-of-completion method of accounting:

	Year Ended		
	2013	**2012**	**2011**
	(In millions, except per share amounts)		
Favorable effect of the changes in contract estimates on (loss) income from continuing operations	$18.4	$ 8.9	$ 3.9
Favorable effect of the changes in contract estimates on net income (loss)	10.8	5.3	2.4
Favorable effect of the changes in contract estimates on basic income (loss) per share	0.18	0.09	0.04
Favorable effect of the changes in contract estimates on diluted income (loss) per share	0.13	0.09	0.04

The fiscal 2013 favorable changes in contract estimates was primarily driven by greater than expected performance on tactical systems programs due to manufacturing efficiencies and lower overhead costs. The improvements in fiscal 2013 were offset by unexpected cost growth on a space launch contract. The fiscal 2012 favorable changes in contract estimates was primarily driven by greater than expected performance on the Atlas V program and several tactical systems programs due to manufacturing efficiencies and lower overhead costs. These improvements in fiscal 2012 were offset by unanticipated inefficiencies and cost growth on a space launch contract. The fiscal 2011 favorable changes in contract estimates was primarily driven by greater than expected performance on the Atlas V program and various space system programs due to manufacturing efficiencies and lower overhead costs. These improvements in fiscal 2011 were offset by a decrease on a space launch contract for a test failure/rework on rocket motors.

The Company considers the nature of the individual underlying contract and the type of products and services provided in determining the proper accounting for a particular contract. Each method is applied consistently to all contracts having similar characteristics, as described below. The Company typically accounts for these contracts using the percentage-of-completion method, and progress is measured on a cost-to-cost or units-of-delivery basis. Sales are recognized using various measures of progress depending on the contractual terms and scope of work of the contract. The Company recognizes revenue on a units-of-delivery basis when contracts require unit deliveries on a frequent and routine basis. Sales using this measure of progress are recognized at the contractually agreed upon unit price. Where the scope of work on contracts principally relates to research and/or development efforts, or the contract is predominantly a development effort with few deliverable units, the Company recognizes revenue on a cost-to-cost basis. In this case, sales are recognized as costs are incurred and include estimated earned fees or profits calculated on the basis of the relationship between costs incurred and total estimated costs at completion. Revenue on service or time and material contracts is recognized when performed. If at any time expected costs exceed the value of the contract, the loss is recognized immediately.

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. Incentive and award fees, which are generally awarded at the discretion of the customer, are included in estimated contract revenue at the time the amounts can be reasonably determined and are reasonably assured based on historical experience and anticipated performance. The Company continually evaluates its performance and incorporates any anticipated changes in penalties and cost incentives into its revenue and earnings calculations. Performance incentives, which increase or decrease earnings based solely on a single significant event, generally are not recognized until an event occurs.

Revenue from real estate asset sales is recognized when a sufficient down-payment has been received, financing has been arranged and title, possession and other attributes of ownership have been transferred to the buyer. The allocation to cost of sales on real estate asset sales is based on a relative fair market value computation of the land sold which includes the basis on the Company's book value, capitalized entitlement costs, and an estimate of the Company's continuing financial commitment.

Revenue that is not derived from long-term development and production contracts, or real estate asset transactions, is recognized when persuasive evidence of a final agreement exists, delivery has occurred, the selling price is fixed or determinable and payment from the customer is reasonably assured. Sales are recorded net of provisions for customer pricing allowances.

r. Research and Development ("R&D")

Company-sponsored R&D expenses were $42.9 million in fiscal 2013, $30.3 million in fiscal 2012, and $27.4 million in fiscal 2011. 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 expenses for technical activities that may significantly improve existing products or processes. These expenses are generally allocated among all contracts and programs in progress under U.S. government contractual arrangements.

Customer-sponsored R&D expenditures, which are funded under government contracts, totaled $339.1 million in fiscal 2013, $271.8 million in fiscal 2012, and $276.0 million in fiscal 2011. Expenditures under customer-sponsored R&D funded government contracts are accounted for as sales and cost of products sold.

s. Stock-based Compensation

The Company recognizes stock-based compensation in the statements of operations at the grant-date fair value of stock awards issued to employees and directors over the vesting period (see Note 10(c) for additional information). The Company utilizes the short-cut method for determining the historical pool of windfall tax benefits and the tax law ordering approach for purposes of determining whether an excess tax benefit has been realized.

t. Impairment or Disposal of Long-Lived Assets

Impairment of long-lived assets is recognized when events or circumstances indicate that the carrying amount of the asset, or related groups of assets, may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; or a current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the Company determines that an asset is not recoverable, then the Company would record an impairment charge if the carrying value of the asset exceeds its fair value.

A long-lived asset classified as "held for sale" is initially measured at the lower of its carrying amount or fair value less costs to sell. In the period that the "held for sale" criteria are met, the Company recognizes an impairment charge for any initial adjustment of the long-lived asset amount. Gains or losses not previously recognized resulting from the sale of a long-lived asset is recognized on the date of sale.

u. Foreign Currency Transactions

Foreign currency transaction (losses) and gains were ($0.2) million in fiscal 2013, $0.4 million in fiscal 2012, and ($0.3) million in fiscal 2011 and are reported as a component of discontinued operations. The Company's foreign currency transactions were associated with the Company's former GDX business, including Snappon SA, which is classified as discontinued operations in these consolidated financial statements and notes to consolidated financial statements.

v. Related Parties

A member of the Company's board of directors is manager of Steel Partners LLC, the manager of Steel Partners Holdings L.P. ("Steel Holdings"). Steel Holdings owns 99% of SPH Group Holdings LLC ("SPH Holdings") that was a beneficial owner of more than 5% of the Company's common stock outstanding as of November 30, 2013 and 2012. The Company repurchased $15.5 million of its 2¼% Convertible Subordinated Debentures ("2¼% Debentures") from SPH Holdings during fiscal 2011 at market prices as of the transaction date.

w. Concentrations

Dependence upon government programs and contracts

Sales to the U.S. government and its agencies, including sales to the Company's significant customers discussed below, were as follows (dollars in millions):

	U.S. Government Sales	Percentage of Net Sales
Fiscal 2013	$1,311.0	95%
Fiscal 2012	936.9	94
Fiscal 2011	855.8	93

The Standard Missile program, which is included in the U.S. government sales, represented 22%, 25%, and 24% of net sales for fiscal 2013, 2012, and 2011, respectively. The demand for certain of the Company's services and products is directly related to the level of funding of government programs.

Major customers

Customers that represented more than 10% of net sales for the fiscal years presented are as follows:

	Year Ended		
	2013	2012	2011
Raytheon Company (“Raytheon”)	32%	37%	36%
Lockheed Martin Corporation (“Lockheed Martin”)	23	32	28
United Launch Alliance (“ULA”)	18	*	*

* Less than 10%.

Credit Risk

Aside from investments held in the Company’s defined benefit pension plan, financial instruments that could potentially subject the Company to concentration of credit risk consist primarily of cash, cash equivalents, and trade receivables. The Company’s cash and cash equivalents are held and managed by recognized financial institutions and are subject to the Company’s investment policy. The investment policy outlines minimum acceptable credit ratings for each type of investment and limits the amount of credit exposure to any one security issue. The Company does not believe significant concentration of credit risk exists with respect to these investments.

Customers that represented more than 10% of accounts receivable for the periods presented are as follows:

	As of November 30,	
	2013	2012
NASA	22%	*
Raytheon	20	48%
Lockheed Martin	19	31
ULA	18	*

* Less than 10%.

Dependence on Single Source and Other Third Party Suppliers

The Company uses a significant quantity of raw materials that are highly dependent on market fluctuations and government regulations. Further, as a U.S. government contractor, the Company is often required to procure materials from suppliers capable of meeting rigorous customer and government specifications. As market conditions change for these companies, they often discontinue materials with low sales volumes or profit margins. The Company is often forced to either qualify new materials or pay higher prices to maintain the supply. To date the Company has been successful in establishing replacement materials and securing customer funding to address specific qualification needs of the programs. Prolonged disruptions in the supply of any of the Company’s key raw materials, difficulty qualifying new sources of supply, implementing use of replacement materials or new sources of supply, and/or a continuing volatility in the prices of raw materials could have a material adverse effect on the Company’s operating results, financial condition, and/or cash flows.

Workforce

As of November 30, 2013, 14% of the Company’s 5,386 employees were covered by collective bargaining agreements.

x. Accounting Pronouncements

Recently Adopted Accounting Pronouncements

As of September 1, 2011, the Company adopted the Financial Accounting Standards Board's ("FASB") amended guidance on testing goodwill for impairment. Previous guidance required that an entity test for goodwill impairment by comparing the fair value of a reporting unit with its carrying amount including goodwill. If the fair value is less than its carrying amount, then a second step is performed to measure the amount of the impairment loss. Under this new amendment an entity is not required to calculate the fair value of the reporting unit unless the entity determines that it is more likely than not (a likelihood of more than 50%) that its fair value is less than its carrying amount. The adoption of the new standard did not have a material impact on the Company's financial position or results of operations.

In December 2010, the FASB issued authoritative guidance on disclosure of supplementary pro forma information for business combinations. The new guidance requires that pro forma financial information be prepared as if the business combination occurred as of the beginning of the prior annual period. The guidance was effective for the Company for business combinations subsequent to December 1, 2011.

In May 2011, the FASB issued amended guidance on fair value measurement and related disclosures. The new guidance clarified the concepts applicable for fair value measurement and required new disclosures, with a particular focus on Level 3 measurements. This guidance was effective for the Company beginning in the second quarter of fiscal 2012, and was applied prospectively.

In June 2011, the FASB issued amended guidance on the presentation of comprehensive income. The amended guidance eliminates one of the presentation options provided by then-current GAAP, which was to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, it gave an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance was effective for the Company beginning in the first quarter of fiscal 2013, and was applied retrospectively. As the accounting standard only impacted disclosures, the new standard did not have an impact on the Company's financial position, results of operations, or cash flows.

In February 2013, the FASB issued guidance on reporting of amounts reclassified out of accumulated other comprehensive income ("AOCI"). The guidance requires an entity to provide information about the amounts reclassified out of AOCI by component. In addition, entities are required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income. The Company adopted this guidance beginning in the second quarter of fiscal 2013. As the accounting standard only impacted disclosures, the new standard did not have an impact on the Company's financial position, results of operations, or cash flows.

New Accounting Pronouncement

In July 2013, the FASB issued an amendment to the accounting guidance related to the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The guidance requires an unrecognized tax benefit to be presented as a decrease in a deferred tax asset where a net operating loss, a similar tax loss, or a tax credit carryforward exists and certain criteria are met. This guidance is effective prospectively for annual and interim reporting periods beginning after December 15, 2013. The Company is currently evaluating the potential impact of the adoption of this guidance on its consolidated financial statements.

z. Subsequent Events

The Company evaluates events or transactions that occur after the balance sheet date but before financial statements are issued for potential recognition or disclosure in the financial statements. The issuance of financial statements is the earlier of when the financial statements are widely distributed to all shareholders and other financial statements users or filed with the Securities and Exchange Commission ("SEC") (see Note 17).

Note 2. Income (Loss) Per Share of Common Stock

A reconciliation of the numerator and denominator used to calculate basic and diluted income (loss) per share of common stock ("EPS") is presented in the following table:

	Year Ended		
	2013	2012	2011
	(In millions, except per share amounts)		
Numerator for Basic and Diluted EPS			
Income (loss) from continuing operations	$167.7	$ (5.7)	$ 2.9
Income from discontinued operations, net of income taxes	0.2	3.1	—
Net income (loss)	167.9	(2.6)	2.9
Income allocated to participating securities	(3.2)	—	—
Net income (loss) for basic earnings per share	164.7	(2.6)	2.9
Interest on convertible subordinated debentures	8.1	—	—
Net income (loss) for diluted earnings per share	$172.8	$ (2.6)	$ 2.9
Denominator:			
Basic weighted average shares	59.6	59.0	58.7
Effect of:			
Convertible subordinated notes	22.1	—	—
Employee stock options	0.2	—	—
Diluted weighted average shares	81.9	59.0	58.7
Basic EPS:			
Income (loss) per share from continuing operations	$ 2.76	$(0.09)	$0.05
Income from discontinued operations, net of income taxes	—	0.05	—
Net income (loss) per share	$ 2.76	$(0.04)	$0.05
Diluted EPS:			
Income (loss) per share from continuing operations	$ 2.11	$(0.09)	$0.05
Income from discontinued operations, net of income taxes	—	0.05	—
Net income (loss) per share	$ 2.11	$(0.04)	$0.05

The following table sets forth the potentially dilutive securities excluded from the computation because their effect would have been anti-dilutive:

	Year Ended		
	2013	2012	2011
	(In millions)		
4 1⁄16% Debentures	—	22.2	22.2
Unvested restricted shares	1.1	1.1	0.8
Employee stock options	—	0.9	1.1
Total potentially dilutive securities	1.1	24.2	24.1

The Company's 2¼% Debentures were not included in the computation of diluted earnings per share because the market price of the common stock did not exceed the conversion price and only the conversion premium for these debentures is settled in common shares.

Note 3. Balance Sheet Accounts and Supplemental Disclosures

a. Accounts Receivable

	As of November 30, 2013	As of November 30, 2012
	(In millions)	
Billed	$ 96.3	$ 49.4
Unbilled	138.0	69.0
Reserve on overhead rate disallowance	(20.5)	(7.0)
Total receivables under long-term contracts	213.8	111.4
Other receivables	0.3	0.1
Accounts receivable	$214.1	$111.5

The unbilled receivable amounts as of November 30, 2013 expected to be collected after one year is $51.0 million. Such amounts are billed either upon delivery of completed units or settlement of contracts.

b. Inventories

	As of November 30, 2013	As of November 30, 2012
	(In millions)	
Long-term contracts at average cost	$ 347.7	$ 256.4
Progress payments	(242.4)	(209.9)
Total long-term contract inventories	105.3	46.5
Other inventories	0.6	0.4
Inventories	$ 105.9	$ 46.9

As of November 30, 2013 and 2012, long-term contract inventories included $5.2 million and $6.4 million, respectively, of deferred costs related to the qualification of a Standard Missile program. Realization of the deferred costs at November 30, 2013 is dependent upon receipt of future firm orders. The Company believes recovery of these costs to be probable and specifically identifiable to future contracts. In addition, long-term contract inventories included an allocation of general and administrative costs incurred throughout fiscal 2013 and fiscal 2012 to be $222.8 million and $151.1 million, respectively, and the cumulative amount of general and administrative costs in long-term contract inventories is estimated to be $15.4 million and $4.4 million at November 30, 2013 and 2012, respectively.

c. Property, Plant and Equipment, net

	As of November 30, 2013	As of November 30, 2012
	(In millions)	
Land	$ 67.2	$ 29.6
Buildings and improvements	219.5	158.5
Machinery and equipment	464.7	343.5
Construction-in-progress	76.1	36.9
	827.5	568.5
Less: accumulated depreciation	(452.8)	(424.6)
Property, plant and equipment, net	$ 374.7	$ 143.9

Depreciation expense for fiscal 2013, 2012, and 2011 was $35.8 million, $19.3 million, and $21.8 million, respectively.

d. Goodwill

The goodwill balance at November 30, 2013 and 2012 relates to the Company's Aerospace and Defense segment. The changes in the carrying amount of goodwill since November 30, 2011 were as follows (in millions):

Balance as of November 30, 2012 and 2011	$ 94.9
Purchase of the Rocketdyne Business (see Note 4)	64.7
Balance as of November 30, 2013	$159.6

e. Intangible Assets

As of November 30, 2013	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(In millions)	
Customer related	$ 83.8	$ 9.4	$ 74.4
Intellectual property\trade secrets	34.2	1.1	33.1
Non-Compete Agreements	0.5	0.1	0.4
Trade name	20.5	0.3	20.2
Acquired technology	18.3	10.7	7.6
Intangible assets	$157.3	$21.6	$135.7

As of November 30, 2012	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(In millions)	
Customer related	$10.7	$ 5.4	$ 5.3
Acquired technology	18.3	9.7	8.6
Intangible assets	$29.0	$15.1	$13.9

Amortization expense related to intangible assets was $6.5 million in fiscal 2013. Amortization expense related to intangible assets was $1.5 million in fiscal 2012 and 2011.

Future amortization expense for the five succeeding years is estimated to be as follows:

Year Ending November 30,	Future Amortization Expense
	(In millions)
2014	$13.5
2015	13.4
2016	13.3
2017	13.1
2018	13.1
	$66.4

f. Other Noncurrent Assets, net

	As of November 30,	
	2013	2012
	(In millions)	
Deferred financing costs	$18.3	$ 7.0
Recoverable from the U.S. government for conditional asset retirement obligations	15.6	13.8
Indemnification receivable from UTC	10.0	—
Grantor trust	11.4	12.1
Other	17.4	18.2
Other noncurrent assets, net	$72.7	$51.1

The Company amortizes deferred financing costs over the estimated life of the related debt. Amortization of deferred financing costs was $4.5 million, $2.9 million, and $3.2 million in fiscal 2013, 2012, and 2011, respectively.

g. Other Current Liabilities

	As of November 30,	
	2013	2012
	(In millions)	
Accrued compensation and employee benefits	$ 97.4	$ 49.6
Payable to UTC for Transition Service Agreements	20.4	—
Interest payable	12.3	6.3
Contract loss provisions	10.5	5.7
Legal settlements	2.4	7.0
Other	63.0	34.7
Other current liabilities	$206.0	$103.3

h. Other Noncurrent Liabilities

	As of November 30, 2013	As of November 30, 2012
	(In millions)	
Conditional asset retirement obligations	$22.9	$20.8
Pension benefits, non-qualified	17.2	18.9
Deferred compensation	9.8	8.4
Deferred revenue	8.0	8.6
Legal settlements	0.3	2.3
Other	15.6	9.5
Other noncurrent liabilities	$73.8	$68.5

i. Accumulated Other Comprehensive Loss, Net of Income Taxes

Changes in accumulated other comprehensive loss by components, net of income taxes, related to the Company's retirement benefit plans are as follows:

	Actuarial Losses, Net	Prior Service Credits, Net	Total
		(In millions)	
November 30, 2011	$(304.2)	$ 4.8	$(299.4)
Other comprehensive income before reclassification	(245.7)	—	(245.7)
Amounts reclassified from accumulated other comprehensive loss	58.9	(0.1)	58.8
November 30, 2012	(491.0)	4.7	(486.3)
Other comprehensive income before reclassification	173.5	—	173.5
Amounts reclassified from accumulated other comprehensive loss	91.3	(0.9)	90.4
November 30, 2013	$(226.2)	$ 3.8	$(222.4)

The estimated amounts that will be amortized from accumulated other comprehensive loss into net periodic benefit expense in fiscal 2014 are as follows:

	Pension Benefits	Medical and Life Insurance Benefits
	(In millions)	
Actuarial losses (gains), net	$53.8	$(2.9)
Prior service credits, net	—	(0.9)
	$53.8	$(3.8)

Note 4. Acquisition

In July 2012, the Company signed the Original Purchase Agreement with UTC to acquire the Rocketdyne Business from UTC for $550.0 million. On June 10, 2013, the FTC announced that it closed its investigation into the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. On June 12, 2013, the Company entered into an Amended and Restated Purchase Agreement with UTC, which amended and restated the Original Purchase Agreement, as amended. On June 14, 2013, the Company completed the Acquisition of substantially all of the Rocketdyne Business pursuant to the Amended and Restated Purchase Agreement.

The aggregate consideration to UTC was $411.2 million, paid in cash, which represents the initial purchase price of $550.0 million reduced by $55.0 million relating to the pending future acquisition of UTC's 50% ownership interest of RD Amross (a joint venture with NPO Energomash of Khimki, Russia which sells RD-180 engines to RD Amross), and the portion of the UTC business that markets and supports the sale of RD-180 engines. The purchase price was further adjusted for changes in advance payments on contracts, capital expenditures and other net assets, and is subject to further post-closing adjustments. The components of the estimated purchase price to UTC are as follows (in millions):

Purchase Price	$495.0
Advance payments on contracts adjustment	(57.3)
Capital expenditures adjustment	(29.8)
Target net asset adjustment	3.3
Cash payment to UTC	$411.2

The Company received a revised purchase price computation from UTC on September 12, 2013 and, per the terms and conditions of the Amended and Restated Purchase Agreement, the Company responded with its objections on December 9, 2013. The Company and UTC have 60 days to resolve the disputed items. If unable to do so within the 60 days, the dispute will be resolved by a mutually selected national accounting firm.

On January 28, 2013, the Company issued $460.0 million in aggregate principal amount of its 7 1⁄8% Notes. The 7 1⁄8% Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and outside the U.S. in accordance with Regulation S under the Securities Act. The net proceeds of the 7 1⁄8% Notes offering were used to fund, in part, the acquisition of the Rocketdyne Business, and to pay related fees and expenses in June 2013 (see Note 6(b)).

The Company incurred substantial expenses in connection with the Acquisition. A summary of the expenses related to the Acquisition recorded in fiscal 2012 ($11.6 million) and fiscal 2013 ($20.0 million) is as follows (in millions):

Legal expenses	$16.4
Professional fees and consulting	8.9
Internal labor	3.4
Costs related to the previously planned divestiture of the LDACS business, including $0.3 million of internal labor	1.7
Other	1.2
	$31.6

The operating results of the Rocketdyne Business are included in the Company's Consolidated Financial Statements since June 13, 2013, the acquisition date, within the Company's Aerospace and Defense segment. Effective June 14, 2013, deposits on leased facilities of $1.8 million and letters of credit of $12.3 million for various financial assurance obligations were issued in conjunction with the Acquisition.

The preliminary purchase price allocation has been developed based on preliminary estimates of the fair value of the assets and liabilities of the Rocketdyne Business that the Company acquired. In addition, the allocation of the preliminary purchase price to acquired intangible assets is based on preliminary fair value estimates.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in millions):

Current assets	$ 105.3
Property, plant and equipment, net	202.7
Other non-current assets	10.0
Total tangible assets acquired	318.0
Intangible assets acquired	128.3
Deferred income taxes	12.9
Total assets acquired	459.2
Liabilities assumed, current	(105.5)
Liabilities assumed, non-current	(7.2)
Total identifiable net assets acquired	346.5
Goodwill	$ 64.7

The preliminary purchase price allocation resulted in the recognition of $64.7 million in goodwill, all of which is deductible for tax purposes and included within the Company's Aerospace and Defense segment. Goodwill recognized from the Acquisition primarily relates to the expected contributions of the Rocketdyne Business to the Company's overall corporate strategy.

