

COMMONWEALTH OF MASSACHUSETTS

IN THE MATTER OF)
GENCORP INC. REDEVELOPMENT OF)
OF 70 GENERAL STREET, LAWRENCE,)
MASSACHUSETTS)
DEP RTN 3-0340

I. STATEMENT OF PURPOSE

A. This Brownfields Covenant Not to Sue Agreement (this "Agreement") is made and entered into by and between the Office of the Attorney General (the "OAG"), on behalf of the Commonwealth of Massachusetts (the "Commonwealth"), and GenCorp Inc. ("GenCorp") (collectively referred to as the "Parties").

B. This Agreement is entered into pursuant to the Massachusetts Oil and Hazardous Material Release Prevention and Response Act, as amended and codified in Massachusetts General Laws Chapter 21E ("G.L. c. 21E"), and the OAG's Brownfields Covenant Not to Sue Agreement Regulations at 940 CMR 23.00 ("Brownfields Covenant Regulations"), with reference to the Massachusetts Contingency Plan, 310 CMR 40.0000 (the "MCP"). This Agreement relates to the remediation of soil, groundwater and raceways at, under or adjacent to 70 General Street, Lawrence, Massachusetts, currently owned by GenCorp and its redevelopment into a parking facility to support the businesses in the Lawrence Gateway area, projects known as the "GenCorp Inc.-Lawrence Location Remediation and Redevelopment Project" and "Lawrence Gateway Project-Quadrant Area Components" and referred to collectively in this Agreement as the "Project".

C. The Parties intend to set forth in this Agreement their respective duties, obligations and understanding so that GenCorp's remediation and redevelopment efforts can contribute to the physical and economic revitalization of the Lawrence Gateway area of Lawrence, Massachusetts. This Agreement, pursuant to G.L. c. 21E, § 3A(j)(3), relates to potential claims by the Commonwealth as to GenCorp and is predicated upon GenCorp's compliance with the terms and conditions of this Agreement. This Agreement also relates to potential claims brought by third parties for contribution, Response Action costs or property damage pursuant to G.L. c. 21E, §§ 4 and 5, or for property damage under common law. This Agreement does not, however, address liability arising under contract law.

D. The Parties agree that GenCorp's ability to conduct its remediation and redevelopment efforts may be contingent upon independent approval processes of other departments, agencies and instrumentalities of the federal, state and local governments. Nothing in this Agreement should be construed as an endorsement by the OAG of the proposed Project for such approval processes. GenCorp's failure to secure independent governmental approvals

for the proposed Project shall not excuse GenCorp from performance of any term or condition of this Agreement.

E. The Commonwealth believes that this Agreement is fair, consistent with G.L. c. 21E and in the public interest, and has entered into this Agreement as part of an effort to revitalize the area of Lawrence, Massachusetts surrounding the Project.

II. THE PARTIES

A. The OAG is a duly constituted agency of the Commonwealth charged with the legal representation of the Commonwealth and maintains offices at One Ashburton Place, Boston, Massachusetts 02108. Included within the OAG's authority is the authority to enter into Brownfields Covenant Not to Sue Agreements pursuant to G.L. c. 21E, § 3A(j)(3), which provides liability relief under G.L. c. 21E.

B. GenCorp Inc. is an Ohio corporation, duly organized to do business in the Commonwealth of Massachusetts, with a principal address of Highway 50 and Aerojet Road, Rancho Cordova, California 95670. In accordance with this Agreement, GenCorp shall undertake the Project as discussed in Section IV, Paragraph A, subparagraph 2., below.

III. STATEMENT OF FACT AND LAW

A. The Commonwealth enters into this Agreement pursuant to its authority under G.L. c. 21E, §3A(j)(3), and the Brownfields Covenant Regulations.

B. Unless otherwise expressly provided, terms used in this Agreement which are defined in the Brownfields Covenant Regulations shall have the meaning assigned to them under those regulations. Terms not defined in the Brownfields Covenant Regulations, but defined under G.L. c. 21E or the MCP, shall have the meaning assigned to them under G.L. c. 21E or the MCP. Terms used in this agreement which are defined in Brownfields Covenant Regulations, G.L. c. 21E, or the MCP are capitalized.

C. The Project involves approximately 8.47 acres at 70 General Street in the Gateway area of Lawrence, Massachusetts (the "Property"). The Property is more particularly depicted in Exhibit 1, which is attached and incorporated into this Agreement.

D. GenCorp reported Releases of Oil and/or Hazardous Material within the meaning of G.L. c. 21E and the MCP at the Property. The Department of Environmental Protection ("DEP") assigned Release tracking number ("RTN") 3-0340 to these Releases.

