



**COUNTY OF SACRAMENTO
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**SACRAMENTO COUNTY, AEROJET AND BOEING ANNOUNCE A BREAKTHROUGH
WATER REPLACEMENT SETTLEMENT**

*-Agreements transfer ownership of remediated water
from Aerojet and Boeing to the County -*

SACRAMENTO, Calif., Aug. 28, 2003 – The County of Sacramento today, with Aerojet and Boeing, announced the completion of negotiations of comprehensive, forward-thinking agreements designed to help the Sacramento County Water Agency address current water replacement requirements and future water needs.

The agreements will enable the County to replace water sources impacted by groundwater contamination. The agreements also will eliminate potential litigation involving the County of Sacramento, the Sacramento County Water Agency, Aerojet and Boeing pertaining to closure of a number of the Water Agency's supply wells in the Rancho Cordova area.

"I am very excited that the County of Sacramento is a part of this promising win-win solution for both existing water customers and the future of our region," said Illa Collin, Chair, Sacramento County Board of Supervisors. "This represents a new era of partnership and puts us in the best possible position to provide future water supplies in and around the City of Rancho Cordova."

Using a system of existing and planned facilities located on the Aerojet property and surrounding areas, Aerojet and Boeing will continue to extract and treat contaminated groundwater. The extracted groundwater will be treated to meet levels prescribed by state and federal regulators for perchlorate and other chemicals.

Once extracted and treated, ownership of the groundwater will be transferred to the County of Sacramento. Subject to the California Environmental Quality Act, the County will develop a solution estimated to utilize between 22,000 and 28,000 acre-feet of water generated annually. This translates to approximately 19 to 24 million gallons per day of water available for beneficial reuse in the community.

This solution is consistent with the provisions of the Water Forum Agreement; a landmark water policy adopted 3 years ago by environmental, agricultural, governmental, public, business and water purveyor interests.

This will enable the County to provide water to affected purveyors, replacing sources impacted by groundwater contamination, for use in serving existing residential and commercial customers. Once that need is met, any additional water would be available for future customers in the region.

Herb Niederberger, Division Chief for the Sacramento County Department of Water Resources, explains that the agreements, in and of themselves, should not increase rates for existing water customers. Under the terms, the County of Sacramento cannot charge water purveyors more than the cost they would have normally expended to produce and treat water.

“Aerojet is committed to providing replacement water,” said Chris Conley, vice president for Environmental, Health and Safety for GenCorp, Aerojet’s parent company. “We are proud to be part of these agreements which represent a model collaborative, public/private approach to solving a regional issue.”

Aerojet and Boeing will contribute \$25 million in support of the County’s water solution. Other sources of funding, if needed, could include developers and state and federal funds.

"The Boeing Company is an environmentally responsible neighbor in hundreds of communities throughout the country," said Kirk Thomson, director of Remediation Services for Boeing. "We are pleased to have reached an agreement with Aerojet and Sacramento County that helps to satisfy current and future regional water needs. We are proud to be part of the solution in a way that is right for the community."

The Sacramento County Department of Water Resources manages the county’s groundwater and surface water resources and actively participates in strategic regional planning for future water supplies through the powers of the County of Sacramento and the Sacramento County Water Agency. The governing body of the County of Sacramento and Sacramento County Water Agency is the County Board of Supervisors.

Aerojet is a world-recognized aerospace and defense leader principally serving the missile and space propulsion, and defense and armaments markets. GenCorp Inc.(NYSE:GY) is a multi-national, technology-based manufacturer with leading positions in the automotive, aerospace, defense and pharmaceutical fine chemicals industries. For more information, please visit <http://www.aerojet.com> and <http://www.gencorp.com>.

Boeing Integrated Defense Systems is one of the world's largest space and defense businesses. Headquartered in St. Louis, Boeing Integrated Defense Systems is a \$25 billion business. It provides systems solutions to its global military, government and commercial customers. It is a leading provider of intelligence, surveillance and reconnaissance; the world's largest military aircraft manufacturer; the world's largest satellite manufacturer and a leading provider of space-based communications; the primary systems integrator for U.S. missile defense; NASA's largest contractor; and a global leader in launch services.

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