Intangible assets acquired in connection with the Rocketdyne Business included the following:

	Gross Carrying Amount (In millions)	Weighted Average Amortization Period (years)
Customer related	$ 73.1	8.7
Intellectual property\trade secrets	34.2	13.0
Non-Compete Agreements	0.5	3.0
Trade name	20.5	30.0
Total intangible assets	$128.3	

Amortization of intangible assets is not recoverable in the future through the Company's U.S. government contracts. Additionally, the Company has a $12.4 million and $20.4 million, respectively, indemnification receivable from and payable to UTC as of November 30, 2013. Pursuant to the terms of the Amended and Restated Purchase Agreement, the Company is indemnified for certain matters.

Net sales and net income of the Rocketdyne Business included in the Company's operating results for fiscal 2013 from the acquisition date of June 14, 2013 were $319.4 million and $18.3 million, respectively.

The unaudited pro forma information for the periods set forth below gives effect to the Acquisition as if it had occurred at the beginning of each respective fiscal year. These amounts have been calculated after applying the Company's accounting policies and adjusting the results of the Rocketdyne Business to reflect depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied as at the beginning of each respective fiscal year, together with the tax effects, as applicable. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the Acquisition been consummated as of that time or that may result in the future.

	Year Ended		
	2013	2012	2011
	(In millions, except per share amounts)		
Net sales:			
As reported	$1,383.1	$ 994.9	$ 918.1
Pro forma	$1,762.7	$1,694.0	$1,572.7
Net income (loss):			
As reported	$ 167.9	$ (2.6)	$ 2.9
Pro forma	$ 30.7	$ 38.2	$ (142.1)
Basic EPS:			
Income (loss) per share:			
As reported	$ 2.76	$ (0.04)	$ 0.05
Pro forma	$ 0.50	$ 0.64	$ (2.42)
Diluted EPS:			
Income (loss) per share:			
As reported	$ 2.11	$ (0.04)	$ 0.05
Pro forma	$ 0.47	$ 0.56	$ (2.42)

Note 5. Income Taxes

The Company files a consolidated U.S. federal income tax return with its wholly-owned subsidiaries. The components of the Company's income tax (benefit) provision from continuing operations are as follows:

	Year Ended		
	2013	2012	2011
	(In millions)		
Current			
U.S. federal	$ (1.4)	$10.9	$ 2.0
State and local	1.0	3.8	4.2
	(0.4)	14.7	6.2
Deferred			
U.S. federal	(143.4)	3.2	(0.4)
State and local	(50.1)	1.0	0.3
	(193.5)	4.2	(0.1)
Income tax (benefit) provision	$(193.9)	$18.9	$ 6.1

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate on earnings from continuing operations is as follows:

	Year Ended		
	2013	2012	2011
Statutory U.S. federal income tax rate	(35.0)%	35.0%	35.0%
State and local income taxes, net of U.S. federal income tax effect	(7.4)	20.4	29.9
Changes in state income tax rates	(29.2)	—	—
Tax settlements and refund claims, including interest	—	—	3.5
Reserve adjustments	5.6	21.5	0.8
Valuation allowance adjustments	(680.8)	98.4	(44.0)
Rescindable common stock interest and realized (gains) losses	(1.4)	1.7	3.3
Non-deductible convertible subordinated notes interest	17.3	21.5	31.6
Deferred net operating loss to additional paid in capital	—	23.0	2.1
Research credits	(4.7)	(75.3)	—
Retroactive change in federal tax law	(5.3)	—	—
Benefit of manufacturing deductions	—	(9.5)	—
Other, net	0.8	6.5	5.3
Effective income tax rate	(740.1)%	143.2%	67.5%

In fiscal 2013, the Company's effective tax rate was an income tax benefit of 740.1% on a pre-tax loss of $26.2 million. The Company's effective tax rate differed from the 35% statutory federal income tax rate due largely to the release of a significant portion of the valuation allowance previously recorded against deferred tax assets, the impact of state income taxes, and certain non-deductible interest expense. The Company released approximately $282.4 million of the valuation allowance that existed at the beginning of the year, of which approximately $178.7 million was recorded as an income tax benefit to continuing operations, $1.1 million to discontinued operations, and $102.6 million was recorded in other comprehensive income.

The timing of recording or releasing a valuation allowance requires significant management judgment. The amount of the valuation allowance released by the Company represents a portion of deferred tax assets that was deemed more-likely-than-not that the Company will realize the benefits based on the analysis in which the positive evidence outweighed the negative evidence.

A valuation allowance is required when it is more-likely-than-not that all or a portion of deferred tax assets may not be realized. Establishment and removal of a valuation allowance requires management to consider all positive and negative evidence and to make a judgmental decision regarding the amount of valuation allowance required as of a reporting date. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. In the evaluation as of November 30, 2013, management has considered all available evidence, both positive and negative, including but not limited to the following:

Positive evidence

- The three year other comprehensive cumulative income position as of the end of fiscal 2013;
- The improved pro forma historical operating results when combined with that of the Rocketdyne Business, continued growth in contract backlog, and the anticipated impact of the Rocketdyne Business financial results on the Company's forecasted financial performance;
- The decrease in the projected pension obligation at November 30, 2013 due to the upward trend in the discount rate during fiscal 2013, which lowered future projected pension expense;

- The Company's recent history of generating taxable income which has allowed for the utilization of tax credit carryforwards; and
- Favorable trends with respect to Congressional action regarding sequestration from the Budget Control Act of 2011.

Negative evidence

- The lack of objective, verifiable evidence to predict future aerospace and defense spending associated with the Budget Control Act of 2011, including which governmental spending accounts may be subject to sequestration, the percentage reduction with respect thereto, and the latitude agencies will have in selecting specific expenditures to cut;
- The significance of the Company's defined benefit pension obligation and related impact it could have in future years; and
- The additional indebtedness incurred in fiscal 2013 related to the acquisition of the Rocketdyne Business.

As of November 30, 2013, management believes that the weight of the positive evidence outweighed the negative evidence regarding the realization of the net deferred tax assets. Management will continue to evaluate the ability to realize the Company's net deferred tax assets and the remaining valuation allowance on a quarterly basis.

The income tax provision of $18.9 million in fiscal 2012 is primarily related to: (i) current federal income taxes payable of $5.2 million; (ii) $3.0 million of current federal tax on earnings sheltered by net operating losses generated from equity based compensation, the benefit of which was recorded directly to equity; (iii) current change in the federal uncertain tax position reserve of $2.7 million; (iv) current state income taxes of $3.8 million; and (v) deferred taxes of $4.2 million, which represents the deferred tax expense from the tax amortization of goodwill plus the current period utilization of federal Alternative Minimum Tax ("AMT") credits and California research and development credits.

The income tax provision of $6.1 million in fiscal 2011 is primarily related to: (i) current federal income taxes payable of $1.5 million; (ii) $0.2 million of current federal tax on earnings sheltered by net operating losses generated from equity based compensation, the benefit of which was recorded directly to equity; (iii) $0.3 million true-up of interest accrual on the pending federal refund claims filed in 2010; (iv) current state income taxes of $4.2 million; and (v) deferred tax benefits of $0.1 million from the increase in the federal AMT credits and California research and development credits, offset by deferred tax expense from the tax amortization of goodwill.

The Company is routinely examined by domestic and foreign tax authorities. While it is difficult to predict the outcome or timing of a particular tax matter, the Company believes it has adequately provided reserves for any reasonable foreseeable outcome related to these matters.

A reconciliation of the change in unrecognized tax benefits from December 1, 2010 is as follows (in millions):

Unrecognized tax benefits at November 30, 2010	$ 4.8
Gross increases for tax positions taken during the year	0.1
Gross decreases for tax positions taken in prior year	(0.4)
Unrecognized tax benefits at November 30, 2011	4.5
Gross increases for tax positions taken during the year	0.2
Gross increases for tax positions taken in the prior year	0.3
Gross decreases for tax positions taken in prior year	(0.1)
Unrecognized tax benefits at November 30, 2012	4.9
Gross increases for tax positions taken during the year	0.2
Gross increases for tax positions taken in the prior year	2.3
Expiration of statutes of limitation	(0.9)
Unrecognized tax benefits at November 30, 2013	$ 6.5

As of November 30, 2013, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $5.6 million. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of November 30, 2013, the Company's accrued interest and penalties related to uncertain tax positions is $0.2 million. It is reasonably possible that a reduction of up to $0.4 million of unrecognized tax benefits and related interest may occur within the next 12 months as a result of the expiration of certain statutes of limitations. During fiscal 2013, the Company substantially completed a study relative to its federal and California research and development credits. Based upon the study results, the Company concluded that additional reserves of approximately $1.6 million were required.

The years ended November 30, 2010 through November 30, 2013 remain open to examination for U.S. federal income tax purposes. In addition, the years ended November 30, 2002 through November 30, 2005 remain open as they relate to selected tax attributes utilized during fiscal years 2010 through 2013. For the Company's other major taxing jurisdictions, the tax years ended November 30, 2003 through November 30, 2013 remain open to examination.

Deferred tax assets and liabilities are as follows:

	As of November 30, 2013	As of November 30, 2012
	(In millions)	
Deferred Tax Assets		
Accrued estimated costs	$ 91.4	$ 68.1
Basis difference in assets and liabilities	23.0	30.1
Tax losses and credit carryforwards	32.4	24.9
Net cumulative defined benefit pension plan losses	107.4	175.5
Retiree medical and life insurance benefits	27.4	30.1
Valuation allowance	(2.6)	(288.1)
Total deferred tax assets	279.0	40.6
Deferred Tax Liabilities		
U.S. federal effect of state deferred taxes	12.6	10.6
Revenue recognition differences	53.4	26.1
Basis differences in intangible assets	20.3	15.5
Total deferred tax liabilities	86.3	52.2
Total net deferred tax assets (liabilities)	$192.7	$ (11.6)

As discussed above, the Company released a significant portion of its valuation allowance during fiscal 2013. The valuation allowance release of $282.4 million was recorded to operations and other comprehensive income in the amounts of $179.8 million and $102.6 million, respectively. The net change in the deferred tax assets is due largely to the release of the valuation allowance, changes to temporary differences for defined benefit pension plans and revenue recognition, and the inclusion of additional deferred tax assets as a result of the purchase of the Rocketdyne business of approximately $12.9 million.

The year of expiration for the Company's federal and state net operating loss carryforwards as of November 30, 2013 is as follows (in millions):

	Federal	State
2015	$ —	$ 24.7
2016	—	28.9
2017	—	29.9
2018	—	48.3
2019	—	105.6
2033	9.2	—
	$9.2	$237.4

Approximately $5.5 million of the state net operating loss carryforwards and $0.7 million of the federal net operating loss carryforwards relate to the exercise of stock options the benefit of which will be credited to equity when realized. In addition, the Company has U.S. federal and state capital loss carryforwards of approximately $1.6 million and $0.9 million, respectively, which begin expiring in fiscal 2015. The Company has approximately $2.2 million of loss carryover in foreign jurisdictions which have no expiration date.

The Company has federal and California research and development credit carryover of $4.6 million and $0.2 million, respectively. The federal credits begin to expire in 2031 and the state credits have no expiration date. The Company also has $2.7 million of federal alternative minimum tax credit which do not expire.

Note 6. Long-Term Debt

	As of November 30,	
	2013	2012
	(In millions)	
Senior debt	$ 45.0	$ 47.5
Senior secured notes	460.0	—
Convertible subordinated notes	193.4	200.2
Other debt	0.8	1.0
Total debt, carrying amount	699.2	248.7
Less: Amounts due within one year		
Senior debt	2.5	2.5
Other debt	0.4	0.2
Total long-term debt, carrying amount	$696.3	$246.0

As of November 30, 2013, the earlier of the Company's contractual debt principal maturities or the next debt redemption date that could be exercised at the option of the debt holder, are summarized by fiscal year as follows:

	Total	2014	2015	2016	2017	2021
	(In millions)					
Term loan	$ 45.0	$2.5	$ 2.5	$40.0	$ —	$ —
4 1⁄16% Debentures	193.2	—	193.2	—	—	—
7 1⁄8% Notes	460.0	—	—	—	—	460.0
2 1⁄4% Debentures	0.2	0.2	—	—	—	—
Other debt	0.8	0.2	0.2	0.3	0.1	—
Total debt	$699.2	$2.9	$195.9	$40.3	$0.1	$460.0

a. Senior Debt:

	As of November 30,	
	2013	2012
	(In millions)	
Term loan, bearing interest at variable rates (rate of 3.67% as of November 30, 2013), payable in quarterly installments of $0.6 million plus interest, maturing in November 2016	$45.0	$47.5

Senior Credit Facility

On November 18, 2011, the Company entered into the senior credit facility (the "Senior Credit Facility") with the lenders identified therein and Wells Fargo Bank, National Association, as administrative agent, which replaced the Company's prior credit facility.

On May 30, 2012, the Company executed an amendment (the "First Amendment") to the Senior Credit Facility with the lenders identified therein, and Wells Fargo Bank, National Association, as administrative agent. The First Amendment, among other things, (1) provided for an incremental facility of up to $50.0 million through additional borrowings under the term loan facility and/or increases under the revolving credit facility, (2) provided greater flexibility with respect to the Company's ability to incur indebtedness to support permitted acquisitions, and (3) increased the aggregate limitation on sale leasebacks from $20.0 million to $30.0 million during the term of the Senior Credit Facility.

On August 16, 2012, the Company executed an amendment (the “Second Amendment”) to the Senior Credit Facility with the lenders identified therein, and Wells Fargo Bank, National Association, as administrative agent. The Second Amendment, among other things, (1) allowed for the incurrence of up to $510 million of second lien indebtedness in connection with the Acquisition, and (2) provided for a committed delayed draw term loan facility of $50 million under which the Company was entitled to draw in connection with the Acquisition or up through August 9, 2013. This delayed draw term loan facility expired undrawn in August 2013.

On January 14, 2013, the Company, executed an amendment (the “Third Amendment”) to the Senior Credit Facility with the lenders identified therein, and Wells Fargo Bank, National Association, as administrative agent. The Third Amendment, among other things, allowed for the 7 1⁄8% Notes to be secured by a first priority security interest in the escrow account into which the proceeds of the 7 1⁄8% Notes offering were deposited pending the consummation of the Acquisition.

In connection with the consummation of the Acquisition, GenCorp added Pratt & Whitney Rocketdyne, Inc. (“PWR”), Arde, Inc. (“Arde”) and Arde-Barinco, Inc. (“Arde-Barinco”) as subsidiary guarantors under its Senior Credit Facility pursuant to that certain Joinder Agreement, dated as of June 14, 2013, by and among PWR, Arde, Arde-Barinco, GenCorp and Wells Fargo Bank, National Association, as administrative agent. In connection with the consummation of the Acquisition, the name of PWR was changed to Aerojet Rocketdyne of DE, Inc. and the name of Aerojet-General Corporation, an existing subsidiary guarantor at the time of the Acquisition, was changed to Aerojet Rocketdyne, Inc.

The Senior Credit Facility, as amended, provides for credit of up to $250.0 million in aggregate principal amount of senior secured financing, consisting of:

- a 5-year $50.0 million term loan facility;
- a 5-year $150.0 million revolving credit facility; and
- an incremental uncommitted facility under which the Company is entitled to incur, subject to certain conditions, up to $50.0 million of additional borrowings under the term loan facility and/or increases under the revolving credit facility.

The revolving credit facility includes a $100.0 million sublimit for the issuance of letters of credit and a $5.0 million sublimit for swingline loans. The term loan facility amortizes in quarterly installments at a rate of 5.0% of the original principal amount per annum, with the balance due on the maturity date. Outstanding indebtedness under the Senior Credit Facility may be voluntarily prepaid at any time, in whole or in part, in general without premium or penalty (subject to customary breakage costs).

As of November 30, 2013, the Company had $58.1 million outstanding letters of credit under the $100.0 million subfacility for standby letters of credit and had $45.0 million outstanding under the term loan facility.

In general, borrowings under the Senior Credit Facility bear interest at a rate equal to LIBOR plus 350 basis points (subject to downward adjustment), or the base rate as it is defined in the credit agreement governing the Senior Credit Facility plus 250 basis points (subject to downward adjustment). In addition, the Company is charged a commitment fee of 50 basis points per annum on unused amounts of the revolving credit facility and 350 basis points per annum (subject to downward adjustment), along with a fronting fee of 25 basis points per annum, on the undrawn amount of all outstanding letters of credit.

Aerojet Rocketdyne, Aerojet Rocketdyne of DE, Inc., Arde and Arde-Barinco guarantee the payment obligations under the Senior Credit Facility. All obligations under the Senior Credit Facility are further secured by (i) all equity interests owned or held by the loan parties, including interests in the Company’s Easton subsidiary and 66% of the voting stock (and 100% of the non-voting stock) of all present and future first-tier foreign subsidiaries of the loan parties; (ii) substantially all of the tangible and intangible personal property and assets of the loan parties; and (iii) certain real property owned by the loan parties located in Orange, Virginia and Redmond, Washington. Except for certain real property located in Canoga Park, California acquired in connection with the consummation of the Acquisition, the Company's real property located in California, including the real estate holdings of Easton, is excluded from collateralization under the Senior Credit Facility.

The Company is subject to certain limitations including the ability to incur additional debt, make certain investments and acquisitions, and make certain restricted payments, including stock repurchases and dividends. The Senior Credit Facility includes events of default usual and customary for facilities of this nature, the occurrence of which could lead to an acceleration of the Company's obligations thereunder. Additionally, the Senior Credit Facility includes certain financial covenants, including that the Company maintain (i) a maximum total leverage ratio, calculated net of cash up to a maximum of $100.0 million, of 4.25 to 1.00 through fiscal periods ending November 30, 2014 and 4.00 to 1.00 thereafter; and (ii) a minimum interest coverage ratio of 2.40 to 1.00.

Financial Covenant	Actual Ratios as of November 30, 2013	Required Ratios
Interest coverage ratio, as defined under the Senior Credit Facility	4.54 to 1.00	Not less than: 2.4 to 1.00
Leverage ratio, as defined under the Senior Credit Facility	2.86 to 1.00	Not greater than: 4.25 to 1.00

The Company was in compliance with its financial and non-financial covenants as of November 30, 2013.

b. Senior Secured Notes:

	As of November 30, 2013	As of November 30, 2012
	(In millions)	
Senior secured notes, bearing interest at 7.125% per annum, interest payments due in March and September, maturing in March 2021	$460.0	$—

7.125% Second-Priority Senior Secured Notes

On January 28, 2013, the Company issued $460.0 million in aggregate principal amount of its 7 1⁄8% Notes. The 7 1⁄8% Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the U.S. in accordance with Regulation S under the Securities Act. The 7 1⁄8% Notes mature on March 15, 2021, subject to early redemption described below. The 7 1⁄8% Notes pay interest semi-annually in cash in arrears on March 15, and September 15, of each year, beginning on March 15, 2013. In November 2013, the 7 1⁄8% Notes were registered under the Securities Act.

The gross proceeds from the sale of the 7 1⁄8% Notes (after deducting underwriting discounts), plus an amount sufficient to fund a Special Mandatory Redemption (as defined in the 7 1⁄8% Notes indenture), including accrued interest on the 7 1⁄8% Notes, were deposited into escrow pending the consummation of the Acquisition pursuant to an escrow agreement (the "Escrow Agreement") by and among the Company and U.S. Bank National Association, as trustee for the 7 1⁄8% Notes, as escrow agent and as bank and securities intermediary. Pursuant to the Escrow Agreement, the Company continued to deposit accrued interest on the 7 1⁄8% Notes on a monthly basis until the satisfaction of the conditions to release the proceeds from escrow. On June 14, 2013, the conditions to release the proceeds from escrow were satisfied and escrow funds were released in connection with the consummation of the Acquisition.

The 7 1/8% Notes are redeemable at the Company's option, in whole or in part, at any time prior to March 15, 2016 at a price equal to 100% of the principal amount, plus any accrued and unpaid interest to the date of redemption, plus an applicable premium (as defined in the 7 1/8% Notes indenture). Thereafter, the Company may redeem the 7 1/8% Notes, at any time on or after March 15, 2016, at redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning March 15 of the years indicated below:

Year	Redemption Price
2016	105.344%
2017	103.563%
2018	101.781%
2019 and thereafter	100.000%

In addition, before March 15, 2016, the Company may redeem up to 35% of the original aggregate principal amount of the 7 1/8% Notes at a redemption price equal to 107.125% of the aggregate principal amount of the 7 1/8% Notes, plus accrued interest, with the proceeds from certain types of public equity offerings.

The 7 1/8% Notes are fully and unconditionally and jointly and severally guaranteed on a second-priority senior secured basis by each of the Company's existing and future subsidiaries that guarantee its obligations under the Company's existing Senior Credit Facility. These 100% owned subsidiary guarantors are Aerojet Rocketdyne, Aerojet Rocketdyne of DE, Inc. (formerly PWR), Arde and Arde-Barinco (see Note 16). The 7 1/8% Notes are also secured on a second-priority basis by the assets (other than real property) that secure the Company's and its guarantors' obligations under the Senior Credit Facility, subject to certain exceptions and permitted liens.

Upon the occurrence of a change of control (as defined in the 7 1/8% Notes indenture), if the Company has not previously exercised its right to redeem all of the outstanding 7 1/8% Notes pursuant to the Special Mandatory Redemption or an optional redemption as described in the indenture, the Company must offer to repurchase the 7 1/8% Notes at 101% of the principal amount of the 7 1/8% Notes, plus accrued and unpaid interest to the date of repurchase.

The 7 1/8% Notes indenture contains certain covenants limiting the Company's ability and the ability of its restricted subsidiaries (as defined in the 7 1/8% Notes indenture) to, subject to certain exceptions and qualifications: (i) incur additional indebtedness; (ii) pay dividends or make other distributions on, redeem or repurchase, capital stock; (iii) make investments or other restricted payments; (iv) create or incur certain liens; (v) incur restrictions on the payment of dividends or other distributions from its restricted subsidiaries; (vi) enter into transactions with affiliates; (vii) sell assets; or (viii) effect a consolidation or merger.

The 7 1/8% Notes indenture also contains customary events of default, including, among other things, failure to pay interest, failure to comply with certain repurchase provisions, breach of certain covenants, failure to pay at maturity or acceleration of other indebtedness, failure to pay certain judgments, and certain events of insolvency or bankruptcy. Generally, if any event of default occurs, the 7 1/8% Notes trustee or the holders of at least 25% in principal amount of the 7 1/8% Notes may declare the 7 1/8% Notes due and payable by providing notice to the Company. In case of default arising from certain events of bankruptcy or insolvency, the 7 1/8% Notes will become immediately due and payable.

