



2001 Aerojet Road
Rancho Cordova, CA 95742-6418

July 22, 2016

Attention: Quality Manager

Subject: Enterprise Supplier Quality Initiatives

Dear Aerojet Rocketdyne Supplier:

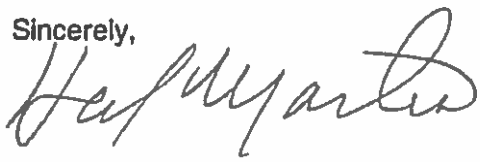
As a valued supplier to Aerojet Rocketdyne (AR), your products are crucial to supporting America's evolving space and defense programs. Today's highly competitive Aerospace & Defense environment requires the highest degree of product quality and affordability to meet our customer's requirements. In order to reach our goals the following Enterprise Quality and affordability initiatives are being implemented:

- **Supplier's Quality Rating** threshold minimum score is now 98%. Suppliers below 98% percentile level require improved performance in order to meet our minimum standards. Formal corrective action may be requested by the Enterprise Supply Chain / Supplier Quality Corrective Action Board based on analysis of trends and other factors (leading indicators). You may continue to view your performance through the Supplier Portal Gateway.
- **Supplier Submittal of Nonconformance's** for Redmond and Sacramento previously submitted on a SSR form will adopt the Supplier Portal Gateway Nonconformance template starting on July 23, 2016. The SSR form will continue to be used for other types of submittals as outlined in the Quality Contract Flowdowns.
- **Certified Special Processor Consolidation** is being initiated by AR to reduce the overall quantity of sub-tier processors. This will be phased in over the next 28 months commencing September 1, 2016. This will entail the requirement to use an AR approved processor from the approved processor list maintained in the Supplier Portal Gateway when Q019 Quality T&C is levied on the purchase order. During the implementation phase, additional special processors meeting our requirements will be added to the approved processor list.
- **Process Variation Management Sampling Process** referred to as (PVM SILVR) - Suppliers demonstrating consistent performance levels of quality may become candidates for sampling approval. Suppliers are encouraged to submit a request for sampling where parts are being produced with automated equipment and are demonstrating low variation (less than 60% allowable tolerance). Requests should be submitted in accordance with Quality Contract Flowdowns for approval by Quality & Mission Assurance.
- **Production Part Approval Process (PPAP)** when flowed on your contract, per Quality Contract Flowdown M04, requires the supplier to provide objective evidence and verification that their production/assembly processes align with Aerojet Rocketdyne's specifications and requirements in order to minimize or eliminate the risk of product failure.
- **Delegated Supplier Quality Representative (DSQR)** is AR's term for delegating supplier responsibility for customer source inspection and product release in lieu of Aerojet Rocketdyne performing the role (when authorized).

The continued cultivation of strong partnerships between Aerojet Rocketdyne and our supplier base is essential to our mutual success.

If you have any questions about this announcement, please contact your Supply Chain Management representative or your designated AR Supplier Quality Engineer for more information.

Sincerely,



Hal Martin
Vice President
Supply Chain &
Material Management



Jerry Tarnacki
Vice President
Quality & Mission Assurance