E. GenCorp is currently engaged in Response Actions at the Property pursuant to the MCP. The areas where Oil and/or Hazardous Materials have come to be located as a result of the Release designated as RTN 3-0340, and other Releases occurring at the Site prior to the execution of this Agreement that are discovered and addressed in the remediation phase of the Project, constitute the "Site," as that term is defined at 310 CMR 40.0006, for the purposes of

this Agreement. The Site is also the property addressed by this Agreement for the purposes of 940 CMR 23.08(1) in the Brownfields Covenant Regulations. The Site is more fully described on Exhibit 2, which is attached and incorporated into this Agreement. Exhibit 2 describes in detail the environmental conditions, including the nature and extent of contamination suspected to exist, at the Site.

F. The United States Environmental Protection Agency (“EPA”) is overseeing remediation of polychlorinated biphenyls (“PCBs”) at the Site pursuant to the Toxic Substances Control Act, 15 U.S.C. § 2601, and EPA regulations at 40 CFR Part 761.

IV. COMMITMENTS AND OBLIGATIONS

In consideration of the representations made and promises exchanged by and between the Parties, each of them covenants and agrees to the terms and conditions which follow.

A. REPRESENTATIONS AND COMMITMENTS BY GENCORP

1. GenCorp represents that it is current owner and operator of the Property and, as such, may be liable pursuant to G.L. c. 21E, Section 5.

2. GenCorp agrees to the following terms and conditions:

a. GenCorp shall convey title of the Property to the City of Lawrence (the “City”) or the Merrimack Valley Regional Transit Authority (“MVRTA”) and cooperate with the City and the MVRTA, both during and after GenCorp’s Response Actions at the Site, in the efforts of the City and the MVRTA to build surface parking spaces on the Property as provided in the Memorandum of Agreement entered into by and between GenCorp, MVRTA and the City dated November 21, 2005, a copy of which is attached as Exhibit 3. A conceptual design plan for parking on the Property is attached as Exhibit 4.

b. In accordance with G.L. c. 21E and the MCP, GenCorp shall achieve and maintain, or arrange for the achievement and maintenance of, a Permanent Solution or Remedy Operation Status (“ROS”) at the Site, and shall submit a Response Action Outcome (“RAO”) Statement or ROS Submittal to DEP demonstrating the achievement and maintenance of a Permanent Solution or ROS;

c. GenCorp shall cooperate fully with DEP and EPA. To cooperate fully includes, without limitation:

i. providing prompt and reasonable access to the Property to DEP and EPA for any purpose consistent with G.L. c. 21E, the MCP, CERCLA, or the NCP, and to other persons intending to conduct Response Actions or other work pursuant to G.L. c. 21E, the MCP, CERCLA, or the NCP;

ii. complying with the Release notification provisions established by G.L. c. 21E and the MCP;

iii. responding in a timely manner to any request made by the DEP or OAG to produce information as required pursuant to G.L. c. 21E;

iv. taking reasonable steps to prevent the Exposure of people to Oil and/or Hazardous Material, such as by fencing or otherwise preventing access to the Site if appropriate and/or necessary to prevent Exposure or as otherwise required by G.L. c. 21E, the MCP, DEP or a Licensed Site Professional acting on behalf of GenCorp or a subsequent owner or operator of the Site;

v. taking reasonable steps to contain any further Release or Threat of Release of Oil and/or Hazardous Material from a structure or container, upon obtaining knowledge of a Release or Threat of Release of Oil and/or Hazardous Material; and

vi. conducting, or causing to be conducted, Response Actions at the Site in accordance with G.L. c. 21E, the Standard of Care defined in G.L. c. 21E, and the MCP.

3. GenCorp represents that it is not at the time of execution of this Agreement subject to any outstanding administrative or judicial environmental enforcement action arising under any applicable federal, state or local law or regulation relating to the Site.

B. COVENANT NOT TO SUE BY THE COMMONWEALTH

1. GenCorp

Pursuant to G.L. c. 21E, § 3A(j)(3), in consideration of the representations and commitments by GenCorp set forth in Section IV, Paragraph A of this Agreement, and subject to GenCorp's compliance with the terms and conditions of this Agreement and the Termination for Cause provisions described below in Section IV, Paragraph B, subparagraph 5, the Commonwealth covenants not to sue GenCorp, pursuant to G.L. c. 21E, for Response Action costs, contribution or property damage, or for property damage under the common law, resulting from any Release of Oil and/or Hazardous Material occurring at the Site prior to the execution of this Agreement that is fully described and delineated in an RAO Statement and/or ROS Submittal to be submitted to DEP with respect to the Site, so long as the Response Actions upon which the RAO Statement and/or ROS Submittal rely meet the Standard of Care in effect when the RAO Statement and/or ROS Submittal are submitted to DEP. The Commonwealth's covenants in this Paragraph shall vest on the effective date of this Agreement as defined in Section IV, Paragraph E, subparagraph 5. This Agreement shall not affect any liability established by contract.