The Company used the net proceeds of the 7 1/8% Notes offering to fund, in part, the acquisition of the Rocketdyne Business, and to pay related fees and expenses.

c. Convertible Subordinated Notes:

	As of November 30, 2013	As of November 30, 2012
	(In millions)	
Convertible subordinated debentures, bearing interest at 2.25% per annum, interest payments due in May and November, maturing in November 2024	$ 0.2	$ 0.2
Convertible subordinated debentures, bearing interest at 4.0625% per annum, interest payments due in June and December, maturing in December 2039	193.2	200.0
Total convertible subordinated notes	$193.4	$200.2

2 1⁄4% Convertible Subordinated Debentures

As of November 30, 2013 and 2012, the Company had $0.2 million outstanding principal amount of its 2 1⁄4% Debentures.

The initial carrying value of the liability component at issuance of the 2 1⁄4% Debentures was the present value of its cash flows using a discount rate of 8.86%, effective interest rate. The carrying value of the liability component was determined to be $97.5 million. The equity component, or debt discount, of the 2 1⁄4% Debentures was determined to be $48.9 million. The debt discount was amortized as a non-cash charge to interest expense over the period from the issuance date through November 20, 2011 which was the date holders required the Company to repurchase substantially all of the 2 1⁄4% Debentures.

The $4.9 million of costs incurred in connection with the issuance of the 2 1⁄4% Debentures were capitalized and bifurcated into deferred financing costs of $3.3 million and equity issuance costs of $1.6 million. The deferred financing costs were being amortized to interest expense from the issuance date through November 20, 2011.

The following table presents the carrying amounts of the equity and liability components as of November 30, 2013 and 2012 (dollars in millions):

Carrying amount of equity component, net of equity issuance costs	$44.1
Principal amount of 2 1⁄4% Debentures	$ 0.2

The following table presents the interest expense components for the 2 1⁄4% Debentures for fiscal 2011 (in millions):

Interest expense-contractual interest	$1.3
Interest expense-amortization of debt discount	3.5
Interest expense-amortization of deferred financing costs	0.3
Effective interest rate	8.9%

4 1⁄16% Convertible Subordinated Debentures

In December 2009, the Company issued $200.0 million in aggregate principal amount of 4 1⁄16% Debentures in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 4 1⁄16% Debentures mature on December 31, 2039, subject to earlier redemption, repurchase, or conversion. Interest on the 4 1⁄16% Debentures accrues at 4.0625% per annum and is payable semiannually in arrears on June 30 and December 31 of each year, beginning June 30, 2010 (or if any such day is not a business day, payable on the following business day), and the Company may elect to pay interest in cash or, generally on any interest payment that is at least one year after the original issuance date of the 4 1⁄16% Debentures, in shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's option, subject to certain conditions.

The 4 1/16% Debentures are general unsecured obligations of the Company and rank equal in right of payment to all of the Company's other existing and future unsecured subordinated indebtedness, including the 2 1/4% Debentures. The 4 1/16% Debentures rank junior in right of payment to all of the Company's existing and future senior indebtedness, including all of its obligations under its Senior Credit Facility and all of its existing and future senior subordinated indebtedness. In addition, the 4 1/16% Debentures are effectively subordinated to any of the Company's collateralized debt, to the extent of such collateral, and to any and all debt and liabilities including trade debt of its subsidiaries.

Each holder of the 4 1/16% Debentures may convert its 4 1/16% Debentures into shares of the Company's common stock at a conversion rate of 111.0926 shares per $1,000 principal amount, representing a conversion price of approximately $9.00 per share, subject to adjustment. In addition, if the holders elect to convert their 4 1/16% Debentures in connection with the occurrence of certain fundamental changes to the Company as described in the indenture, the holders will be entitled to receive additional shares of common stock upon conversion in some circumstances. Upon any conversion of the 4 1/16% Debentures, subject to certain exceptions, the holders will not receive any cash payment representing accrued and unpaid interest.

The Company may at any time redeem any 4 1/16% Debentures for cash (except as described below with respect to any make-whole premium that may be payable) if the last reported sales price of the Company's common stock has been at least 150% of the conversion price then in effect for at least twenty (20) trading days during any thirty (30) consecutive trading day period ending within five (5) trading days prior to the date on which the Company provides the notice of redemption.

The Company may redeem the 4 1/16% Debentures either in whole or in part at a redemption price equal to (i) 100% of the principal amount of the 4 1/16% Debentures to be redeemed, plus (ii) accrued and unpaid interest, if any, up to, but excluding, the redemption date, plus (iii) if the Company redeems the 4 1/16% Debentures prior to December 31, 2014, a "make-whole premium" equal to the present value of the remaining scheduled payments of interest that would have been made on the 4 1/16% Debentures to be redeemed had such 4 1/16% Debentures remained outstanding from the redemption date to December 31, 2014. Any make-whole premium is payable in cash, shares of the Company's common stock or a combination of cash and shares, at the Company's option, subject to certain conditions.

Each holder may require the Company to repurchase all or part of its 4 1/16% Debentures on December 31, 2014, 2019, 2024, 2029 and 2034 (each, an "optional repurchase date") at an optional repurchase price equal to (1) 100% of their principal amount, plus (2) accrued and unpaid interest, if any, up to, but excluding, the date of repurchase. The Company may elect to pay the optional repurchase price in cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's option, subject to certain conditions.

If a fundamental change to the Company, as described in the indenture governing the 4 1/16% Debentures, occurs prior to maturity, each holder will have the right to require the Company to purchase all or part of its 4 1/16% Debentures for cash at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, up to, but excluding, the repurchase date.

If the Company elects to deliver shares of its common stock as all or part of any interest payment, any make-whole premium or any optional repurchase price, such shares will be valued at the product of (x) the price per share of the Company's common stock determined during: (i) in the case of any interest payment, the twenty (20) consecutive trading days ending on the second trading day immediately preceding the record date for such interest payment; (ii) in the case of any make-whole premium payable as part of the redemption price, the twenty (20) consecutive trading days ending on the second trading day immediately preceding the redemption date; and (iii) in the case of any optional repurchase price, the forty (40) consecutive trading days ending on the second trading day immediately preceding the optional repurchase date; (in each case, the "averaging period" with respect to such date) using the sum of the daily price fractions (where "daily price fraction" means, for each trading day during the relevant averaging period, 5% in the case of any interest payment or any make-whole premium or 2.5% in the case of any optional repurchase, multiplied by the daily volume weighted average price per share of the Company's common stock for such day), multiplied by (y) 97.5%. The Company will notify holders at least five (5) business days prior to the start of the relevant averaging period of the extent to which the Company will pay any portion of the related payment using shares of common stock.

Effective December 21, 2010, in accordance with the terms of the indenture, the restrictive legend on the 4 1⁄16% Debentures was removed and the 4 1⁄16% Debentures are freely tradable pursuant to Rule 144 under the Securities Act of 1933 without volume restrictions by any holder that is not an affiliate of the Company at the time of sale and has not been an affiliate during the preceding three months.

Issuance of the 4 1⁄16% Debentures generated net proceeds of $194.1 million, which were used to repurchase long-term debt and other debt related costs.

During fiscal 2013, $1.6 million of 4 1⁄16% Debentures were converted to common stock. Additionally, during fiscal 2013, the Company repurchased $5.2 million principal amount of its 4 1⁄16% Debentures at various prices ranging from 176% of par to 195% of par (see Note 15).

d. Other Debt:

	As of November 30,	
	2013	2012
	(In millions)	
Capital lease, payable in monthly installments, maturing in March 2017	$0.8	$1.0
Total other debt	$0.8	$1.0

Note 7. Retirement Benefits

a. Plan Descriptions

Pension Benefits

Effective February 1, 2009 and July 31, 2009, future benefit accruals for non-collective bargaining-unit employees and collective bargaining-unit employees, respectively, were discontinued. No employees lost their previously earned pension benefits.

As of November 30, 2013, the Company's total defined benefit pension plan assets, total projected benefit obligations, and unfunded pension obligation for the tax-qualified pension plan were approximately $1,258.4 million, $1,538.6 million, and $261.7 million, respectively.

The Company does not expect to make any significant cash contributions to its government contractor business segment tax-qualified defined benefit pension plan until fiscal 2015, which are recoverable through the Company's U.S government contracts (see below). Additionally, the Company does not expect to make any significant cash contributions to the GenCorp tax-qualified defined benefit pension plan until fiscal 2018 or later, which are not recoverable through the Company's U.S. government contracts. Further, with the Office of Federal Procurement Policy issuance of the final rule harmonizing Cost Accounting Standard ("CAS") 412, *Composition and Measurement of Pension Cost*, and CAS 413, *Adjustment and Allocation of Pension Cost,* with the Pension Protection Act (the "PPA"), the Company will recover portions of any required pension funding through its government contracts. Approximately 91% of the Company's unfunded pension benefit obligation for its tax-qualified pension plan as of November 30, 2013 is related to its government contracting business segment, Aerojet Rocketdyne.

The PPA requires underfunded pension plans to improve their funding ratios based on the funded status of the plan as of specified measurement dates through contributions or application of prepayment credits. As of November 30, 2013, the Company has accumulated $30.6 million in prepayment credits as a result of advanced funding. Changes in prepayment credits during fiscal 2013 were as follows (in millions):

Balance as of November 30, 2012	$32.5
Amount used to offset minimum required contribution as of December 1, 2012	(5.4)
Adjustment for investment experience	3.5
Balance as of November 30, 2013	$30.6

The funded status of the pension plan is affected by the investment experience of the plan's assets, by any changes in U.S. law, and by changes in the statutory interest rates used by tax-qualified pension plans in the U.S. to calculate funding requirements or other plan experience. Accordingly, if the performance of the Company's plan assets does not meet the assumptions, if there are changes to the Internal Revenue Service regulations or other applicable law, or if other actuarial assumptions are modified, the contributions to the Company's underfunded pension plan could be significant in future periods.

In conjunction with the Acquisition, the Company recorded a $5.3 million pension liability associated with Rocketdyne's bargaining unit employees. In addition, the Company now participates in one multi-employer defined benefit pension plan under the terms of collective bargaining agreements that cover a portion of Rocketdyne's bargaining unit employees. The annual expenses associated with the pension liability are allowable to be included in the Company's contracts with the U.S. government.

The risks for participating in this multi-employer plan are different from single-employer plans in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Lastly, if the Company chooses to stop participating in a plan, it may be required to pay that plan a withdrawal liability based on the underfunded status of the plan.

The Company's participation in the multi-employer plan for the year ended November 30, 2013 from the acquisition date of June 14, 2013 was less than $0.1 million. This plan was determined to not be individually significant.

Medical and Life Insurance Benefits

The Company provides medical and life insurance benefits to certain eligible retired employees, with varied coverage by employee group. Generally, employees hired after January 1, 1997 are not eligible for retiree medical and life insurance benefits. The medical benefit plan provides for cost sharing between the Company and its retirees in the form of retiree contributions, deductibles, and coinsurance. Medical and life insurance benefit obligations are unfunded. Medical and life insurance benefit cash payments for eligible retired Aerojet Rocketdyne and GenCorp employees are recoverable under the Company's U.S. government contracts.

Defined Contribution 401(k) Benefits

The Company sponsors a defined contribution 401(k) plan and participation in the plan is available to all employees. The Company makes matching contributions in cash equal to 100% of the first 3% of the participants' compensation contributed and 50% of the next 3% of the compensation contributed. The cost of the 401(k) plan was $14.7 million in fiscal 2013, $10.8 million in fiscal 2012, and $9.9 million in fiscal 2011. The cost of the 401(k) plan is expected to increase in the future as a result of the Rocketdyne Business acquisition.

b. Plan Results

Summarized below is the balance sheet impact of the Company's pension benefits and medical and life insurance benefits. Pension benefits include the consolidated tax-qualified plan and the unfunded non-qualified plan for benefits provided to employees beyond those provided by the Company's tax-qualified plan. Plan assets, benefit obligations, and the funded status of the plans were determined at November 30, 2013 and 2012 for fiscal 2013 and 2012, respectively.

	Pension Benefits		Medical and Life Insurance Benefits	
	As of November 30,			
	2013	2012	2013	2012
	(In millions)			
Change in fair value of plan assets:				
Fair value — beginning of year	$1,243.1	$1,296.8	$ —	$ —
Gain on plan assets	150.2	81.2	—	—
Employer contributions	1.2	1.2	5.4	5.1
Benefits paid(1)	(136.1)	(136.1)	(5.4)	(5.1)
Fair Value — end of year	$1,258.4	$1,243.1	$ —	$ —
Change in benefit obligation:				
Benefit obligation — beginning of year	$1,717.7	$1,550.4	$ 75.8	$ 75.2
Service cost(2)	6.3	4.5	0.1	0.1
Interest cost	61.0	73.5	2.4	3.3
Acquisition(3)	5.3	—	—	—
Actuarial(gains) losses	(115.6)	225.4	(6.3)	2.3
Benefits paid	(136.1)	(136.1)	(5.4)	(5.1)
Benefit obligation — end of year(4)	$1,538.6	$1,717.7	$ 66.6	$ 75.8
Funded status of the plans	$ (280.2)	$ (474.6)	$(66.6)	$(75.8)
Amounts Recognized in the Consolidated Balance Sheets:				
Postretirement medical and life insurance benefits, current	$ —	$ —	$ (7.3)	$ (7.5)
Postretirement medical and life insurance benefits, noncurrent	—	—	(59.3)	(68.3)
Pension liability, non-qualified current (component of other current liabilities)	(1.3)	(1.2)	—	—
Pension liability, non-qualified (component of other noncurrent liabilities)	(17.2)	(18.9)	—	—
Pension benefits, noncurrent	(261.7)	(454.5)	—	—
Net Liability Recognized in the Consolidated Balance Sheets	$ (280.2)	$ (474.6)	$(66.6)	$(75.8)

(1) Benefits paid for medical and life insurance benefits are net of the Medicare Part D Subsidy of $0.4 million received in both fiscal 2013 and 2012.

(2) Service cost for pension benefits represents the administrative costs of the tax-qualified pension plan and the service cost for Rocketdyne's bargaining unit employees from the acquisition date of June 14, 2013 to November 30, 2013.

(3) Estimate of pension liability associated with Rocketdyne's bargaining unit employees as of the acquisition date of June 14, 2013

(4) Pension benefit obligation includes $18.5 million in fiscal 2013 and $20.1 million in fiscal 2012 for the non-qualified plan.

Due to freezing of the plan benefits in fiscal 2009, the accumulated benefit obligation for the defined benefit pension plans was equal to the benefit obligation as of the November 30, 2013 and 2012 measurement dates.

Components of net periodic benefit expense (income) are as follows:

	Pension Benefits			Medical and Life Insurance Benefits		
	Year Ended					
	2013	2012	2011	2013	2012	2011
	(In millions)					
Service cost(1)	$ 6.3	$ 4.5	$ 3.9	$ 0.1	$ 0.1	$ 0.1
Interest cost on benefit obligation	61.0	73.5	78.4	2.4	3.3	3.5
Assumed return on plan assets(2)	(96.4)	(99.2)	(102.4)	—	—	—
Amortization of prior service (credits) costs	—	—	—	(0.9)	(0.1)	0.1
Amortization of net losses (gains)	94.6	62.1	66.4	(2.1)	(3.2)	(3.6)
Net periodic benefit expense (income)	$ 65.5	$ 40.9	$ 46.3	($ 0.5)	$ 0.1	$ 0.1

(1) Service cost for pension benefits represents the administrative costs of the tax-qualified pension plan and the service cost for Rocketdyne's bargaining unit employees from the acquisition date of June 14, 2013 to November 30, 2013.

(2) The actual return and rate of return on plan assets are as follows:

	Year Ended		
	2013	2012	2011
	(In millions, except rate of return)		
Actual return on plan assets	$150.2	$81.2	$54.5
Actual rate of return on plan assets	12.5%	6.5%	3.8%

Market conditions and interest rates significantly affect assets and liabilities of the pension plans. Pension accounting permits market gains and losses to be deferred and recognized over a period of years. This "smoothing" results in the creation of other accumulated income or loss which will be amortized to pension costs in future years. The accounting method the Company utilizes recognizes one-fifth of the unamortized gains and losses in the market-related value of pension assets and all other gains and losses including changes in the discount rate used to calculate benefit costs each year. Investment gains or losses for this purpose are the difference between the expected return and the actual return on the market-related value of assets which smoothes asset values over three years. Although the smoothing period mitigates some volatility in the calculation of annual retirement benefit expense, future expenses are impacted by changes in the market value of pension plan assets and changes in interest rates.

c. Plan Assumptions

The Company used the following assumptions, calculated based on a weighted-average, to determine the benefit obligations for the applicable fiscal year.

	Pension Benefits		Medical and Life Insurance Benefits	
	2013	2012	2013	2012
Discount rate	4.54%	3.68%	3.98%	3.24%
Discount rate (benefit restoration plan)	4.65%	3.77%	*	*
Ultimate healthcare trend rate	*	*	5.00%	5.00%
Initial healthcare trend rate (pre 65/post 65)	*	*	8.50%	8.75%
Year ultimate rate attained (pre 65/post 65)	*	*	2021	2021

The Company used the following assumptions, calculated based on a weighted-average, to determine the periodic benefit expense (income) for the applicable fiscal year.

	Pension Benefits			Medical and Life Insurance Benefits		
	2013	2012	2011	2013	2012	2011
Discount rate	3.68%	4.95%	5.21%	3.24%	4.58%	4.65%
Discount rate (benefit restoration plan)	3.77%	4.98%	5.34%	*	*	*
Expected long-term rate of return on plan assets	8.00%	8.00%	8.00%	*	*	*
Ultimate healthcare trend rate	*	*	*	5.00%	5.00%	5.00%
Initial healthcare trend rate (pre 65/post 65)	*	*	*	8.75%	9.00%	9.00%
Initial healthcare trend rate (pre 65/post 65)	*	*	*	2021	2021	2021

* Not applicable

Certain actuarial assumptions, such as assumed discount rate, long-term rate of return, and assumed health-care cost trend rates can have a significant effect on amounts reported for periodic cost of pension benefits and medical and life insurance benefits, as well as respective benefit obligation amounts. The assumed discount rate represents the market rate available for investments in high-quality fixed income instruments with maturities matched to the expected benefit payments for pension and medical and life insurance benefit plans.

The expected long-term rate of return on plan assets represents the rate of earnings expected in the funds invested, and funds to be invested, to provide for anticipated benefit payments to plan participants. The Company evaluated the plan's historical investment performance, its current and expected asset allocation, and, with input from the Company's external advisors and investment managers, developed best estimates of future investment performance of the plan's assets. Based on this analysis, the Company has assumed a long-term rate of return on plan assets of 8.0%.

The Company reviews external data and its own historical trends for healthcare costs to determine the health-care cost trend rates for the medical benefit plans. For fiscal 2013 medical benefit obligations, the Company assumed a 8.5% annual rate of increase for pre and post 65 participants in the per capita cost of covered health-care claims with the rate decreasing over seven years until reaching 5.0%.

A one percentage point change in the key assumptions would have the following effects on the projected benefit obligations as of November 30, 2013 and on expense for fiscal 2013:

	Pension Benefits and Medical and Life Insurance Benefits Discount Rate		Expected Long-term Rate of Return	Assumed Healthcare Cost Trend Rate	
	Net Periodic Benefit Expense	Projected Benefit Obligation	Net Periodic Pension Benefit Expense	Net Periodic Medical and Life Insurance Benefit Expense	Accumulated Benefit Obligation
			(In millions)		
1% decrease	$ 26.8	$ 159.5	$ 12.1	$(0.5)	$(1.6)
1% increase	(22.8)	(134.8)	(12.1)	0.5	1.8

d. Plan Assets and Investment Policy

The Company's investment policy is to maximize the total rate of return with a view toward long-term funding objectives of the plan to ensure that funds are available to meet benefit obligations when due. The plan assets are diversified to the extent necessary to minimize risk and to achieve an optimal balance between risk and return. This return seeking strategy focuses on higher return seeking investments in actively managed investment vehicles with an emphasis toward alternative investments and allows for diversification as to the type of assets, tactical trades, and number of investment managers used to carry out this strategy. This strategy is achieved using diversified asset types, which may include cash, equities, fixed income, real estate, private equity holdings, and derivatives. Allocations between these asset types may change as a result of changing market conditions and tactical investment opportunities.

While we do not target specific investment allocations, we monitor asset allocations periodically to provide diversification by investment type and investment managers as well as managing overall liquidity to meet the Company's objective of maximizing the total rate of return. The Company's pension plans asset allocations as of November 30, 2013 and 2012, by asset category, are as follows:

	As of November 30, 2013	2012
Cash and cash equivalents	21%	26%
Equity securities	30	25
Fixed income	18	21
Real estate investments	1	2
Private equity holdings	8	6
Alternative investments	22	20
Total	100%	100%

The fair value of the Company's pension plan assets and liabilities by asset category and by level were as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In millions)			
November 30, 2013				
Cash and cash equivalents	$ 272.6	$147.6	$125.0	$ —
Equity securities:				
Domestic equity securities	422.1	417.0	4.8	0.3
International equity securities	42.5	42.2	0.3	—
Derivatives:				
Written options	(0.1)	(0.1)	—	—
Short sales	(81.7)	(81.7)	—	—
Fixed income:				
U.S. government securities	5.9	0.3	5.6	—
Corporate debt securities	91.6	1.2	90.0	0.4
Asset-backed securities	131.9	—	131.9	—
Derivatives:				
Purchased options	0.1	—	0.1	—
Short sales	(9.1)	(4.5)	(4.6)	—
Forward exchange contracts	(0.2)	—	(0.2)	—
Real estate investments	15.7	—	—	15.7
Private equity holdings	97.7	—	—	97.7
Alternative investments	276.5	—	—	276.5
Total	1,265.5	$522.0	$352.9	$390.6
Receivables	7.4			
Payables	(14.5)			
Total	$1,258.4			

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
November 30, 2012				
Cash and cash equivalents	$ 319.3	$ 200.3	$119.0	$ —
Equity securities:				
Domestic equity securities	388.3	380.1	7.9	0.3
International equity securities	56.6	56.2	0.3	0.1
Derivatives:				
Purchased options	0.7	0.7	—	—
Written options	(1.0)	(1.0)	—	—
Short sales	(134.7)	(134.7)	—	—
Fixed income:				
U.S. government securities	6.0	0.4	5.6	—
Corporate debt securities	79.1	—	78.7	0.4
Asset-backed securities	183.7	—	183.7	—
Short sales	(7.6)	(0.4)	(7.2)	—
Forward exchange contracts	0.2	—	0.2	—
Real estate investments	16.7	—	—	16.7
Private equity holdings	74.9	—	—	74.9
Alternative investments	253.2	—	—	253.2
Total	1,235.4	$ 501.6	$388.2	$345.6
Receivables	28.6			
Payables	(20.9)			
Total	$1,243.1			

The following is a description of the significant investment strategies and valuation methodologies used for the investments measured at fair value, including the general classification of such investments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at November 30, 2013 and 2012.

Cash and cash equivalents

Cash and cash equivalents are held in money market accounts or invested in Short-Term Investment Funds (“STIFs”). Cash and cash equivalents held in money market accounts are classified as Level 1 investments. STIFs are not traded on an exchange and active market, and therefore are classified as Level 2 investments.

Equity securities

Equity securities are invested broadly in U.S. and non-U.S. companies which are in various industries and through a range of market capitalization in common stocks, exchange-traded funds (“ETFs”), common collective trusts (“CCTs”), derivatives and other investment vehicles. Common stocks and ETFs are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the fiscal year and are classified as Level 1 investments. CCTs are not traded on an exchange and active market, however, the fair value is determined using net asset value (“NAV”) based on the fair value of the underlying investments as traded in an exchange and active market, and therefore are classified as Level 2 investments. Derivatives include call and put options on common stocks or ETFs, which are all listed on an exchange and active market and classified as Level 1 investments. Short sales are short equity positions which are all listed on an exchange and active market and classified as Level 1 investments. Equity securities that are invested in common stock of private companies are priced using unobservable inputs and classified as Level 3 investments.

Fixed income securities

Fixed income securities are invested in a variety of instruments, including, but not limited to, government securities, corporate debt securities, ETFs, CCTs, derivatives, asset-backed securities, and other investment vehicles.

U.S. government securities are invested in treasury bills, ETFs and CCTs. Treasury bills are valued at bid evaluations which are evaluated prices using observable and market-based inputs and are classified as Level 2 investments. ETFs are traded in an exchange and active market and classified as Level 1 investments. CCTs are priced at NAV by investment managers using observable inputs of the underlying U.S. government securities and are classified as Level 2 investments.

Foreign government securities are priced by investment managers using unobservable inputs such as extrapolated data, proprietary models, or indicative quotes and are classified as Level 3 investments.

Corporate debt securities are invested in corporate bonds, ETFs and CCTs. ETFs are traded in an exchange and active market and classified as Level 1 investments. Corporate bonds that are valued at bid evaluations using observable and market-based inputs are classified as Level 2 investments. Corporate bonds that are priced by brokers using unobservable inputs are classified as Level 3 investments. CCTs are priced at NAV by investment managers using observable inputs of the underlying bond securities and are classified as Level 2 investments.

Asset-backed securities, including government-backed mortgage securities, non-government-backed collateralized mortgage obligations, asset-backed securities, and commercial mortgage-backed securities, are valued at bid evaluations which are evaluated prices using observable or unobservable inputs. These securities are classified as Level 2 investments if the evaluated prices are calculated using observable and market-based inputs and are classified as Level 3 investments if the evaluated prices are calculated using unobservable inputs such as extrapolated data, proprietary models, or indicative quotes.

Short sales are short fixed income positions which are classified as Level 1 investments if they are listed on an exchange and active market, and are classified as Level 2 investments if they are valued at bid evaluation using observable and market-based inputs.

Forward exchange contracts

Forward exchange contracts are not exchange-traded but are priced based on observable inputs. They are classified as Level 2 investments.

Real estate investments

Real estate investments are interests in real property holdings where the underlying properties are valued by independent appraisers employing valuation techniques such as capitalization of future rental income and/or sales of comparable properties. If applicable, the properties may also be valued based on current indicative interest received by the Company from third parties. These investments are classified as Level 3 investments.

Private equity holdings

Private equity holdings are primarily limited partnerships and fund-of-funds that mainly invest in U.S. and non-U.S. leveraged buyout, venture capital and special situation strategies. Generally, the holdings are valued at public market, private market, or appraised value. Private equity holdings are valued at total market value or NAV, which are estimated by investment managers using unobservable inputs such as extrapolated data, proprietary data, or indicative quotes and are classified as Level 3 investments.

Alternative investments

Alternative investments primarily consist of multi-strategy hedge funds that invest across a range of equity and debt securities in a variety of industry sectors. Alternative investments are valued at NAV calculated by investment managers using unobservable inputs such as extrapolated data, proprietary data, or indicative quotes and are classified as Level 3 investments.

Changes in the fair value of the Level 3 investments were as follows:

	November 30, 2012	Unrealized Gains (Losses) on Plan Assets	Realized Gains (Losses) on Plan Assets	Purchases, Issuances, and Settlements	Transfers out of Level 3	November 30, 2013
			(In millions)			
Equity securities:						
Domestic equity securities	$ 0.3	$ —	$ —	$ —	$ —	$ 0.3
International equity securities	0.1	—	—	—	(0.1)	—
Fixed income:						
Corporate debt securities	0.4	—	—	—		0.4
Asset-backed securities	—	0.1	(0.1)	—		—
Real estate investments	16.7	(0.2)	—	(0.8)		15.7
Private equity holdings	74.9	(9.1)	—	31.9		97.7
Alternative investments	253.2	41.8	2.5	(21.0)		276.5
Total	$345.6	$32.6	$ 2.4	$ 10.1	$(0.1)	$390.6

	November 30, 2011	Unrealized Gains (Losses) on Plan Assets	Realized Gains (Losses) on Plan Assets	Purchases, Issuances, and Settlements	November 30, 2012
			(In millions)		
Equity securities:					
Domestic equity securities	$ 0.4	$(0.1)	$ —	$ —	$ 0.3
International equity securities	—	—	—	0.1	0.1
Fixed income:					
Foreign government securities	0.2	(0.2)	—	—	—
Corporate debt securities	6.7	0.1	0.7	(7.1)	0.4
Asset-backed securities	—	0.3	(0.3)	—	—
Real estate investments	19.6	(2.1)	—	(0.8)	16.7
Private equity holdings	72.0	2.7	—	0.2	74.9
Alternative investments	259.1	(5.9)	—	—	253.2
Total	$358.0	$(5.2)	$ 0.4	$(7.6)	$345.6

e. Benefit Payments

The following presents estimated future benefit payments:

	Pension Benefit Payments	Medical and Life Insurance Benefits		
Year Ending November 30,		**Gross Benefit Payments**	**Medicare D Subsidy**	**Net Benefit Payments**
		(In millions)		
2014	$128.6	$ 7.7	$0.4	$ 7.3
2015	126.4	7.5	0.4	7.1
2016	123.7	7.4	0.4	7.0
2017	120.6	7.1	0.4	6.7
2018	117.2	6.7	0.2	6.5
Years 2019 — 2023	533.6	26.9	0.9	26.0

Note 8. Commitments and Contingencies

a. Lease Commitments and Income

The Company and its subsidiaries lease certain facilities, machinery and equipment, and office buildings under long-term, non-cancelable operating leases. The leases generally provide for renewal options ranging from one to ten years and require the Company to pay for utilities, insurance, taxes, and maintenance. Rent expense was $20.1 million in fiscal 2013, $11.8 million in fiscal 2012, and $12.9 million in fiscal 2011.

The Company also leases certain surplus facilities to third parties. The Company recorded lease income of $5.7 million in fiscal 2013, $5.0 million in fiscal 2012, and $6.7 million in fiscal 2011 related to these arrangements, which have been included in net sales.

The future minimum rental commitments under non-cancelable operating leases with initial or remaining terms of one year or more and lease revenue in effect as of November 30, 2013 were as follows:

Year Ending November 30,	**Future Minimum Rental Commitments**	**Future Minimum Rental Income**
	(In millions)	
2014	$ 21.4	$ 5.7
2015	18.4	4.6
2016	15.5	2.5
2017	11.2	0.2
2018	10.4	—
Thereafter	45.2	—
	$122.1	$13.0

b. Legal Matters

The Company and its subsidiaries are subject to legal proceedings, including litigation in U.S. federal and state courts, which arise out of, and are incidental to, the ordinary course of the Company's on-going and historical businesses. The Company is also subject from time to time to governmental investigations by federal and state agencies. The Company cannot predict the outcome of such proceedings with any degree of certainty. Loss contingency provisions are recorded for probable losses at management's best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount is recorded. These estimates are often initially developed substantially earlier than when the ultimate loss is known, and are refined each quarterly reporting period as additional information becomes available. For legal settlements where there is no stated amount for interest, the Company will estimate an interest factor and discount the liability accordingly.

Groundwater Litigation

In December 2011, Aerojet Rocketdyne received notice of a lawsuit, *Sun Ridge LLC, et al. v. Aerojet-General Corporation, et al.,* Case No. 34-2011-00114675, filed in Sacramento County Superior Court. The complaint, which also names McDonnell Douglas Corporation (now Boeing), was filed by owners of properties adjacent to the Aerojet Rocketdyne property in Rancho Cordova, California and alleges damages attributable to contamination of groundwater including diminution of property value and increased costs associated with ensuring water supplies in connection with real estate development. That matter was dismissed without prejudice and the parties entered into settlement discussions through which a settlement was reached. As of November 30, 2013, the Company has accrued \$0.2 million, which represents its share of the settlement. Expenditures associated with this matter are partially recoverable.

Asbestos Litigation

The Company has been, and continues to be, named as a defendant in lawsuits alleging personal injury or death due to exposure to asbestos in building materials, products, or in manufacturing operations. The majority of cases are pending in Texas and Pennsylvania. There were 129 asbestos cases pending as of November 30, 2013.

Given the lack of any significant consistency to claims (i.e., as to product, operational site, or other relevant assertions) filed against the Company, the Company is unable to make a reasonable estimate of the future costs of pending claims or unasserted claims. Accordingly, no estimate of future liability has been accrued.

In 2011, Aerojet Rocketdyne received a letter demand from AMEC, plc, ("AMEC") the successor entity to the 1981 purchaser of the business assets of Barnard & Burk, Inc., a former Aerojet Rocketdyne subsidiary, for Aerojet Rocketdyne to assume the defense of sixteen asbestos cases, involving 271 plaintiffs, pending in Louisiana, and reimbursement of over \$1.7 million in past legal fees and expenses. AMEC is asserting that Aerojet Rocketdyne retained those liabilities when it sold the Barnard & Burk assets and agreed to indemnify the purchaser therefor. Under the relevant purchase agreement, the purchaser assumed only certain, specified liabilities relating to the operation of Barnard & Burk before the sale, with Barnard & Burk retaining all unassumed pre-closing liabilities, and Aerojet Rocketdyne agreed to indemnify the purchaser against unassumed liabilities that are asserted against it. Based on the information provided, Aerojet Rocketdyne declined to accept the liability and requested additional information from AMEC pertaining to the basis of the demand. On April 3, 2013, AMEC filed a complaint for breach of contract against Aerojet Rocketdyne in Sacramento County Superior Court, *AMEC Construction Management, Inc. v. Aerojet-General Corporation, Case No. 342013001424718*. Although AMEC served the complaint on Aerojet Rocketdyne, Aerojet Rocketdyne was granted an open extension of time in which to file a response in order to facilitate additional sharing of information and potential settlement negotiations. No estimate of liability has been accrued for this matter as of November 30, 2013.

c. Environmental Matters

The Company is involved in over forty environmental matters under the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), the Resource Conservation Recovery Act ("RCRA"), and other federal, state, local, and foreign laws relating to soil and groundwater contamination, hazardous waste management activities, and other environmental matters at some of its current and former facilities. The Company is also involved in a number of remedial activities at third party sites, not owned by the Company, where it is designated a potentially responsible party ("PRP") by either the U.S. Environmental Protection Agency ("EPA") and/or a state agency. In many of these matters, the Company is involved with other PRPs. 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 and costs are generally made based on relative contributions of waste or contamination. Anticipated costs associated with environmental remediation that are probable and estimable are accrued. In cases where a date to complete remedial activities at a particular site cannot be determined by reference to agreements or otherwise, the Company projects costs over an appropriate time period not exceeding fifteen years; in such cases, generally the Company does not have the ability to reasonably estimate environmental remediation costs that are beyond this period. Factors that could result in changes to the Company's estimates include completion of current and future soil and groundwater investigations, new claims, future agency demands, discovery of more or less contamination than expected, discovery of new contaminants, modification of planned remedial actions, changes in estimated time required to remediate, new technologies, and changes in laws and regulations.

As of November 30, 2013, the aggregate range of these anticipated environmental costs was $171.3 million to $289.8 million and the accrued amount was $171.3 million. See Note 8(d) for a summary of the environmental reserve activity. Of these accrued liabilities, approximately 95% relates to the Company's U.S. government contracting business and a portion of this liability is recoverable. The significant environmental sites are discussed below. The balance of the accrued liabilities relates to other sites for which the Company's obligations are probable and estimable.

Sacramento, California Site

In 1989, a federal district court in California approved a Partial Consent Decree ("PCD") requiring Aerojet Rocketdyne, among other things, to conduct a Remedial Investigation and Feasibility Study ("RI/FS") to determine the nature and extent of impacts due to the release of chemicals from the Sacramento, California site, monitor the American River and offsite public water supply wells, operate Groundwater Extraction and Treatment facilities ("GETs") that collect groundwater at the site perimeter, and pay certain government oversight costs. The primary chemicals of concern for both on-site and off-site groundwater are trichloroethylene ("TCE"), perchlorate, and n-nitrosodimethylamine ("NDMA"). The PCD has been revised several times, most recently in 2002. The 2002 PCD revision (a) separated the Sacramento site into multiple operable units to allow quicker implementation of remedy for critical areas; (b) required the Company to guarantee up to $75 million (in addition to a prior $20 million guarantee) to assure that Aerojet Rocketdyne's Sacramento remediation activities are fully funded; and (c) removed approximately 2,600 acres of non-contaminated land from the EPA superfund designation.

Aerojet Rocketdyne is involved in various stages of soil and groundwater investigation, remedy selection, design, and remedy construction associated with the operable units. In 2002, the EPA issued a Unilateral Administrative Order ("UAO") requiring Aerojet Rocketdyne to implement the EPA-approved remedial action in the Western Groundwater Operable Unit. An identical order was issued by the California Regional Water Quality Control Board, Central Valley ("Central Valley RWQCB"). On July 7, 2011, the EPA issued Aerojet Rocketdyne its Approval of Remedial Action Construction Completion Report for Western Groundwater Operable Unit and its Determination of Remedy as Operational and Functional. On September 20, 2011, the EPA issued two UAOs to Aerojet Rocketdyne to complete a remedial design and implement remedial action for the Perimeter Groundwater Operable Unit. One UAO addresses groundwater and the other addresses soils within the Perimeter Groundwater Operable Unit. Issuance of the UAOs is the next step in the superfund process for the Perimeter Groundwater Operable Unit. Aerojet Rocketdyne submitted a final Remedial Investigation Report for the Boundary Operable Unit in 2010 and a revised Feasibility Study for the Boundary Operable Unit in 2012. A draft Remedial Investigation Report for the Island Operable Unit was submitted in January 2013 and Final Remedial Investigation Report is anticipated for spring 2014. The remaining operable units are under various stages of investigation.

The entire southern portion of the site known as Rio Del Oro was under state orders issued in the 1990s from the Department of Toxic Substances Control ("DTSC") to investigate and remediate environmental contamination in the soils and the Central Valley RWQCB to investigate and remediate groundwater environmental contamination. On March 14, 2008, the DTSC released all but approximately 400 acres of the Rio Del Oro property from DTSC's environmental orders regarding soil contamination. Aerojet Rocketdyne expects the approximately 400 acres of Rio Del Oro property that remain subject to the DTSC orders to be released once the soil remediation has been completed. The Rio Del Oro property remains subject to the Central Valley RWQCB's orders to investigate and remediate groundwater environmental contamination emanating offsite from such property. Pursuant to a settlement agreement entered into in 2009, Aerojet Rocketdyne and Boeing have defined responsibilities with respect to future costs and environmental projects relating to this property.

As of November 30, 2013, the estimated range of anticipated costs discussed above for the Sacramento, California site was $128.0 million to $199.5 million and the accrued amount was $128.0 million included as a component of the Company's environmental reserves. Expenditures associated with this matter are partially recoverable. See Note 8(d) below for further discussion on recoverability.

Baldwin Park Operable Unit ("BPOU")

As a result of its former Azusa, California operations, in 1994 Aerojet Rocketdyne was named a PRP by the EPA in the area of the San Gabriel Valley Basin superfund site known as the BPOU. Between 1995 and 1997, the EPA issued Special Notice Letters to Aerojet Rocketdyne and eighteen other companies requesting that they implement a groundwater remedy. On June 30, 2000, the EPA issued a UAO ordering the PRPs to implement a remedy consistent with the 1994 record of decision. Aerojet Rocketdyne, along with seven other PRPs ("the Cooperating Respondents") signed a Project Agreement in late March 2002 with the San Gabriel Basin Water Quality Authority, the Main San Gabriel Basin Watermaster, and five water companies. The Project Agreement, which has a term of fifteen years, became effective May 9, 2002 and will terminate in May 2017. It is uncertain as to what remedial actions will be required beyond May 2017. However, the Project Agreement stipulates that the parties agree to negotiate in good faith in an effort to reach agreement as to the terms and conditions of an extension of the term in the event that a Final Record of Decision anticipates, or any of the parties desire, the continued operation of all or a substantial portion of the project facilities. Pursuant to the Project Agreement, the Cooperating Respondents fund through an escrow account the capital, operational, maintenance, and administrative costs of certain treatment and water distribution facilities to be owned and operated by the water companies. There are also provisions in the Project Agreement for maintaining financial assurance.

Aerojet Rocketdyne and the other Cooperating Respondents entered into an interim allocation agreement that establishes the interim payment obligations of the Cooperating Respondents for the costs incurred pursuant to the Project Agreement. Under the interim allocation, Aerojet Rocketdyne is responsible for approximately two-thirds of all project costs, including government oversight costs. All project costs are subject to reallocation among the Cooperating Respondents. Since entering into the Project Agreement, two of the cooperating respondents, Huffy Corporation ("Huffy") and Fairchild Corporation ("Fairchild"), have filed for bankruptcy. Aerojet Rocketdyne and the other cooperating respondents have assumed Fairchild's financial obligations while only the non-Aerojet Rocketdyne cooperating respondents have assumed Huffy's obligations. Prior to filing for bankruptcy, Fairchild filed suit against the other Cooperating Respondents, but there had been little action in that litigation until the Court recently directed the parties to mediation. The interim allocation agreement expired, but all Cooperating Respondents (other than Huffy and Fairchild) are paying in accordance with their adjusted interim allocations.

On June 24, 2010, Aerojet Rocketdyne filed a complaint against Chubb Custom Insurance Company in Los Angeles County Superior Court, *Aerojet-General Corporation v. Chubb Custom Insurance Company Case No. BC440284,* seeking declaratory relief and damages regarding Chubb's failure to pay certain project modification costs and failure to issue an endorsement to add other water sources that may require treatment as required under insurance policies issued to Aerojet Rocketdyne and the other Cooperating Respondents. Aerojet Rocketdyne agreed to dismiss the case without prejudice and a settlement was reached. The Fairchild Bankruptcy Court must approve the settlement before it becomes effective. In August 2013, the Fairchild Bankruptcy Court denied a motion by the Cooperating Respondents (including Aerojet Rocketdyne) to approve the settlement with Chubb and directed the parties to mediation in an effort to resolve differences over the amounts of remediation costs previously paid by Fairchild and the Cooperating Respondents. The parties met with the mediator in

December 2013 and negotiations are continuing. The dismissal was without prejudice which allows Aerojet Rocketdyne and the Cooperating Respondents to re-file the motion at a later date if mediation is not successful.

As part of Aerojet Rocketdyne's sale of its Electronics and Information Systems ("EIS") business to Northrop in October 2001, the EPA approved a Prospective Purchaser Agreement with Northrop to absolve it of pre-closing liability for contamination caused by the Azusa, California operations, which liability remains with Aerojet Rocketdyne. As part of that agreement, the Company agreed to provide a $25 million guarantee of Aerojet Rocketdyne's obligations under the Project Agreement.

As of November 30, 2013, the estimated range of anticipated costs through the term of the Project Agreement for the BPOU site, which expires in 2017, was $26.9 million to $57.3 million and the accrued amount was $26.9 million included as a component of the Company's environmental reserves. As the Company is unable to reasonably estimate the costs and expenses of this matter after the expiration of the Project Agreement, no reserve has been accrued for this matter for the period after such expiration. Expenditures associated with this matter are partially recoverable. See Note 8(d) below for further discussion on recoverability.

Toledo, Ohio Site

The Company previously manufactured products for the automotive industry at a Toledo, Ohio site, which was adjacent to the Ottawa River. This facility was divested in 1990 and the Company indemnified the buyer for claims and liabilities arising out of certain pre-divestiture environmental matters. In August 2007, the Company, along with numerous other companies, received from the United States Department of Interior Fish and Wildlife Service a notice of a Natural Resource Damage ("NRD") Assessment Plan for the Ottawa River and Northern Maumee Bay. A group of PRPs, including the Company, was formed to respond to the NRD assessment and to pursue funding from the Great Lakes Legacy Act for primary restoration. The restoration project performed by the group consisted of river dredging and land-filling river sediments with a total project cost in the range of approximately $47 million to $49 million, one half of which was funded through the Great Lakes Legacy Act and the net project costs to the PRP group was estimated at $23.5 million to $24.5 million. The dredging of the river that began in December 2009 has been completed. In February 2011, the parties reached an agreement on allocation. Still unresolved at this time is the actual NRD Assessment itself. In August 2013, the PRPs voted to accept the State and Federal Trustees' proposal resolving the NRD Assessment and other claims which increased the Company's share by $0.1 million. A Consent Decree must be negotiated and approved before the settlement becomes final. As of November 30, 2013, the estimated range of the Company's share of anticipated costs for the NRD matter was $0.2 million to $0.5 million. None of the expenditures related to this matter are recoverable.

In 2008, Textileather, the current owner of the former Toledo, Ohio site, filed a lawsuit against the Company claiming, among other things, that the Company failed to indemnify and defend Textileather for certain contractual environmental obligations. A second suit related to past and future RCRA closure costs was filed in late 2009. On May 5, 2010, the District Court granted the Company's Motion for Summary Judgment, thereby dismissing the claims in the initial action. Textileather appealed to the Sixth Circuit Court of Appeals. On September 11, 2012, the Court of Appeals affirmed the District Court's decision with respect to Textileather's CERCLA cost recovery claims, but reversed the decision to dismiss its breach of contract claims. The case was remanded to the District Court for further proceedings consistent with the opinion of the Court of Appeals. On September 10, 2013, the parties executed the definitive settlement agreement resolving the dispute for a release for all non-polychlorinated biphenyl ("PCB") related environmental issues for $4.3 million to be paid in two payments. The Company has a reserve of $2.7 million for the settlement and PCB related environmental issues as of November 30, 2013. None of the expenditures related to this matter are recoverable.

d. Environmental Reserves and Estimated Recoveries

Reserves

The Company reviews on a quarterly basis estimated future remediation costs and has an established practice of estimating environmental remediation costs over a fifteen-year period, except for those environmental remediation costs with a specific contractual term. Environmental liabilities at the BPOU site are estimated through the term of the Project Agreement, which expires in 2017. As the period for which estimated environmental remediation costs increases, the reliability of such estimates decreases. These estimates consider the investigative work and analysis of engineers, outside environmental consultants, and the advice of legal staff regarding the status and anticipated results of various administrative and legal proceedings. In most cases, only a range of reasonably possible costs can be estimated. In establishing the Company's reserves, the most probable estimate is used when determinable; otherwise, the minimum amount is used when no single amount in the range is more probable. Accordingly, such estimates can change as the Company periodically evaluates and revises these estimates as new information becomes available. The Company cannot predict whether new information gained as projects progress will affect the estimated liability accrued. The timing of payment for estimated future environmental costs is influenced by a number of factors such as the regulatory approval process, and the time required to design, construct, and implement the remedy.

A summary of the Company's environmental reserve activity is shown below:

	Aerojet Rocketdyne Sacramento	Aerojet Rocketdyne BPOU	Other Aerojet Rocketdyne Sites	Total Aerojet Rocketdyne	Other	Total Environmental Reserve
			(In millions)			
November 30, 2010	$139.8	$ 46.1	$ 20.1	$206.0	$11.7	$217.7
Additions	21.2	5.9	5.9	33.0	(0.1)	32.9
Expenditures	(30.3)	(13.4)	(13.9)	(57.6)	(2.4)	(60.0)
November 30, 2011	130.7	38.6	12.1	181.4	9.2	190.6
Additions	24.5	5.9	3.8	34.2	0.5	34.7
Expenditures	(14.7)	(13.3)	(5.1)	(33.1)	(2.7)	(35.8)
November 30, 2012	140.5	31.2	10.8	182.5	7.0	189.5
Additions	9.8	5.1	0.1	15.0	3.8	18.8
Expenditures	(22.3)	(9.4)	(2.7)	(34.4)	(2.6)	(37.0)
November 30, 2013	$128.0	$ 26.9	$ 8.2	$163.1	$ 8.2	$171.3

The effect of the final resolution of environmental matters and the Company's obligations for environmental remediation and compliance cannot be accurately predicted due to the uncertainty concerning both the amount and timing of future expenditures and due to regulatory or technological changes. The Company continues its efforts to mitigate past and future costs through pursuit of claims for recoveries from insurance coverage and other PRPs and continued investigation of new and more cost effective remediation alternatives and associated technologies.

As part of the acquisition of the Atlantic Research Corporation ("ARC") propulsion business in 2003, Aerojet Rocketdyne entered into an agreement with ARC pursuant to which Aerojet Rocketdyne is responsible for up to $20.0 million of costs ("Pre-Close Environmental Costs") associated with environmental issues that arose prior to Aerojet Rocketdyne's acquisition of the ARC propulsion business. Pursuant to a separate agreement with the U.S. government which was entered into prior to the completion of the ARC acquisition, these costs are recovered through the establishment of prices for Aerojet Rocketdyne's products and services sold to the U.S. government. A summary of the Pre-Close Environmental Costs is shown below (in millions):

Pre-Close Environmental Costs	$ 20.0
Amount spent through November 30, 2013	(15.6)
Amount included as a component of reserves for environmental remediation costs in the consolidated balance sheet as of November 30, 2013	(2.9)
Remaining Pre-Close Environmental Costs	$ 1.5

Estimated Recoveries

On January 12, 1999, Aerojet Rocketdyne and the U.S. government implemented the October 1997 Agreement in Principle ("Global Settlement") resolving certain prior environmental and facility disagreements, with retroactive effect to December 1, 1998. Under the Global Settlement, Aerojet Rocketdyne and the U.S. government resolved disagreements about an appropriate cost-sharing ratio with respect to the clean-up costs of the environmental contamination at the Sacramento and the former Azusa sites. The Global Settlement cost-sharing ratio does not have a defined term over which costs will be recovered. Additionally, in conjunction with the sale of the EIS business in 2001, Aerojet Rocketdyne entered into an agreement with Northrop (the "Northrop Agreement") whereby Aerojet Rocketdyne is reimbursed by Northrop for a portion of environmental expenditures eligible for recovery under the Global Settlement, subject to annual and cumulative limitations. The current annual billing limitation to Northrop is $6.0 million.

Pursuant to the Global Settlement, prior to the third quarter of fiscal 2010, approximately 12% of environmental costs related to Aerojet Rocketdyne's Sacramento site and its former Azusa site were charged to the consolidated statements of operations. Subsequent to the third quarter of fiscal 2010, because the Company's estimated environmental costs reached the reimbursement ceiling under the Northrop Agreement, approximately 37% of such costs will not be reimbursable and were therefore directly charged to the consolidated statements of operations.

Allowable environmental costs are charged to the Company's contracts as the costs are incurred. Aerojet Rocketdyne's mix of contracts can affect the actual reimbursement made by the U.S. government. Because these costs are recovered through forward-pricing arrangements, the ability of Aerojet Rocketdyne to continue recovering these costs from the U.S. government depends on Aerojet Rocketdyne's sustained business volume under U.S. government contracts and programs and the relative size of Aerojet Rocketdyne's commercial business. Annually, the Company evaluates Aerojet Rocketdyne's forecasted business volume under U.S. government contracts and programs and the relative size of Aerojet Rocketdyne's commercial business as part of its long-term business review.

Since the Acquisition closed in the third quarter of fiscal 2013, the prospective mix of contracts may affect the actual reimbursement made by the U.S. government. Under the Global Settlement, environmental costs are allocable to the newly acquired business. Additionally, the Company is reviewing the percentage of Global Settlement environmental costs allocable to its Aerojet Rocketdyne business and Northrop Grumman. Any change in the percentage allocable will require approval from the U.S. government and if received, this change may materially and favorably affect the Company's results of operations in the period received along with future periods.

Pursuant to the Northrop Agreement, environmental expenditures to be reimbursed are subject to annual limitations and the total reimbursements are limited to a ceiling of $189.7 million. A summary of the Northrop Agreement activity is shown below (in millions):

Total reimbursable costs under the Northrop Agreement	$ 189.7
Amount reimbursed to the Company through November 30, 2013	(101.2)
Potential future cost reimbursements available(1)	88.5
Long-term receivable from Northrop in excess of the annual limitation included in the consolidated balance sheet as of November 30, 2013	(72.0)
Amounts recoverable from Northrop in future periods included as a component of recoverable from the U.S. government and other third parties for environmental remediation costs in the consolidated balance sheet as of November 30, 2013	(16.5)
Potential future recoverable amounts available under the Northrop Agreement	$ —

(1) Includes the short-term receivable from Northrop of $6.0 million as of November 30, 2013.

The Company's applicable cost estimates reached the cumulative limitation under the Northrop Agreement during the third quarter of fiscal 2010. The Company has expensed $22.8 million of environmental remediation provision adjustments above the cumulative limitation under the Northrop Agreement through November 30, 2013. Accordingly, subsequent to the third quarter of fiscal 2010, the Company has incurred a higher percentage of expense related to additions to the Sacramento site and BPOU site environmental reserve until, and if, an arrangement is reached with the U.S. government. While the Company is currently seeking an arrangement with the U.S. government to recover environmental expenditures in excess of the reimbursement ceiling identified in the Northrop Agreement, there can be no assurances that such a recovery will be obtained, or if not obtained, that such unreimbursed environmental expenditures will not have a materially adverse effect on the Company's operating results, financial condition, and/or cash flows.

Environmental reserves and estimated recoveries impact to the Consolidated Statements of Operations

The expenses associated with adjustments to the environmental reserves are recorded as a component of other expense, net in the consolidated statements of operations. Summarized financial information for the impact of environmental reserves and recoveries to the consolidated statements of operations is set forth below:

	Year Ended		
	2013	**2012**	**2011**
		(In millions)	
Estimated recoverable amounts under U.S. government contracts	$10.4	$23.1	$24.3
Charge to consolidated statement of operations	8.4	11.6	8.6
Total environmental reserve additions	$18.8	$34.7	$32.9

e. Arrangements with Off-Balance Sheet Risk

As of November 30, 2013, arrangements with off-balance sheet risk consisted of:

- $58.1 million in outstanding commercial letters of credit expiring through January 2015, the majority of which may be renewed, primarily to collateralize obligations for environmental remediation and insurance coverage.
- $43.7 million in outstanding surety bonds to satisfy indemnification obligations for environmental remediation coverage.

- Up to $120.0 million aggregate in guarantees by GenCorp of Aerojet Rocketdyne's obligations to U.S. government agencies for environmental remediation activities (see Note 8(b) for additional information).
- $55.0 million related to the pending future acquisition of UTC's 50% ownership interest of RD Amross and potential future post-close adjustments to the purchase price of the Rocketdyne Business (see Note 4 for additional information).
- Guarantees, jointly and severally, by the Company's material domestic subsidiaries of their obligations under the Senior Credit Facility and 7 ⅛% Notes.

In addition to the items discussed above, the Company has and will from time to time enter into certain types of contracts that require the Company to indemnify parties against potential third-party and other claims. These contracts primarily relate to: (i) divestiture agreements, under which the Company may provide customary indemnification to purchasers of its businesses or assets including, for example, claims arising from the operation of the businesses prior to disposition, and liability to investigate and remediate environmental contamination existing prior to disposition; (ii) certain real estate leases, under which the Company may be required to indemnify property owners for claims arising from the use of the applicable premises; and (iii) certain agreements with officers and directors, under which the Company may be required to indemnify such persons for liabilities arising out of their relationship with the Company. The terms of such obligations vary. Generally, a maximum obligation is not explicitly stated.

Additionally, the Company issues purchase orders to suppliers for equipment, materials, and supplies in the normal course of business. These purchase commitments are generally for volumes consistent with anticipated requirements to fulfill purchase orders or contracts for product deliveries received, or expected to be received, from customers and would be subject to reimbursement if a cost-plus contract is terminated.

Note 9. Redeemable Common Stock

The Company inadvertently failed to register with the SEC the issuance of certain of its common shares in its defined contribution 401(k) employee benefit plan (the "Plan"). As a result, certain Plan participants who purchased such securities pursuant to the Plan may have the right to rescind certain of their purchases for consideration equal to the purchase price paid for the securities (or if such security has been sold, to receive consideration with respect to any loss incurred on such sale) plus interest from the date of purchase. As of November 30, 2013 and 2012, the Company has classified less than 0.1 million and 0.4 million shares as redeemable common stock, respectively, because the redemption features are not within the control of the Company. The Company may also be subject to civil and other penalties by regulatory authorities as a result of the failure to register these shares. These shares have historically been treated as outstanding for financial reporting purposes. In June 2008, the Company filed a registration statement on Form S-8 to register future transactions in the GenCorp Stock Fund in the Plan. During fiscal 2013, 2012, and 2011, the Company recorded ($1.0) million, $0.7 million, and $0.8 million, respectively, for realized (gains) losses and interest associated with this matter.

Note 10. Shareholders' Equity (Deficit)

a. Preference Stock

As of November 30, 2013 and 2012, 15.0 million shares of preferred stock were authorized and none were issued or outstanding.

b. Common Stock

As of November 30, 2013, the Company had 150.0 million authorized shares of common stock, par value $0.10 per share, of which 61.3 million shares (includes redeemable common stock and unvested restricted shares) were issued and outstanding, and 33.5 million shares were reserved for future issuance for the exercise of stock options (seven and ten year contractual life) and restricted stock (no maximum contractual life), payment of awards under stock-based compensation plans, and conversion of the Company's Notes. See Note 9 for information about the Company's redeemable common stock.

c. Stock-based Compensation

Total stock-based compensation expense by type of award was as follows:

	Year Ended 2013	2012	2011
	(In millions)		
Stock appreciation rights ("SARS")	$ 9.4	$2.7	$0.4
Stock options	0.3	0.8	0.9
Restricted stock, service-based	2.3	2.2	1.7
Restricted stock, performance-based	2.1	0.8	0.7
Total stock-based compensation expense	$14.1	$6.5	$3.7

Stock Appreciation Rights: As of November 30, 2013, a total of 1.5 million SARS were outstanding under the 1999 Equity and Performance Incentive Plan ("1999 Plan") and 2009 Equity and Performance Incentive Plan ("2009 Plan"). SARS granted to employees generally vest in one-third increments at one year, two years, and three years from the date of grant and have a ten year contractual life under the 1999 Plan and a seven year contractual life under the 2009 Plan. SARS granted to directors of the Company typically vest over a one year service period (half after six months and half after one year) and have a ten year contractual life under the 1999 Plan and a seven year contractual life under the 2009 Plan. These awards are similar to the Company's employee stock options, but are settled in cash rather than in shares of common stock, and are classified as liability awards. Compensation cost for these awards is determined using a fair-value method and remeasured at each reporting date until the date of settlement. Stock-based compensation expense recognized is based on SARS ultimately expected to vest, and therefore it has been reduced for estimated forfeitures.

A summary of the status of the Company's SARS as of November 30, 2013 and changes during fiscal 2013 is presented below:

	SARS (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (In millions)
Outstanding at November 30, 2012	1,529	$10.47		
Granted	73	13.17		
Exercised	(138)	7.92		
Cancelled	(7)	4.95		
Outstanding at November 30, 2013	1,457	$10.88	3.6	$11.1
Exercisable at November 30, 2013	1,366	$10.99	3.4	$10.3
Expected to vest at November 30, 2013	89	$ 9.18	5.6	$ 0.8

The weighted average grant date fair value for SARS granted in fiscal 2013, 2012, and 2011 was $12.08, $5.76, and $3.50, respectively. The total intrinsic value for SARS liabilities paid in fiscal 2013 and 2011 was $1.1 million and less than $0.1 million, respectively. No SARS were exercised in fiscal 2012. As of November 30, 2013, there was $0.6 million of total stock-based compensation related to nonvested SARS. That cost is expected to be recognized over an estimated weighted-average amortization period of 13 months.

Restricted Stock, service-based: As of November 30, 2013, a total of 0.5 million shares of service-based restricted stock were outstanding which vest based on years of service under the 2009 Plan. Restricted shares are granted to key employees and directors of the Company. The fair value of the restricted stock awards was based on the closing market price of the Company's common stock on the date of award and is being amortized on a straight line basis over the service period. Stock-based compensation expense recognized is based on service-based restricted stock ultimately expected to vest, and therefore it has been reduced for estimated forfeitures.

The following is summary of the status of the Company's service-based restricted stock as of November 30, 2013 and changes during fiscal 2013:

	Service Based Restricted Stock (In thousands)	Weighted Average Grant Date Fair Value
Outstanding at November 30, 2012	638	$ 6.41
Granted	294	15.47
Vested	(374)	6.99
Canceled	(14)	6.09
Outstanding at November 30, 2013	544	$10.91
Expected to vest at November 30, 2013	523	$10.91

As of November 30, 2013, there was $4.3 million of total stock-based compensation related to nonvested service-based restricted stock. That cost is expected to be recognized over an estimated weighted-average amortization period of 25 months. The intrinsic value of the service-based restricted stock outstanding and expected to vest at November 30, 2013 was $10.0 million and $9.6 million, respectively. The weighted average grant date fair values for service-based restricted stock granted in fiscal 2012 and 2011 was $7.05 and $5.91, respectively.

Restricted Stock, performance-based: As of November 30, 2013, a total of 0.8 million shares of performance-based restricted shares were outstanding under the 2009 Plan. The performance-based restricted stock vests if the Company meets various operations and earnings targets set by the Organization & Compensation Committee of the Board. The fair value of the performance-based restricted stock awards was based on the closing market price of the Company's common stock on the date of award and is being amortized over the estimated service period to achieve the operations and earnings targets. If certain operations and earnings targets are exceeded, additional restricted stock may be required to be granted to individuals up to a maximum additional grant of 25% of the initial grant. Stock-based compensation expense recognized for all years presented is based on performance-based restricted stock ultimately expected to vest, and therefore it has been reduced for estimated forfeitures.

The following is a summary of the status of the Company's performance-based restricted stock as of November 30, 2013 and changes during fiscal 2013:

	Performance Based Restricted Stock (In thousands)	Weighted Average Grant Date Fair Value
Outstanding at November 30, 2012	630	$ 6.33
Granted	293	17.44
Vested	(63)	5.12
Cancelled	(37)	9.32
Outstanding at November 30, 2013	823	$10.42
Expected to vest at November 30, 2013	773	$ 9.95

As of November 30, 2013, there was $4.9 million of total stock-based compensation related to nonvested performance-based restricted stock. That cost is expected to be recognized over an estimated weighted-average amortization period of 17 months. The intrinsic value of the performance-based restricted stock outstanding and expected to vest at November 30, 2013 was $15.1 million and $14.2 million, respectively. The weighted average grant date fair values for performance-based restricted stock granted in fiscal 2012 and 2011 was $6.87 and $6.01, respectively.

Stock Options: As of November 30, 2013, a total of 0.6 million of stock options were outstanding under the 1999 Plan and 2009 Plan. The 2009 stock option grants are primarily performance-based and vest if the Company meets various operations and earnings targets set by the Organization & Compensation Committee of the Board. The fair value is being amortized over the estimated service period to achieve the operations and earnings targets. If certain operations and earnings targets are exceeded, additional stock options may be required to be granted to individuals up to a maximum additional grant of 25% of the initial grant.

A summary of the status of the Company's stock options as of November 30, 2013 and changes during fiscal 2013 is presented below:

	Stock Options (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Intrinsic Value (In millions)
Outstanding at November 30, 2012	849	$5.87		
Exercised	(93)	7.39		
Cancelled	(125)	6.30		
Outstanding at November 30, 2013	631	$5.57	4.2	$8.1
Exercisable at November 30, 2013	532	$5.48	4.1	$6.8
Expected to vest at November 30, 2013	99	$6.01	4.3	$1.2

The total intrinsic value for options exercised in fiscal 2013 and fiscal 2012 was $0.6 million and $0.4 million, respectively. No stock options were exercised in fiscal 2011. The weighted average grant date fair value for stock options granted in fiscal 2012 and 2011 was $3.46 and $3.54, respectively.

The following table summarizes the range of exercise prices and weighted-average exercise prices for options outstanding as of November 30, 2013 under the Company's stock option plans:

		Outstanding		
Year Granted	Range of Exercise Prices	Stock Options Outstanding (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
2004	$ 10.92	20	$10.92	0.2
2009	$ 4.54	133	$ 4.54	5.6
2010	$4.91 – $7.14	371	$ 5.51	3.7
2011	$ 6.01	100	$ 6.01	4.3
2012	$ 6.00	7	$ 6.00	8.2
		631		

Valuation Assumptions

The fair value of stock options was estimated using a Black-Scholes Model with the following weighted average assumptions:

	Year Ended	
	2012	**2011**
Expected life (in years)	7.0	7.0
Volatility	57.47%	57.19%
Risk-free interest rate	1.54%	2.53%
Dividend yield	0.00%	0.00%

The fair value of SARS was estimated using a Black-Scholes Model with the following weighted average assumptions:

	Year Ended		
	2013	**2012**	**2011**
Expected life (in years)	3.6	3.7	4.4
Volatility	44.30%	55.47%	62.60%
Risk-free interest rate	0.84%	0.51%	0.91%
Dividend yield	0.00%	0.00%	0.00%

Expected Term: The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards and vesting schedules.

Expected Volatility: The fair value of stock-based payments was determined using the Black-Scholes Model with a volatility factor based on the Company's historical stock prices. The range of expected volatility used in the Black-Scholes Model was 29% to 64% as of November 30, 2013.

Expected Dividend: The Black-Scholes Model requires a single expected dividend yield as an input. The Senior Credit Facility restricts the payment of dividends and the Company does not anticipate paying cash dividends in the foreseeable future.

Risk-Free Interest Rate: The Company bases the risk-free interest rate used in the Black-Scholes Model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term. The range of risk-free interest rates used in the Black-Scholes Model was 0.14% to 2.26% as of November 30, 2013.

Estimated Pre-vesting Forfeitures: When estimating forfeitures, the Company considers historical terminations as well as anticipated retirements.

Note 11. Operating Segments and Related Disclosures

The Company's operations are organized into two operating segments based on different products and customer bases: Aerospace and Defense, and Real Estate. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (see Note 1).

The Company evaluates its operating segments based on several factors, of which the primary financial measure is segment performance. Segment performance represents net sales from continuing operations less applicable costs, expenses and provisions for unusual items relating to the segment operations. Segment performance excludes corporate income and expenses, legacy income or expenses, provisions for unusual items not related to the segment operations, interest expense, interest income, and income taxes.

Selected financial information for each reportable segment was as follows:

	Year Ended 2013	2012	2011
		(In millions)	
Net Sales:			
Aerospace and Defense	$1,377.4	$986.1	$909.7
Real Estate	5.7	8.8	8.4
Total	$1,383.1	$994.9	$918.1
Segment Performance:			
Aerospace and Defense	$ 147.6	$115.5	$108.6
Environmental remediation provision adjustments	(4.6)	(11.4)	(8.9)
Retirement benefit plan expense	(44.2)	(18.9)	(21.0)
Unusual items (see Note 15)	(1.6)	(0.7)	(4.1)
Aerospace and Defense Total	97.2	84.5	74.6
Real Estate	3.8	3.7	5.6
Total	$ 101.0	$ 88.2	$ 80.2
Reconciliation of segment performance to (loss) income from continuing operations before income taxes:			
Segment Performance	$ 101.0	$ 88.2	$ 80.2
Interest expense	(48.7)	(22.3)	(30.8)
Interest income	0.2	0.6	1.0
Stock-based compensation	(14.1)	(6.5)	(3.7)
Corporate retirement benefit plan expense	(20.8)	(22.1)	(25.4)
Corporate and other expenses	(20.9)	(12.7)	(10.8)
Corporate unusual items (see Note 15)	(22.9)	(12.0)	(1.5)
(Loss) income from continuing operations before income taxes	$ (26.2)	$ 13.2	$ 9.0
Aerospace and Defense	$ 63.2	$ 37.2	$ 21.1
Real Estate	—	—	—
Corporate	—	—	—
Capital Expenditures	$ 63.2	$ 37.2	$ 21.1
Aerospace and Defense	$ 43.1	$ 21.7	$ 24.3
Real Estate	0.7	0.6	0.3
Corporate	—	—	—
Depreciation and Amortization	$ 43.8	$ 22.3	$ 24.6

	As of November 30, 2013	2012
	(In millions)	
Aerospace and Defense(1)	$1,349.1	$637.6
Real Estate	109.3	82.3
Identifiable assets	1,458.4	719.9
Corporate	296.9	199.4
Assets	$1,755.3	$919.3

(1) The Aerospace and Defense operating segment had $159.6 million and $94.9 million of goodwill as of November 30, 2013 and 2012, respectively. In addition, as of November 30, 2013 and 2012 intangible assets balances were $135.7 million and $13.9 million, respectively, for the Aerospace and Defense operating segment.

The Company's continuing operations are located in the United States. Inter-area sales are not significant to the total sales of any geographic area. Unusual items included in segment performance pertained only to the United States.

Note 12. Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)
	(In millions, except per share amounts)			
2013				
Net sales	$243.7	$286.6	$367.5	$485.3
Cost of sales (exclusive of items shown separately on Statement of Operations)	217.5	254.4	326.7	431.0
(Loss) income from continuing operations before income taxes	(9.2)	(9.6)	(9.0)	1.6
(Loss) income from continuing operations	(14.1)	(11.7)	197.6	(4.1)
Income (loss) from discontinued operations, net of income taxes	0.1	(0.1)	(0.2)	0.4
Net (loss) income	(14.0)	(11.8)	197.4	(3.7)
Basic (loss) income per share from continuing operations	(0.24)	(0.20)	3.25	(0.07)
Basic income per share from discontinued operations, net of income taxes	—	—	—	0.01
Basic net (loss) income per share	(0.24)	(0.20)	3.25	(0.06)
Diluted (loss) income per share from continuing operations	(0.24)	(0.20)	2.39	(0.07)
Diluted income per share from discontinued operations, net of income taxes	—	—	—	0.01
Diluted net (loss) income per share	(0.24)	(0.20)	2.39	(0.06)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(2)
	(In millions, except per share amounts)			
2012				
Net sales	$201.9	$249.9	$244.9	$298.2
Cost of sales (exclusive of items shown separately on Statement of Operations)	173.9	220.3	214.1	261.3
Income (loss) from continuing operations before income taxes	4.7	4.6	(0.5)	4.4
Income (loss) from continuing operations	2.4	1.3	(8.7)	(0.7)
Income (loss) from discontinued operations, net of income taxes	—	0.4	(0.8)	3.5
Net income (loss)	2.4	1.7	(9.5)	2.8
Basic and diluted income (loss) per share from continuing operations	0.04	0.02	(0.15)	(0.01)
Basic and diluted income (loss) per share from discontinued operations, net of income taxes	—	0.01	(0.01)	0.06
Basic and diluted net income (loss) per share	0.04	0.03	(0.16)	0.05

(1) During the fourth quarter of fiscal 2013, the Company recorded out of period adjustments to selling, general and administrative expense and the income tax provision and related balance sheet accounts. The out of period adjustments relate to the accounting for a legal settlement, basis of taxable goodwill and state income taxes. The Company recorded an adjustment to correct the identified errors resulting in the Company under reporting income by $0.3 million.

(2) During the fourth quarter of fiscal 2012, the Company recorded out of period adjustments to cost of sales, interest expense, and the income tax provision and related balance sheet accounts. The out of period adjustments relate to the treatment of intercompany interest within the state tax provisions and the accounting for a lease modification. The Company recorded an adjustment to correct the identified errors resulting in the Company under reporting income by $0.4 million.

Note 13. Discontinued Operations

On August 31, 2004, the Company completed the sale of its GDX Automotive ("GDX") business. On November 30, 2005, the Company completed the sale of the Fine Chemicals business. The remaining subsidiaries after the sale of GDX Automotive, including Snappon SA, and the Fine Chemicals business are classified as discontinued operations.

Summarized financial information for discontinued operations is set forth below:

	Year Ended		
	2013	2012	2011
	(In millions)		
Net sales	$ —	$ —	$—
(Loss) income before income taxes(1)	(0.9)	2.6	—
Income tax benefit	1.1	0.5	—
Income from discontinued operations	0.2	3.1	—

(1) Includes foreign currency transaction (losses) and gains of ($0.2) million in fiscal 2013, $0.4 million in fiscal 2012, and ($0.3) million in fiscal 2011.

Note 14. Assets Held for Sale

As of November 30, 2012, the Company classified its LDACS program as assets held for sale, as at that time the Company expected that it would be required to divest the LDACS product line in order to consummate the Acquisition. For operating segment reporting, the LDACS program has been reported as a part of the Aerospace and Defense segment. The components of assets and liabilities held for sale in the consolidated balance sheet as of November 30, 2012 were as follows:

Accounts receivable	$ 3.5
Equipment	0.1
Estimated costs to divest	(3.6)
Assets held for sale	$ —
Accounts payable	$ 0.1
Other liabilities	1.0
Liabilities held for sale	$ 1.1

As of May 31, 2013, the Company believed that it would not be required to divest the LDACS product line in order to consummate the Acquisition based on conversations with the FTC. On June 10, 2013, the FTC announced that it closed its investigation into the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the Company was not required to divest its LDACS business. The Company expensed $3.6 million, recorded as part of unusual items, in fiscal 2012 for the estimated costs to divest the LDACS program. The Company recorded a benefit of $3.6 million, as part of unusual items, in the second quarter of fiscal 2013 as the Company believed that the FTC would not require the divestiture of the LDACS program.

Note 15. Unusual Items

Total unusual items expense, a component of other expense, net in the consolidated statements of operations was as follows:

	Year Ended 2013	2012	2011
	(In millions)		
Aerospace and Defense:			
(Gain) loss on legal matters and settlements	$ (1.0)	$ 0.7	$4.1
Rocketdyne Business acquisition related costs	2.6	—	—
Aerospace and defense unusual items	1.6	0.7	4.1
Corporate:			
Rocketdyne Business acquisition related costs	17.4	11.6	—
Loss on debt repurchased	5.0	0.4	0.2
Loss on legal settlement	0.5	—	—
Loss on bank amendment	—	—	1.3
Corporate unusual items	22.9	12.0	1.5
Total unusual items	$24.5	$12.7	$5.6

Fiscal 2013 Activity:

The Company recorded a charge of $0.5 million related to a legal settlement.

The Company recorded ($1.0) million for gains and interest associated with the failure to register with the SEC the issuance of certain of the Company's common shares under the defined contribution 401(k) employee benefit plan.

The Company incurred expenses of $20.0 million, including internal labor costs of $1.4 million, related to the Rocketdyne Business acquisition.

A summary of the Company's losses on the 4 1⁄16% Debentures repurchased during fiscal 2013 is as follows (in millions):

Principal amount repurchased	$ 5.2
Cash repurchase price	(10.1)
Write-off of the deferred financing costs	(0.1)
Loss on 4 1⁄16% Debentures repurchased	$ (5.0)

Fiscal 2012 Activity:

The Company recorded $0.7 million for losses and interest associated with the failure to register with the SEC the issuance of certain of the Company's common shares under the defined contribution 401(k) employee benefit plan.

The Company incurred expenses of $11.6 million, including internal labor costs of $2.0 million, related to the Rocketdyne Business acquisition announced in July 2012.

The Company redeemed $75.0 million of its 9 1⁄2% Notes at a redemption price of 100% of the principal amount. The redemption resulted in a charge of $0.4 million associated with the write-off of the 9 1⁄2% Notes deferred financing costs.

Fiscal 2011 Activity:

The Company recorded a charge of $3.3 million related to a legal settlement and $0.8 million for losses and interest associated with the failure to register with the SEC the issuance of certain of its common shares under the defined contribution 401(k) employee benefit plan.

During fiscal 2011, the Company repurchased $22.0 million principal amount of its 2¼% Debentures at various prices ranging from 99.0% of par to 99.6% of par resulting in a loss of $0.2 million.

In addition, during fiscal 2011, the Company recorded $1.3 million of losses related to an amendment to the Senior Credit Facility.

Note 16. Condensed Consolidating Financial Information

The Company is providing condensed consolidating financial information for its domestic subsidiaries that have guaranteed the 7⅛% Notes, and for those subsidiaries that have not guaranteed the 7⅛% Notes. These 100% owned subsidiary guarantors have, jointly and severally, fully and unconditionally guaranteed the 7⅛% Notes subject to release under the following circumstances: (i) to enable the disposition of such property or assets to a party that is not the Company or a subsidiary guarantor to the extent permitted by and consummated in compliance with the indenture governing the 7⅛% Notes; (ii) in case of a subsidiary guarantor that is released from its subsidiary guarantee, the release of the property and assets of such subsidiary guarantor; (iii) as permitted or required by the intercreditor agreement; (iv) with the consent of the holder of at least a majority in principal amount of the outstanding 7⅛% Notes; or (v) when permitted or required by the indenture governing the 7⅛% Notes. Prior to the consummation of the Acquisition and escrow release date, the 7⅛% Notes were secured by a first priority security interest in the escrow account and all deposits and investment property therein. Following the consummation of the Acquisition and escrow release date on June 14, 2013, the subsidiary guarantees are a senior secured obligation of each subsidiary guarantor and rank (i) effectively junior to all of existing and future first-priority senior secured debt, including borrowings under the Senior Credit Facility, to the extent of the value of the assets securing such debt; (ii) effectively senior to all of the Company's existing and future unsecured senior debt; (iii) senior in right of payment to all of the Company's existing and future subordinated debt; and (iv) structurally subordinated to all existing and future liabilities of non-guarantor subsidiaries.

The Company has not presented separate financial and narrative information for each of the subsidiary guarantors, because it believes that such financial and narrative information would not provide investors with any additional information that would be material in evaluating the sufficiency of the guarantees. Therefore, the following condensed consolidating financial information summarizes the financial position, results of operations, and cash flows for the Company's guarantor and non-guarantor subsidiaries.

Condensed Consolidating Statements of Operations

November 30, 2013 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$1,354.7	$ 28.4	$ —	$1,383.1
Cost of sales (exclusive of items shown separately below)	—	1,206.3	23.9	(0.6)	1,229.6
Selling, general and administrative	31.1	21.2	1.3	—	53.6
Depreciation and amortization	0.1	42.6	1.1	—	43.8
Interest expense	46.2	2.5	—	—	48.7
Other, net	32.8	2.8	(2.6)	0.6	33.6
(Loss) income from continuing operations before income taxes	(110.2)	79.3	4.7	—	(26.2)
Income tax benefit	(81.8)	(101.8)	(10.3)	—	(193.9)
(Loss) income from continuing operations	(28.4)	181.1	15.0	—	167.7
Income from discontinued operations	0.2	—	—	—	0.2
(Loss) income before equity income of subsidiaries	(28.2)	181.1	15.0	—	167.9
Equity income of subsidiaries	196.1	—	—	(196.1)	—
Net income	$ 167.9	$ 181.1	$ 15.0	$(196.1)	$ 167.9
Comprehensive income	$ 431.8	$ 375.7	$ 15.0	$(390.7)	$ 431.8

November 30, 2012 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 962.0	$32.9	$ —	$ 994.9
Cost of sales (exclusive of items shown separately below)	—	844.2	26.0	(0.6)	869.6
Selling, general and administrative	26.4	14.6	0.9	—	41.9
Depreciation and amortization	0.1	21.1	1.1	—	22.3
Interest expense	18.7	3.6	—	—	22.3
Other, net	26.7	(4.3)	2.6	0.6	25.6
(Loss) income from continuing operations before income taxes	(71.9)	82.8	2.3	—	13.2
Income tax (benefit) provision	(16.9)	34.4	1.4	—	18.9
(Loss) income from continuing operations	(55.0)	48.4	0.9	—	(5.7)
Income from discontinued operations	3.1	—	—	—	3.1
(Loss) income before equity income of subsidiaries	(51.9)	48.4	0.9	—	(2.6)
Equity income of subsidiaries	49.3	—	—	(49.3)	—
Net (loss) income	$ (2.6)	$ 48.4	$ 0.9	$ (49.3)	$ (2.6)
Comprehensive (loss) income	$(189.5)	$(119.5)	$ 0.9	$118.6	$(189.5)

November 30, 2011 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$885.0	$33.1	$ —	$918.1
Cost of sales (exclusive of items shown separately below)	—	774.8	25.0	(0.5)	799.3
Selling, general and administrative	27.1	12.9	0.9	—	40.9
Depreciation and amortization	0.1	23.5	1.0	—	24.6
Interest expense	25.6	5.2	—	—	30.8
Other, net	11.9	(1.5)	2.6	0.5	13.5
(Loss) income from continuing operations before income taxes	(64.7)	70.1	3.6	—	9.0
Income tax (benefit) provision	(25.5)	39.8	(8.2)	—	6.1
(Loss) income from continuing operations	(39.2)	30.3	11.8	—	2.9
Income from discontinued operations	—	—	—	—	—
(Loss) income before equity income of subsidiaries	(39.2)	30.3	11.8	—	2.9
Equity income of subsidiaries	42.1	—	—	(42.1)	—
Net income	$ 2.9	$ 30.3	$11.8	$(42.1)	$ 2.9
Comprehensive (loss) income	$(15.3)	$ 4.1	$11.8	$(15.9)	$ (15.3)

Condensed Consolidating Balance Sheets

November 30, 2013 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$192.7	$ 4.9	$ —	$ —	$ 197.6
Accounts receivable	—	211.4	2.7	—	214.1
Inventories	—	100.5	5.4	—	105.9
Recoverable from the U.S. government, Northrop, and other third parties for environmental remediation costs	0.4	26.0	—	—	26.4
Other receivables, prepaid expenses and other	2.6	18.8	1.0	—	22.4
Income taxes	30.1	—	—	(17.5)	12.6
Deferred income taxes	10.9	4.9	1.2	—	17.0
Total current assets	236.7	366.5	10.3	(17.5)	596.0
Property, plant and equipment, net	4.7	364.4	5.6	—	374.7
Recoverable from the U.S. government and other third parties for environmental remediation costs	0.4	88.3	—	—	88.7
Deferred income taxes	48.8	107.2	19.7	—	175.7
Goodwill	—	159.6	—	—	159.6
Intercompany receivable	71.5	—	32.2	(103.7)	—
Investments in subsidiaries	534.5	—	—	(534.5)	—
Other noncurrent assets and intangibles, net	27.7	289.0	43.9	—	360.6
Total assets	$924.3	$1,375.0	$111.7	$(655.7)	$1,755.3
Short-term borrowings and current portion of long-term debt	$ 2.7	$ 0.2	$ —	$ —	$ 2.9
Accounts payable	2.2	119.1	1.2	—	122.5
Reserves for environmental remediation costs	3.8	32.8	—	—	36.6
Income taxes payable	—	16.9	0.6	(17.5)	—
Other current liabilities, advance payments on contracts, and postretirement medical and life insurance benefits	85.2	229.7	2.8	—	317.7
Total current liabilities	93.9	398.7	4.6	(17.5)	479.7
Long-term debt	695.7	0.6	—	—	696.3
Reserves for environmental remediation costs	4.3	130.4	—	—	134.7
Pension benefits	23.6	238.1	—	—	261.7
Intercompany payable	—	103.7	—	(103.7)	—
Other noncurrent liabilities	57.0	64.6	11.5	—	133.1
Total liabilities	874.5	936.1	16.1	(121.2)	1,705.5
Commitments and contingencies (Note 8)					
Redeemable common stock (Note 9)	0.2	—	—	—	0.2
Total shareholders' equity	49.6	438.9	95.6	(534.5)	49.6
Total liabilities, redeemable common stock, and shareholders' equity	$924.3	$1,375.0	$111.7	$(655.7)	$1,755.3

November 30, 2012 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 172.4	$ —	$ —	$ (10.3)	$ 162.1
Accounts receivable	—	109.7	1.8	—	111.5
Inventories	—	40.5	6.4	—	46.9
Recoverable from the U.S. government, Northrop, and other third parties for environmental remediation costs	0.1	28.2	—	—	28.3
Other receivables, prepaid expenses and other	7.0	9.1	0.7	—	16.8
Income taxes	28.8	—	—	(26.3)	2.5
Total current assets	208.3	187.5	8.9	(36.6)	368.1
Property, plant and equipment, net	4.7	133.8	5.4	—	143.9
Recoverable from the U.S. government and other third parties for environmental remediation costs	0.7	107.2	—	—	107.9
Goodwill	—	94.9	—	—	94.9
Intercompany receivable	—	308.5	30.5	(339.0)	—
Investments in subsidiaries	143.1	—	—	(143.1)	—
Other noncurrent assets and intangibles, net	17.6	146.3	40.6	—	204.5
Total assets	$ 374.4	$978.2	$85.4	$(518.7)	$ 919.3
Short-term borrowings and current portion of long-term debt	$ 2.4	$ 0.3	$ —	$ —	$ 2.7
Accounts payable	3.1	61.8	1.5	(10.3)	56.1
Reserves for environmental remediation costs	3.5	36.0	—	—	39.5
Income taxes payable	—	25.4	0.9	(26.3)	—
Other current liabilities, advance payments on contracts, and postretirement medical and life insurance benefits	28.1	190.6	1.6	—	220.3
Total current liabilities	37.1	314.1	4.0	(36.6)	318.6
Long-term debt	245.3	0.7	—	—	246.0
Reserves for environmental remediation costs	3.6	146.4	—	—	150.0
Pension benefits	70.8	383.7	—	—	454.5
Intercompany payable	339.0	—	—	(339.0)	—
Other noncurrent liabilities	67.4	70.4	1.2	—	139.0
Total liabilities	763.2	915.3	5.2	(375.6)	1,308.1
Commitments and contingencies (Note 8)					
Redeemable common stock (Note 9)	3.9	—	—	—	3.9
Total shareholders' (deficit) equity	(392.7)	62.9	80.2	(143.1)	(392.7)
Total liabilities, redeemable common stock, and shareholders' equity (deficit)	$ 374.4	$978.2	$85.4	$(518.7)	$ 919.3

Condensed Consolidating Statements of Cash Flows

November 30, 2013 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (2.2)	$ 67.1	$ 2.4	$ 10.3	$ 77.6
Cash flows from investing activities:					
Capital expenditures	—	(62.5)	(0.7)	—	(63.2)
Other investing	—	(411.7)	—	—	(411.7)
Net cash used in investing activities	—	(474.2)	(0.7)	—	(474.9)
Cash flows from financing activities:					
Proceeds from issuance of debt	460.0	—	—	—	460.0
Repayments on debt	(12.6)	(0.2)	—	—	(12.8)
Debt issuance costs	(14.9)	—	—	—	(14.9)
Net transfers (to) from parent	(410.5)	412.2	(1.7)	—	—
Other financing activities	0.5	—	—	—	0.5
Net cash provided by (used in) financing activities	22.5	412.0	(1.7)	—	432.8
Net increase in cash and cash equivalents	20.3	4.9	—	10.3	35.5
Cash and cash equivalents at beginning of year	172.4	—	—	(10.3)	162.1
Cash and cash equivalents at end of period	$ 192.7	$ 4.9	$ —	$ —	$ 197.6

November 30, 2012 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (17.8)	$ 95.9	$ 1.7	$ 6.4	$ 86.2
Cash flows from investing activities:					
Capital expenditures	—	(35.8)	(1.4)	—	(37.2)
Other investing	—	0.6	—	—	0.6
Net cash used in investing activities	—	(35.2)	(1.4)	—	(36.6)
Cash flows from financing activities:					
Repayments on debt	(77.4)	(0.3)	—	—	(77.7)
Debt issuance costs	(1.3)	—	—	—	(1.3)
Net transfers (to) from parent	59.9	(59.6)	(0.3)	—	—
Other financing activities	4.3	(0.8)	—	—	3.5
Net cash (used in) provided by financing activities	(14.5)	(60.7)	(0.3)	—	(75.5)
Net (decrease) increase in cash and cash equivalents	(32.3)	—	—	6.4	(25.9)
Cash and cash equivalents at beginning of year	204.7	—	—	(16.7)	188.0
Cash and cash equivalents at end of period	$172.4	$ —	$ —	$(10.3)	$162.1

November 30, 2011 (In millions):	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (33.3)	$105.6	$ 5.4	$ (0.9)	$ 76.8
Cash flows from investing activities:					
Capital expenditures	—	(20.3)	(0.8)	—	(21.1)
Other investing activities	26.7	—	—	—	26.7
Net cash provided by (used in) investing activities	26.7	(20.3)	(0.8)	—	5.6
Cash flows from financing activities:					
Repayments on debt	(70.0)	(0.1)	—	—	(70.1)
Debt issuance costs	(4.2)	—	—	—	(4.2)
Net transfers (to) from parent	87.9	(83.3)	(4.6)	—	—
Other financing activities	0.3	(1.9)	—	—	(1.6)
Net cash provided by (used in) financing activities	14.0	(85.3)	(4.6)	—	(75.9)
Net increase (decrease) in cash and cash equivalents	7.4	—	—	(0.9)	6.5
Cash and cash equivalents at beginning of year	197.3	—	—	(15.8)	181.5
Cash and cash equivalents at end of period	$204.7	$ —	$ —	$(16.7)	$188.0

Note 17. Subsequent Events

On January 30, 2014, the Company began providing notices to employees whose employment may be terminated as part of a cost reduction plan (the "Restructuring Plan"). The Restructuring Plan contemplates the reduction of the Company's overall headcount. If the Restructuring Plan is implemented as proposed, the workforce reduction would affect up to approximately 225 employees, and is expected to be completed by the end of March 2014. In connection with such implementation, the Company expects to incur costs of approximately $15.7 million, consisting of costs for severance, employee-related benefits and other associated expenses. The Restructuring Plan and the foregoing figures are the Company's estimates and are subject to change.

On February 7, 2014, the Company announced that its Board of Directors authorized a share repurchase program of up to $75 million. Share repurchases may be made by the Company from time to time in open market transactions at prevailing market prices or in privately negotiated transactions.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

As of November 30, 2013, we conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended ("Exchange Act"), means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to provide reasonable assurance that such information is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of November 30, 2013 that our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate "internal control over financial reporting," as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This rule defines internal control over financial reporting as a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We acquired the Rocketdyne Business in a purchase business combination on June 14, 2013. The Rocketdyne Business is a 100% owned subsidiary, and we excluded this business from the scope of our management's assessment of the effectiveness of our internal control over financial reporting as of November 30, 2013. This exclusion is in accordance with the SEC's general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition. Rocketdyne Business total assets and total net sales represent 20% and 23%, respectively, of our related consolidated financial statement amounts as of and for the twelve months ended November 30, 2013.

With the participation of the Chief Executive Officer and the Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992). Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of November 30, 2013.

The effectiveness of our internal control over financial reporting as of November 30, 2013 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. Their report appears in Item 8.

Changes In Internal Control Over Financial Reporting

There were changes in our internal controls over financial reporting that occurred during the second half of fiscal 2013 that have materially affected our internal control over financial reporting. In particular, we implemented an Oracle Business Suite ERP system in June 2013 to replace certain of our legacy computer systems. As part of the integration of such ERP system, we modified certain existing internal controls and implemented new ones. Other than the changes required by the implementation of the ERP system, there were no material changes in internal controls over financial reporting that occurred during the most recent fiscal quarter that have materially, or are reasonably likely to materially affect, the effectiveness of our internal controls over financial reporting.

Item 9B. ***Other Information***

None.

Item 10. ***Directors, Executive Officers and Corporate Governance***

Directors of the Registrant

Information with respect to directors of the Company who will stand for election at the 2014 Annual Meeting of Shareholders is set forth under the heading "PROPOSAL 1 — ELECTION OF DIRECTORS" in our 2014 Proxy Statement for our 2014 Annual Meeting ("2014 Proxy Statement"), which will be filed with the Securities and Exchange Commission within 120 days after the close of our fiscal year. Such information is incorporated herein by reference.

The information in our 2014 Proxy Statement set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference. Information regarding shareholder communications with our Board of Directors may be found under the caption "Communications with Directors" in our 2014 Proxy Statement and is incorporated herein by reference.

Executive Officers of the Registrant

The following information is given as of December 31, 2013.

Name	Title	Other Business Experience	Age
Scott J. Seymour	President and Chief Executive Officer of the Company (since January 2010)	President of Aerojet Rocketdyne January 2010 — August 2012; Consultant to Northrop Grumman Corporation ("Northrop") March 2008 — January 2010; Corporate Vice President and President of Integrated Systems Sector of Northrop 2002 — March 2008; Vice President, Air Combat Systems of Northrop 1998 — 2001; Vice President and B-2 Program Manager of Northrop 1996 — 1998; and Vice President, Palmdale Operations, of Northrop 1993 — 1996.	63
Kathleen E. Redd	Vice President, Chief Financial Officer (since January 2009), and Assistant Secretary of the Company (since March 2012)	Secretary February 2009 — March 2012; Vice President, Controller and Acting Chief Financial Officer September 2008 — January 2009; Vice President, Finance 2006 — 2008; Assistant Corporate Controller, 2002 — 2006; Acting Vice President Controller GDX Automotive, 2003 — 2004 (concurrent with Assistant Corporate Controller position during divestiture activities); Vice President, Finance, for Grass Valley Group, 2001 — 2002; Vice President, Finance for JOMED, Inc., 2000 — 2001; Controller for EndoSonics Corporation, 1996 — 2000.	52
Warren M. Boley, Jr.	President, Aerojet Rocketdyne (since August 2012)	Chief Operating Officer, Boley Tool & Machine Works May 2011 — August 2012; Corporate Director, Boley Tool & Machine Works 1991 — present; President, Military Engines Division, United Technologies Corporation, Pratt & Whitney Business Unit ("Pratt & Whitney") April 2010 — May 2011; Vice President — F135/F119 Engine Programs, Pratt & Whitney April 2009 — April 2010; Vice President, Operational Military Engines and Customer Support, Pratt& Whitney September 2007 — April 2009; Vice President Operational Military Engines, Pratt & Whitney March 2003 — September 2007.	51
Christopher C. Cambria	Vice President, General Counsel (since September 2011), and Secretary of the Company (since March 2012)	Self-employed legal consultant 2010 — 2011. Senior Vice President and Senior Counsel, Mergers and Acquisitions for L-3 Communications Holdings 2006 — 2009; Senior Vice President, Secretary and General Counsel 2001 — 2006; and Vice President, General Counsel and Secretary 1997 — 2001. Associate with Fried, Frank, Harris, Shriver & Jacobson 1994 — 1997. Associate with Cravath, Swaine & Moore 1986 — 1993.	55

Name	Title	Other Business Experience	Age
John D. Schumacher	Vice President, Business Relations of the Company (since April 2013).	President, Astrium Americas and Vice President, Space, EADS North America April 2011 — April 2013; Vice President, Washington Operations, Aerojet Rocketdyne May 2006 — April 2011; Director, Whitney, Bradley & Brown Consulting September 2005 — May 2006; Chief of Staff, National Aeronautics and Space Administration (NASA) May 2003 — September 2005; Associate Administrator for External Relations, NASA 1994 — 2003; Deputy Associate Administrator, NASA 1990 — 1994; Advisor to the Administrator, NASA 1989 — 1990; Associate, Rogers & Wells, NY, 1987 — 1989; Captain, Naval Reserve from 1984 — 2006; Naval Service from 1978 — 1984.	59

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

Code of Ethics and Corporate Governance Guidelines

The Company has adopted a code of ethics known as the Code of Business Conduct that applies to the Company's employees including the principal executive officer and principal financial officer. Amendments to the Code of Business Conduct and any grant of a waiver from a provision of the Code of Business Conduct requiring disclosure under applicable SEC rules will be disclosed on the Company's website at *www.GenCorp.com.* Copies of the Code of Business Conduct and the Company's Corporate Governance Guidelines are available on the Company's web site at *www.GenCorp.com* (copies are available in print to any shareholder or other interested person who requests them by writing to Secretary, GenCorp Inc., 2001 Aerojet Road, Rancho Cordova, California 95742).

Audit Committee and Audit Committee Financial Expert

Information regarding the Audit Committee and the Audit Committee's Financial Expert is set forth under the heading "Board Committees" in our 2014 Proxy Statement and is incorporated herein by reference.

Item 11. ***Executive Compensation***

Information concerning executive compensation may be found under the captions "Executive Compensation," "2013 Director Compensation Table," "Compensation Discussion and Analysis," "Summary Compensation Table," "2013 Grants of Plan-Based Awards," "Outstanding Equity Awards at 2013 Fiscal Year End," "2013 Option/SAR Exercises and Stock Vested," "2013 Pension Benefits," "2013 Non-Qualified Deferred Compensation," "Potential Payments upon Termination of Employment or Change in Control," "Employment Agreement and Indemnity Agreements," "Director Compensation," "Organization & Compensation Committee Report" and "Compensation Committee Interlocks and Insider Participation" of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information under the headings "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Officers and Directors" in our 2014 Proxy Statement is incorporated herein by reference.

Equity Compensation Plan Information

The table below sets forth certain information regarding the following equity compensation plans of the Company, pursuant to which we have made equity compensation available to eligible persons, as of November 30, 2013: (i) GenCorp Inc. 1999 Equity and Performance Incentive Plan; and (ii) GenCorp Inc. 2009 Equity and Performance Incentive Plan. Both plans have been approved by our shareholders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by shareholders			
Stock options	631,297	$5.57	
Restricted shares(3)	—		
Total	631,297	$5.57	2,201,817(1)(2)
Equity compensation plans not approved by shareholders(4)	—	N/A	—
Total	631,297	$5.57	2,201,817

(1) As of November 30, 2013, there are no more shares available to be issued under any type of incentive award under the GenCorp Inc. 1999 Equity and Performance Incentive Plan. The maximum number of shares available for issuance to participants under the GenCorp Inc. 2009 Equity and Performance Incentive Plan is 5,000,000 shares, all of which may be awarded as incentive stock options. Subject to the total shares available to be issued under the plan, the following specific limits apply: (A) no more than 200,000 shares may be issued to nonemployee directors and no nonemployee director may receive more than 150,000 shares in any fiscal year; (B) no more than 200,000 shares subject to stock options, including incentive stock options, may be granted to any participant in any fiscal year; (C) no more than 200,000 shares subject to stock appreciation rights may be granted to any participant in any fiscal year; (D) no more than 200,000 shares may be granted to any participant in any fiscal year pursuant to an award of restricted stock or restricted stock units; (E) no more than 200,000 shares may be granted to any participant in any fiscal year pursuant to an award of performance shares or performance units; and (F) no more than 100,000 shares may be granted to any participant in any fiscal year pursuant to a stock-based award other than described above.

(2) The number of securities in Column (c) is net of the maximum 78,925 shares that may be issued pursuant to additional stock options and restricted stock awards that will be granted in 2014 if the Company attains performance goals specified in equity awards made during 2011.

(3) As of November 30, 2013, 1,367,058 shares had been granted as restricted shares that had not yet vested.

(4) The Company also maintains the GenCorp Inc. and Participating Subsidiaries Deferred Bonus Plan. This plan allows participating employees to defer a portion of their compensation for future distribution. All or a portion of such deferrals made prior to November 30, 2009 could be allocated to an account based on the Company's common stock and does permit limited distributions in the form of Company common shares. However, distributions in the form of common shares are permitted only at the election of the Organization & Compensation Committee of the Board of Directors and, according to the terms of the plan, individuals serving as officers or directors of the Company are not permitted to receive distributions in the form of Company common shares until at least six months after such individual ceases to be an officer or director of the Company. The table does not include information about this plan because no options, warrants or rights are available under this plan and no specific number of shares is set aside under this plan as available for future issuance. Based upon the price of Company common shares on November 30, 2013,

the maximum number of shares that could be distributed to employees not subject to the restrictions on officers and directors (if permitted by the Organization & Compensation Committee) would be 5,564. This plan was amended effective November 30, 2009 to prevent the application of future deferrals to the Company common stock investment program.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

Information regarding certain transactions and employment agreements with management is set under the headings “Employment Agreement and Indemnity Agreements,” “Related Person Transaction Policy” and “Potential Payments upon Termination of Employment or Change in Control” in our 2014 Proxy Statement and is incorporated herein by reference. Information regarding director independence is set forth under the heading “Determination of Independence of Directors” in our 2014 Proxy Statement and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

The information in our 2014 Proxy Statement set forth under the captions “Proposal 4 — Ratification of the Appointment of Independent Auditors,” “Audit Fees,” “Audit-Related Fees,” “Tax Fees,” “All Other Fees,” and “Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Company’s Independent Auditors” is incorporated herein by reference.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) The following documents are filed as part of this report:

(1) FINANCIAL STATEMENTS

(2) FINANCIAL STATEMENT SCHEDULES

The following financial statement schedule is filed as part of this Annual Report on Form 10-K. All other financial statement schedules have been omitted because they are either not applicable, 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.

GENCORP INC.
SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS
(In millions)

	Balance at Beginning of Period	Tax Valuation Allowance Charged to Income Tax Provision	Charged to Other Accounts	Tax Valuation Allowance Credited to Income Tax Provision	Balance at End of Period
Tax Valuation Allowance:					
Year ended November 30, 2013	$288.1	$61.2	$(100.4)	$(246.3)	$ 2.6
Year ended November 30, 2012	211.1	39.1	65.2	(27.3)	288.1
Year ended November 30, 2011	212.5	27.8	2.4	(31.6)	211.1

(b) EXHIBITS

Table Item No.	Exhibit Description
2.1	Purchase Agreement, dated May 2, 2003, between Atlantic Research Corporation and Aerojet-General Corporation was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2003 (File No. 1-1520) and is incorporated herein by reference.**
2.2	First Amendment to Purchase Agreement, dated August 29, 2003, between Aerojet-General Corporation and Atlantic Research Corporation was filed as Exhibit 2.2 to GenCorp's Form S-4 Registration Statement dated October 6, 2003 (File No. 333-109518) and is incorporated herein by reference.**
2.3	Second Amendment to Purchase Agreement, dated September 30, 2003, between Aerojet-General Corporation and Atlantic Research Corporation was filed as Exhibit 2.2 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2003 (File No. 1-1520) and is incorporated herein by reference.**
2.4	Third Amendment to Purchase Agreement, dated October 16, 2003, between Aerojet-General Corporation and Atlantic Research Corporation was filed as Exhibit 2.4 to GenCorp's Amendment No. 1 to Form S-4 Registration Statement dated December 15, 2003 (file no. 333-109518) and is incorporated herein by reference.**
2.5	Stock and Asset Purchase Agreement by and between GDX Holdings LLC and GenCorp Inc. dated July 16, 2004 was filed as Exhibit 2.1 to GenCorp Inc.'s Current Report on Form 8-K dated September 7, 2004 (File No. 1-1520) and incorporated herein by reference.**
2.6	First Amendment to Stock and Asset Purchase Agreement by and between GenCorp Inc. and GDX Holdings LLC dated as of August 31, 2004 was filed as Exhibit 2.2 to GenCorp Inc.'s Current Report on Form 8-K dated September 7, 2004 (File No. 1-1520) and incorporated herein by reference.**
2.7	Second Amendment to Stock and Asset Purchase Agreement by and between GenCorp Inc. and GDX Holdings LLC dated as of October 14, 2004 was filed as Exhibit 2.3 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 2004 (File No. 1-1520), as amended, and incorporated herein by reference.**
2.8	Asset Purchase Agreement, dated as of July 12, 2005, by and among Aerojet Fine Chemicals LLC, Aerojet-General Corporation and American Pacific Corporation was filed as Exhibit 2.1 to GenCorp Inc.'s Current Report on Form 8-K filed on July 18, 2005 (File No. 1-1520), and is incorporated herein by reference.**
2.9	First Amendment to Asset Purchase Agreement by and among American Pacific Corporation, Aerojet Fine Chemicals LLC and Aerojet-General Corporation dated as of November 30, 2005 was filed as Exhibit 2.1 to GenCorp Inc.'s Current Report on Form 8-K filed on December 1, 2005 (File No. 1-1520) and incorporated herein by reference.**
2.10	Stock and Asset Purchase Agreement, dated July 22, 2012, by and between United Technologies Corporation and GenCorp Inc. was filed as Exhibit 2.1 to GenCorp Inc.'s Current Report on Form 8-K dated July 26, 2012 (File No. 1-1520) and incorporated herein by reference.**
2.11	Amendment No. 1 to the Stock and Asset Purchase Agreement, dated as of October 16, 2012, by and between GenCorp Inc. and United Technologies Corporation was filed as Exhibit 2.1 to GenCorp Inc.'s Current Report on Form 8-K dated October 22, 2012 (File No. 1-1520) and incorporated herein by reference.**
2.12	Amended and Restated Stock and Asset Purchase Agreement, dated as of June 12, 2013, by and between United Technologies Corporation and GenCorp Inc. was filed as Exhibit 2.1 to GenCorp Inc.'s Current Report on Form 8-K dated June 14, 2013 (File No. 1-1520), and is incorporated herein by reference.**
3.1	Amended Articles of Incorporation of GenCorp filed with the Secretary of State of Ohio on March 28, 2007 was filed as Exhibit 3.1 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2007 (File No. 1-1520) and incorporated herein by reference.

Table Item No.	Exhibit Description
3.2	The Amended Code of Regulations of GenCorp, as amended on March 28, 2007 was filed as Exhibit 3.2 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2007 (File No. 1-1520) and incorporated herein by reference.
3.3	Certificate of Amendment to Amended Articles of Incorporation of GenCorp Inc. filed with the Secretary of State of Ohio on March 29, 2010 was filed as Exhibit 3.3 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2010 (File No. 1-1520) and incorporated herein by reference.
4.1	Indenture, dated as of August 11, 2003, between GenCorp Inc., the Guarantors named therein and The Bank of New York as trustee relating to GenCorp's 9½% Senior Subordinated Notes was filed as Exhibit 4.1 to GenCorp's Form S-4 Registration Statement dated October 6, 2003 (File No. 333-109518) and is incorporated herein by reference.
4.2	Form of 9½% Senior Subordinated Notes was filed as Exhibit 4.4 to GenCorp's Form S-4 Registration Statement dated October 6, 2003 (File No. 333-109518) and is incorporated herein by reference.
4.3	First Supplemental Indenture dated as of October 29, 2004 to the Indenture between GenCorp Inc. and The Bank of New York, as trustee relating to GenCorp's 9½% Senior Subordinated Notes due 2013 was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated November 1, 2004 (File No. 1-1520) and incorporated herein by reference.
4.4	Second Supplemental Indenture dated as of June 27, 2006 to Indenture dated as of August 11, 2003, as amended, between GenCorp Inc. as Issuer, the Guarantors party thereto as Guarantors, and The Bank of New York Trust Company, N.A., as trustee, relating to GenCorp's 9½% Senior Subordinated Notes due 2013, was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on June 28, 2006 (File No. 1-1520), and is incorporated herein by reference.
4.5	Indenture dated January 16, 2004 between GenCorp and The Bank of New York, as trustee, relating to GenCorp's 4% Contingent Convertible Subordinated Notes due 2024 was filed as Exhibit 4.11 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2003 (File No. 1-1520) and is incorporated herein by reference.
4.6	Registration Rights Agreement dated January 16, 2004 by and among GenCorp, Deutsche Bank Securities Inc., Wachovia Capital Markets, LLC, Scotia Capital (USA) Inc., BNY Capital Markets, Inc., NatCity Investments, Inc. and Wells Fargo Securities, LLC was filed as Exhibit 4.12 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2003 (File No. 1-1520) and is incorporated herein by reference.
4.7	Form of 4% Contingent Convertible Subordinated Notes was filed as Exhibit 4.13 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2003 (File No. 1-1520) and is incorporated herein by reference.
4.8	Indenture, dated as of November 23, 2004, between GenCorp Inc. and The Bank of New York Trust Company, N.A., as trustee relating to GenCorp Inc.'s 2¼% Convertible Subordinated Debentures due 2024 was filed as Exhibit 4.01 to GenCorp Inc.'s Current Report on Form 8-K dated November 23, 2004 (File No. 1-1520), as amended, and incorporated herein by reference.
4.9	Registration Rights Agreement, dated as of November 23, 2004, by and between GenCorp Inc. and Wachovia Capital Markets, LLC, as representative for the several initial purchasers of the 2¼% Convertible Subordinated Debentures due 2024 was filed as Exhibit 4.14 to GenCorp Inc.'s Form S-3 Registration Statement dated January 11, 2005 (File No. 333-121948) and incorporated herein by reference.
4.10	Form of 2¼% Convertible Subordinated Debenture was filed as Exhibit 4.02 to GenCorp Inc.'s Current Report on Form 8-K dated November 23, 2004 (File No. 1-1520), as amended, and incorporated herein by reference.
4.11	GenCorp Retirement Savings Plan was filed as Exhibit 4.1 to GenCorp Inc.'s Registration Statement on Form S-8 filed on June 30, 2008 (File No. 333-152032) and incorporated herein by reference.

Table Item No.	Exhibit Description
4.12	GenCorp Inc. 2009 Equity and Performance Incentive Plan was filed as Exhibit 4.1 to GenCorp Inc.'s Form S-8 Registration Statement dated April 28, 2009 (File No. 333-158870), and is incorporated herein by reference.
4.13	Indenture, dated as of December 21, 2009, between GenCorp Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to GenCorp's 4.0625% Convertible Subordinated Debentures due 2039 was filed as Exhibit 4.1 to GenCorp Inc.'s Current Report on Form 8-K filed on December 21, 2009 (File 1-1520) and is incorporated herein by reference.
4.14	Form of 4.0625% Convertible Subordinated Debenture due 2039 was filed as Exhibit 4.2 to GenCorp Inc.'s Current Report on Form 8-K dated December 21, 2009 (File No. 1-1520), as amended, and incorporated herein by reference.
4.15	Third Supplemental Indenture dated as of November 24, 2009, by and among GenCorp Inc., Easton Development Company, LLC, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A. and successor to The Bank of New York), to the Indenture dated as of August 11, 2003, as amended, between GenCorp Inc. as Issuer, the Guarantors party thereto as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on November 30, 2009 (File No. 1-1520), and is incorporated herein by reference.
4.16	GenCorp Inc. Amended and Restated 2009 Equity and Performance Incentive Plan was filed as Exhibit 4.1 to GenCorp Inc.'s Form S-8 Registration Statement dated April 9, 2010 (File No. 333-165978), and is incorporated herein by reference.
4.17	GenCorp Inc. Amended and Restated 2009 Equity and Performance Incentive Plan was filed as Exhibit 4.1 to GenCorp Inc.'s Form S-8 Registration Statement dated March 28, 2012 (File No. 333-180400), and is incorporated herein by reference.
4.18	Indenture for the Senior Secured Notes, dated as of January 28, 2013, between UR Financing Escrow Corporation, and U.S. Bank National Association, as Trustee was filed as Exhibit 4.1 to GenCorp Inc.'s Current Report on Form 8-K filed on February 1, 2013 (File No. 1-1520), and is incorporated herein by reference.
4.19	First Supplemental Indenture to the Senior Secured Notes, dated as of June 14, 2013, among GenCorp Inc., Aerojet Rocketdyne of DE, Inc., Arde, Inc. and Arde-Barinco, Inc., and U.S. Bank National Association, as Trustee was filed as Exhibit 4.1 to GenCorp Inc.'s Current Report on Form 8-K dated June 14, 2013 (File No. 1-1520), and is incorporated herein by reference.
4.20	Registration Rights Agreement, dated as of January 28, 2013, among GenCorp Inc. and Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Wells Fargo Securities, LLC, and SunTrust Robinson Humphrey, Inc., as representatives of the purchasers named therein was filed as Exhibit 10.2 of GenCorp Inc.'s Current Report on Form 8-K filed on February 1, 2013, and is incorporated herein by reference.
4.21	Joinder to the Registration Rights Agreement dated as of June 14, 2013 among GenCorp Inc., Aerojet Rocketdyne of DE, Inc., Arde, Inc. and Arde-Barinco, Inc. was filed as Exhibit 10.5 to GenCorp Inc.'s Current Report on Form 8-K filed on June 14, 2013, and is incorporated herein by reference.
4.22	Intercreditor Agreement, dated as of June 14, 2013, among Wells Fargo, National Association as credit agreement agent and U.S. Bank National Association as trustee under the indenture and U.S. Bank National Association as second lien collateral agent, acknowledged by GenCorp and the subsidiary guarantors was filed as Exhibit 10.3 to GenCorp Inc.'s Current Report on Form 8-K filed on June 14, 2013, and is incorporated herein by reference.
4.23	Second Lien Security Agreement, dated as of June 14, 2013, by and among GenCorp Inc., certain subsidiaries of GenCorp Inc. and U.S. Bank National Association, as Note Trustee and Collateral Agent was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on June 14, 2013, and is incorporated herein by reference.

Table Item No.	Exhibit Description
10.1	Distribution Agreement dated September 30, 1999 between GenCorp Inc. and OMNOVA Solutions Inc. (OMNOVA) was filed as Exhibit B to GenCorp Inc.'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	Amended and Restated Environmental Agreement by and between Aerojet and Northrop Grumman, dated October 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.
10.3†	GenCorp 1996 Supplemental Retirement Plan for Management Employees effective March 1, 1996 was filed as Exhibit B to GenCorp Inc.'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.
10.4†	2009 Benefit Restoration Plan for the GenCorp Inc. Pension Plan was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on January 7, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.5†	2009 Benefit Restoration Plan for the GenCorp Inc. 401(k) Plan was filed as Exhibit 10.2 to GenCorp Inc.'s Current Report on Form 8-K filed on January 7, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.6†	Deferred Bonus Plan of GenCorp Inc. and Participating Subsidiaries was filed as Exhibit 10.6 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2008 (File No. 1-1520), and is incorporated herein by reference.
10.7†	GenCorp Inc. Deferred Compensation Plan for Nonemployee Directors, as amended was filed as Exhibit 10.7 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2008 (File No. 1-1520), and is incorporated herein by reference.
10.8†	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.
10.9†	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.
10.10†	GenCorp Inc. 1999 Equity and Performance Incentive Plan as amended was filed as Exhibit 10.11 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2007 (File No. 1-1520), and is incorporated herein by reference.
10.11†	GenCorp Inc. Executive Incentive Compensation Program, amended September 8, 1995 to be effective for the 1996 fiscal year was filed as Exhibit E to GenCorp Inc.'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.
10.12†	2001 Supplemental Retirement Plan For GenCorp Executives effective December 1, 2001, incorporating GenCorp Inc.'s Voluntary Enhanced Retirement Program was filed as Exhibit 10.29 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2001 (File No. 1-1520) and is incorporated herein by reference.
10.13†	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 GenCorp Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 1998 (File No. 1-1520), and is incorporated herein by reference.
10.14†	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 GenCorp Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 1999 (File No. 1-1520), and is incorporated herein by reference.
10.15†	Form of Restricted Stock Agreement between the Company and Directors or Employees for grants of time-based vesting of restricted stock under the GenCorp Inc. 1999 Equity and Performance Incentive Plan was filed as Exhibit 10.26 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2004 (File No. 1-1520), and is incorporated herein by reference.

Table Item No.	Exhibit Description
10.16†	Form of Stock Appreciation Rights Agreement between the Company and Employees for grants of stock appreciation rights under the GenCorp Inc. 1999 Equity and Performance Incentive Plan was filed as Exhibit 10.27 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2004 (File No. 1-1520), and is incorporated herein by reference.
10.17†	Form of Stock Appreciation Rights Agreement between the Company and Directors for grants of stock appreciation rights under the GenCorp Inc. 1999 Equity and Performance Incentive Plan was filed as Exhibit 10.28 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2004 (File No. 1-1520), and is incorporated herein by reference.
10.18†	Form of Restricted Stock Agreement between the Company and Employees for grants of performance-based vesting of restricted stock under the GenCorp Inc. 1999 Equity and Performance Incentive Plan was filed as Exhibit 10.29 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2004 (File No. 1-1520), and is incorporated herein by reference.
10.19†	Form of Director Nonqualified Stock Option Agreement between the Company and Nonemployee Directors providing for annual grant of nonqualified stock options prior to February 28, 2002, valued at $30,000 was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2002 (File No. 1-1520), and is incorporated herein by reference.
10.20†	Form of Director Nonqualified Stock Option Agreement between the Company and Nonemployee Directors providing for an annual grant of nonqualified stock options on or after February 28, 2002, valued at $30,000 in lieu of further participation in Retirement Plan for Nonemployee Directors was filed as Exhibit 10.2 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2002 (File No. 1-1520), and is incorporated herein by reference.
10.21†	Form of Director and Officer Indemnification Agreement. Was filed as Exhibit 10.21 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.22†	Form of Director Indemnification Agreement was filed as Exhibit M to GenCorp Inc.'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 Officer Indemnification Agreement was filed as Exhibit N to GenCorp Inc.'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.
10.24†	Form of Severance Agreement granted to certain executive officers of the Company was filed as Exhibit D to GenCorp Inc.'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.
10.25	Amended and Restated Shareholder Agreement by and between GenCorp Inc. and Steel Partners II L.P. dated February 16, 2007 was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on February 21, 2007 (File No. 1-1520) and is incorporated herein by reference.
10.26†	Employment Letter Agreement dated April 12, 2005 by and between GenCorp Inc. and Philip W. Cyburt was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on April 14, 2005 (File No. 1-1520), and is incorporated herein by reference.
10.27	American Pacific Corporation Subordinated Promissory Note, dated November 30, 2005, in the principal amount of $25,500,000 was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated November 30, 2005 (File No. 1-1520) and is incorporated herein by reference.
10.28†	Employment Offer Letter dated January 11, 2006 by and between GenCorp Inc. and R. Leon Blackburn was filed as Exhibit 10.32 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2006 (File No. 1-1520) and is incorporated herein by reference.
10.29†	Form of Restricted Stock Agreement Version 2 between the Company and Employees for grants of performance-based vesting of restricted stock under the GenCorp Inc. 1999 Equity and Performance Incentive Plan was filed as Exhibit 10.33 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2005 (File No. 1-1520) and is incorporated herein by reference.

Table Item No.	Exhibit Description
10.30†	Consulting Agreement dated February 28, 2006 by and between Joseph Carleone and GenCorp Inc. was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the first quarter ended February 28, 2006 (File No. 1-1520) and is incorporated herein by reference.
10.31†	Form of Director and Officer Indemnification Agreement was filed as Exhibit 10.1 to GenCorp, Inc.'s Current Report on Form 8-K filed on May 23, 2006 (File No. 1-1520) and is incorporated herein by reference.
10.32†	Form of Severance Agreement for executive officers of the Company was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on August 11, 2006 (File No. 1-1520), and is incorporated herein by reference.
10.33†	Agreement and Release by and between GenCorp Inc. and William A. Purdy Jr. dated January 29, 2007 was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the first quarter ended February 28, 2007 (File No. 1-1520) and is incorporated herein by reference.
10.34	Second Amended and Restated Shareholder Agreement dated as of March 5, 2008, by and between GenCorp Inc. and Steel Partners II L.P. was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K filed on March 10, 2008 (File No. 1-1520), and is incorporated herein by reference.
10.35†	Letter Agreement dated as of March 5, 2008 by and between GenCorp Inc. and Terry L. Hall was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the first quarter ended February 28, 2008 (File No. 1-1520) and is incorporated herein by reference.
10.36†	Letter Agreement dated as of March 5, 2008 by and between GenCorp Inc. and J. Scott Neish was filed as Exhibit 10.2 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the first quarter ended February 28, 2008 (File No. 1-1520) and is incorporated herein by reference.
10.37†	Retention Agreement dated April 15, 2009 between Chris W. Conley and GenCorp Inc. was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the second quarter ended May 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.38	Joinder Agreement dated as of November 24, 2009, by and among GenCorp Inc., Easton Development Company, LLC, and Wachovia Bank, National Association, a national banking association, as Administrative Agent in its capacity as administrative agent under the Amended Credit Agreement dated as of June 27, 2006, among GenCorp Inc., as the Borrower, each of those Material Domestic Subsidiaries of the Borrower identified as a 'Guarantor' on the signature pages thereto and Wachovia Bank, National Association, a national banking association, as Administrative Agent was filed as Exhibit 10.2 to GenCorp Inc.'s Current Report on Form 8-K filed November 30, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.39	First Amendment and Consent to Credit Agreement, dated as of May 1, 2009, by and among, GenCorp Inc., as borrower, the subsidiaries of the Borrower from time to time party thereto, as guarantors, the lenders from time to time party thereto and Wachovia Bank, National Association, as administrative agent for the lenders, was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated May 6, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.40†	Employment Agreement dated July 2, 2009 between John Joy and GenCorp Inc. was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.41†	Amendment to the GenCorp Inc. 1999 Equity and Performance Incentive Plan, effective October 6, 2009 was filed as Exhibit 10.2 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.42†	Amendment to the GenCorp Inc. 2009 Equity and Performance Incentive Plan, effective October 6, 2009 was filed as Exhibit 10.3 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.43†	Director Stock Appreciation Rights Agreement between GenCorp Inc. and Directors for grants of stock appreciation rights under the GenCorp Inc. 2009 Equity and Performance Incentive Plan was filed as Exhibit 10.4 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.

Table Item No.	Exhibit Description
10.44†	Amendment to the Benefits Restoration Plan for Salaried Employees of GenCorp Inc. and Certain Subsidiary Companies, effective October 6, 2009 was filed as Exhibit 10.5 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.45†	Amendment to the 2009 Benefit Restoration Plan for the GenCorp Inc. 401(k) Plan, effective October 6, 2009 was filed as Exhibit 10.6 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.46†	Amendment to the 2009 Benefits Restoration Plan for the GenCorp Inc. Pension Plan, effective October 6, 2009 was filed as Exhibit 10.7 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.47†	Amendment to the Deferred Bonus Plan of GenCorp Inc. and Participating Subsidiaries, effective October 6, 2009 was filed as Exhibit 10.8 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.48†	Amendment to the GenCorp Inc. Deferred Compensation Plan for Nonemployee Directors, as amended, effective October 6, 2009 was filed as Exhibit 10.9 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.49†	Amendment to the GenCorp Inc. 1996 Supplemental Retirement Plan for Management Employees, effective October 6, 2009 was filed as Exhibit 10.10 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the third quarter ended August 31, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.50†	Employment Agreement dated January 6, 2010 by and between Scott Seymour and GenCorp Inc. was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated January 6, 2010 (File No. 1-1520), and is incorporated herein by reference.
10.51	Settlement Agreement by and between Aerojet and United States of America, dated November 29, 1992, was filed as Exhibit 10.52 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.52	Modification No. 1 to the November 29, 1992 Settlement Agreement by and between Aerojet and United States of America, dated October 27, 1998, was filed as Exhibit 10.53 to GenCorp Inc.'s Annual Report on Form 10-K for the fiscal year ended November 30, 2009 (File No. 1-1520), and is incorporated herein by reference.
10.53	Purchase Agreement dated March 18, 2010 between GenCorp Inc. and Beach Point Capital Management LP, on behalf of certain funds and accounts it manages was filed as Exhibit 10.2 to GenCorp Inc.'s Current Report on Form 8-K filed on March 19, 2010 (File No. 1-1520), and is incorporated herein by reference.
10.54†	Addendum dated as of February 10, 2011 to the Employment Agreement, dated as of January 6, 2010, by and between GenCorp Inc. and Scott Seymour was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated February 9, 2011 (File No. 1-1520), and is incorporated herein by reference.
10.55†	Amendment to the Amended and Restated 2009 Equity and Performance Incentive Plan, was filed as an exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated March 30, 2011 (File No. 1-1520), and is incorporated herein by reference.
10.58†	Employment Offer Letter dated July 29, 2011 by and between GenCorp Inc. and Christopher C. Cambria was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated September 12, 2011 (File No. 1-1520), and is incorporated herein by reference.
10.59	Second Amended and Restated Credit Agreement, dated as of November 18, 2011, among GenCorp Inc., as Borrower, each of those Material Domestic Subsidiaries of the Borrower identified as a "Guarantor" on the signature pages thereto and such other Material Domestic Subsidiaries of the Borrower as may from time to time become a party thereto, the several banks and other financial institutions from time to time parties thereto, and Wells Fargo Bank, National Association, as Administrative Agent, was filed as exhibit 10.2 to GenCorp Inc.'s Current Report on Form 8-K dated November 18, 2011 (File No. 1-1520), and is incorporated herein by reference.

Table Item No.	Exhibit Description
10.60†	Retention Agreement by and between Aerojet-General Corporation and Richard W. Bregard was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated February 7, 2012 (File No. 1-1520), and is incorporated herein by reference.
10.61	First Amendment to Second Amended and Restated Credit Agreement, dated as of May 30, 2012, by and among GenCorp Inc., as Borrower, the Material Domestic Subsidiaries of the Borrower party thereto, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent, was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated May 30, 2012 (File No. 1-1520), and is incorporated herein by reference.
10.62†	Employment Offer Letter, dated May 21, 2012, by and between Aerojet-General Corporation and Warren M. Boley, Jr. was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated July 23, 2012 (File No. 1-1520), and is incorporated herein by reference.
10.63	Commitment Letter, dated July 22, 2012, by and among GenCorp Inc., Morgan Stanley Senior Funding, Inc., and Citigroup Global Markets Inc. was filed as Exhibit 10-1 to GenCorp Inc.'s Current Report on Form 8-K dated July 26, 2012 (File No. 1-1520), and is incorporated herein by reference.
10.64	Second Amendment to Second Amended and Restated Credit Agreement, as amended, dated as of August 16, 2012, by and among GenCorp Inc., as Borrower, the Material Domestic Subsidiaries of the Borrower party thereto, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent, was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated August 21, 2012 (File No. 1-1520), and is incorporated herein by reference.
10.65	Third Amendment to Second Amended and Restated Credit Agreement, as amended, dated as of January 14, 2013, by and among GenCorp Inc., as Borrower, the Material Domestic Subsidiaries of the Borrower party thereto, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated January 14, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.66	Escrow Agreement, dated as of January 28, 2013, by and among GenCorp Inc. and U.S. Bank National Association, as trustee, escrow agent and bank and securities intermediary was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated February 1, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.67†	Amendment, dated as of February 12, 2013, to the retention agreement by and between Aerojet-General Corporation and Richard W. Bregard was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the first quarter ended February 28, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.68	GenCorp Inc. 2013 Employee Stock Purchase Plan (incorporated by reference to Exhibit A of the Company's Definitive Proxy Statement filed with the Securities and Exchange Commission on February 15, 2013)
10.69†	Amendment to the GenCorp Inc. Deferred Compensation Plan for Nonemployee Directors, as amended, effective April 11, 2013 was filed as Exhibit 10.1 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the second quarter ended May 31, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.70†	Form of Restricted Stock Agreement between the Company and Directors for grants of time-based vesting of restricted stock under the GenCorp Inc. Amended and Restated 2009 Equity and Performance Incentive Plan was filed as Exhibit 10.2 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the second quarter ended May 31, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.71†	Form of Unrestricted Stock Agreement between the Company and Directors for grants of common stock under the GenCorp Inc. Amended and Restated 2009 Equity and Performance Incentive Plan was filed as Exhibit 10.3 to GenCorp Inc.'s Quarterly Report on Form 10-Q for the second quarter ended May 31, 2013 (File No. 1-1520), and is incorporated herein by reference.

Table Item No.	Exhibit Description
10.72	Form of Restricted Stock Agreement between the Company and Employees for grants of time-based vesting of restricted stock under the GenCorp Inc. Amended and Restated 2009 Equity and Performance Incentive Plan was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated May 13, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.73	Joinder Agreement dated as of June 14, 2013 by and among Pratt &Whitney Rocketdyne, Inc., Arde, Inc., Arde-Barinco, Inc., GenCorp Inc. and Wells Fargo Bank, National Association to that certain Second Amended and Restated Credit Agreement, dated as of November 18, 2011 (as amended, restated, amended and restated, supplemented or otherwise modified) by and among GenCorp Inc., the Material Domestic Subsidiaries from time to time party thereto, the Lenders from time to time party thereto and Wells Fargo Bank, National Association was filed as Exhibit 10.2 to GenCorp Inc.'s Current Report on Form 8-K dated June 14, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.74	Purchase Agreement Joinder, dated as of June 14, 2013, by Pratt & Whitney Rocketdyne, Inc., Arde, Inc., Arde-Barinco, Inc. and Morgan Stanley & Co. LLC to that certain Purchase Agreement, dated as of January 18, 2013, by and among GenCorp Inc., Aerojet-General Corporation and the Initial Purchasers named therein was filed as Exhibit 10.4 to GenCorp Inc.'s Current Report on Form 8-K dated June 14, 2013 (File No. 1-1520), and is incorporated herein by reference.
10.75†	Stock Option Cancellation Agreement, dated July 9, 2013, between GenCorp Inc. and Kathleen E. Redd was filed as Exhibit 10.1 to GenCorp Inc.'s Current Report on Form 8-K dated July 12, 2013 (File No. 1-1520), and is incorporated herein by reference.
21.1*	Subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Principal Executive Officer and Principal Accounting Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 as amended, and 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase
101.DEF***	XBRL Taxonomy Extension Definition Linkbase
101.LAB***	XBRL Taxonomy Extension Label Linkbase
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith. All other exhibits have been previously filed.

** Schedules and Exhibits have been omitted, but will be furnished to the SEC upon request.

*** Furnished and not filed herewith.

† Management contract or compensatory plan or arrangement.

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.

February 7, 2014

GENCORP INC.

By: /s/ SCOTT J. SEYMOUR

Scott J. Seymour
President and Chief Executive Officer

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

Signature	Title	Date
/s/ SCOTT J. SEYMOUR Scott J. Seymour	President, Chief Executive Officer and Director (Principal Executive Officer)	February 7, 2014
/s/ KATHLEEN E. REDD Kathleen E. Redd	Vice President, Chief Financial Officer and Assistant Secretary (Principal Financial Officer and Principal Accounting Officer)	February 7, 2014
/s/ WARREN G. LICHTENSTEIN Warren G. Lichtenstein	Chairman of the Board of Directors	February 7, 2014
/s/ THOMAS A. CORCORAN Thomas A. Corcoran	Director	February 7, 2014
/s/ JAMES R. HENDERSON James R. Henderson	Director	February 7, 2014
/s/ DAVID A. LORBER David A. Lorber	Director	February 7, 2014
/s/ MERRILL A. MCPEAK Merrill A. McPeak	Director	February 7, 2014
/s/ JAMES H. PERRY James H. Perry	Director	February 7, 2014
/s/ MARTIN TURCHIN Martin Turchin	Director	February 7, 2014

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott J. Seymour, certify that:

1. I have reviewed this annual report on Form 10-K of GenCorp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Scott J. Seymour

Scott J. Seymour
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 7, 2014

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kathleen E. Redd, certify that:

1. I have reviewed this annual report on Form 10-K of GenCorp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kathleen E. Redd

Kathleen E. Redd
Vice President, Chief Financial Officer and Assistant Secretary
(Principal Financial Officer and Principal Accounting Officer)

Date: February 7, 2014

CERTIFICATION OF ANNUAL REPORT ON FORM 10-K

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Annual Report on Form 10-K of GenCorp Inc. (the "Company") for the fiscal year ended November 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to his knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Scott J. Seymour

Scott J. Seymour
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 7, 2014

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Annual Report on Form 10-K of GenCorp Inc. (the "Company") for the fiscal year ended November 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies that, to her knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Kathleen E. Redd

Kathleen E. Redd
Vice President, Chief Financial Officer and Assistant Secretary
(Principal Financial Officer and Principal Accounting Officer)

Date: February 7, 2014

Board of Directors

Thomas A. Corcoran
Senior Advisor of The Carlyle Group
President of Corcoran Enterprises, LLC
Director since 2008

James R. Henderson
Business Consultant
Director since 2008

Warren G. Lichtenstein[1]
Executive Chairman and Chief Executive Officer
Steel Partners Holdings L.P.
Director since 2008

David A. Lorber
Co-Founder and Portfolio Manager
FrontFour Capital Group LLC
Director since 2006

Merrill A. McPeak
President, McPeak and Associates
Director since 2013

James H. Perry
Retired Chief Financial Officer
United Industrial Corporation
Director since 2008

Scott J. Seymour
President and Chief Executive Officer
GenCorp Inc.
Director since 2010

Martin Turchin
Vice Chairman
CB Richard Ellis
Director since 2008

Executive Officers

Scott J. Seymour
President and Chief Executive Officer

Kathleen E. Redd
Vice President, Chief Financial Officer
and Assistant Secretary

Christopher C. Cambria
Vice President, General Counsel and Secretary

Chris W. Conley
Vice President, Environmental Health and Safety

James G. Maser
Vice President, Corporate Strategy
and Development

John D. Schumacher
Vice President, Business Relations

Warren M. Boley Jr.
President, Aerojet-General Corporation

Addresses

GenCorp Inc.
2001 Aerojet Road
Rancho Cordova, California 95742-6418
916-355-4000

Mailing Address:
P.O. Box 537012
Sacramento, California 95853-7012

Aerojet Rocketdyne, Inc.
P.O. Box 13222
Sacramento, California 95813-6000
916-355-4000

Easton Development Company, LLC
1180 Iron Point Road
Suite 350
Folsom, California 95630

[1]Chairman of the Board, GenCorp Inc.

Shareholder Information

Common Stock
Exchange Listings:
New York Stock Exchange
Chicago Stock Exchange
Ticker Symbol: GY

Transfer Agent and Registrar
Computershare
877-889-2023
International Callers: 201-680-6578

Address:
Computershare
P. O. Box 43006
Providence, RI 02940-3006

Private Couriers/Registered Mail:
Computershare
250 Royall Street
Canton, MA 02021

Web Site:
www.computershare.com/investor

BuyDIRECT

A direct purchase and sale plan, BuyDIRECT, is available to shareholders and interested first-time investors, offering a convenient method of increasing investment in GenCorp. The Company pays all brokerage commissions and bank service fees incurred on behalf of the participant in connection with stock purchases. Subject to terms and conditions of the plan, investments of up to $120,000 per year are used to buy more shares of the Company's Common Stock.

For additional information, or to participate, contact:
Computershare Trust Company, N. A.
P.O. Box 43078
Providence, RI 02940-3078
877-889-2023

Independent Auditors

PricewaterhouseCoopers LLP
Sacramento, California

Investor Information

Security analysts and investors seeking additional information about GenCorp should contact:
Ronald A. Samborsky,
Vice President, Investor Relations
916-355-3610

Board of Directors Communications

Correspondence to members of the GenCorp Board of Directors should be addressed to:
Chair, Corporate Governance & Nominating Committee
GenCorp Inc.
Christopher C. Cambria
Vice President, General Counsel and Secretary
2001 Aerojet Road
Rancho Cordova, California 95742

Corporate Communications

For inquiries about GenCorp, contact:
Glenn Mahone
Vice President, Communications
GenCorp Inc.
202-302-9941

Additional information about GenCorp, including recent news, can be found at http://www.GenCorp.com

A copy of the Company's Form 10-K as filed with the Securities and Exchange Commission (SEC) for fiscal 2013, which includes as Exhibits the Chief Executive Officer and Chief Financial Officer Certifications required to be filed with the SEC pursuant to Section 302 of the Sarbanes-Oxley Act, is included in this annual report and may also be obtained by shareholders without charge upon written request to GenCorp Inc., 2001 Aerojet Road, Rancho Cordova, California 95742, Attn: Investor Relations. The Form 10-K is also available on the Company's web site at http://www.GenCorp.com. During the Company's fiscal year ended November 30, 2013, the Company filed with the New York Stock Exchange (NYSE) the Certification of its Chief Executive Officer confirming that the Chief Executive Officer was not aware of any violations by the Company of the NYSE's corporate governance listing standards.

02.10.4100

GenCorp

Corporate Headquarters
2001 Aerojet Road
Rancho Cordova, CA 95742-6418
WWW.GENCORP.COM