2. Subsequent Owners and/or Operators

The Commonwealth covenants not to sue Eligible Persons who are successors, assigns, lessees or licensees of GenCorp's real property interests in the Property, or who are lessees or licensees of GenCorp's successors and assigns (the "Subsequent Owners and/or Operators"), pursuant to G.L. c. 21E, for Response Action costs, contribution or property damage, or for property damage under the common law, resulting from any Release of Oil and/or Hazardous Material occurring at the Site prior to the execution of this Agreement that is fully described and delineated in an RAO Statement and/or ROS Submittal to be submitted to DEP with respect to the Site, so long as the Response Actions upon which the RAO Statement and/or ROS Submittal rely meet the Standard of Care in effect when the RAO Statement and/or ROS Submittal are submitted to DEP. The liability relief available to Subsequent Owners and/or Operators shall be subject to the same terms and conditions as those that apply to GenCorp, and the Subsequent Owner's and/or Operator's covenant not to sue the Commonwealth in Section IV, Paragraph C, below. The Commonwealth's covenants in this Paragraph shall vest on the effective date of this Agreement as defined in Section IV, Paragraph E, subparagraph 5.

3. Applicability of the Agreement

a. With respect to GenCorp, upon vesting, this Agreement shall remain in effect provided that GenCorp continues to comply with the terms and conditions of this Agreement.

b. With respect to Subsequent Owners and/or Operators, upon vesting, this Agreement shall be in effect unless and until the statutory protections available pursuant to G.L. c. 21E, Section 5C, are in effect. This Agreement is subject to the Termination for Cause provisions described below in Section IV, Paragraph B, subparagraph 5.

4. Reservations of Rights

The Commonwealth's covenants in this Agreement shall not apply to:

a. any Release of Oil and/or Hazardous Material at or from the Property that occurs after the date of execution of this Agreement;

b. any Release of Oil and/or Hazardous Material which GenCorp or any Subsequent Owner and/or Operator causes, contributes to, or causes to become worse, but if the cause or contribution is that of a Subsequent Owner and/or Operator, such reservation shall affect the liability protection applicable only to such Subsequent Owner and/or Operator and shall not affect GenCorp's liability protection under this Agreement;

c. any Release of Oil and/or Hazardous Material at the Site that has not been discovered when an RAO Statement or ROS Submittal is submitted to DEP that would have been discovered if an assessment of the Site covered by or addressed in the RAO Statement

or ROS Submittal had been performed consistent with the Standard of Care in effect when the RAO Statement or ROS Submittal was submitted;

d. any Release or Threat of Release of Oil and/or Hazardous Material from which there is a new Exposure that results from any action or failure to act pursuant to G.L. 21E during GenCorp's or a Subsequent Owner's and/or Operator's ownership or operation of the Property, but if the action or failure to act is that of a Subsequent Owner and/or Operator, such reservation shall affect the liability protection applicable only to such Subsequent Owner and/or Operator and shall not affect GenCorp's liability protection under this Agreement;

e. any Release of Oil and/or Hazardous Material not expressly described in Section IV, Paragraph B, subparagraph 1, above; and

f. any claims for damages for injury to, destruction of, or loss of natural resources and for the costs of any natural resource damage assessment.

5. Termination for Cause

a. If the OAG or DEP determines that GenCorp submitted materially false or misleading information as part of its Application to Enter into a Brownfields Covenant Not to Sue Agreement, the OAG may terminate the liability protection offered by this Agreement in accordance with subparagraph 5.c., below. A statement made by GenCorp regarding the anticipated benefits or impacts of the proposed Project will not be considered false or misleading for purposes of this subparagraph if the statement was asserted in good faith at the time it was made.

b. If the OAG or DEP determines that GenCorp or a Subsequent Owner and/or Operator has violated the terms and conditions of this Agreement, including, but not limited to, failure to pursue development of the Project, failure to achieve or arrange for the achievement and maintenance of a Permanent Solution at the Site in accordance with G.L. c. 21E and the MCP, or failure to arrange for a timely response to a Notice of Audit Finding or any such other Notice requiring additional work to achieve or maintain a Permanent Solution at the Site, the OAG may terminate the liability protection offered by this Agreement in accordance with subparagraph 5.c., below. If liability protection is terminated solely because of the actions or inactions of a Subsequent Owner and/or Operator, including, without limitation a violation of one or more of the conditions set forth in 940 CMR 23.08(3)(a) through (d), such termination shall affect the liability protection applicable only to such Subsequent Owner and/or Operator and shall not affect GenCorp's liability protection.

c. Before terminating the liability relief provided by this Agreement, the OAG will provide GenCorp or a Subsequent Owner and/or Operator, as appropriate, with written notice of the proposed basis for, and a 60-day opportunity to comment on, the proposed termination. If the OAG, in its sole discretion, deems it appropriate, the notice shall provide a reasonable period of time for GenCorp or a Subsequent Owner and/or Operator to cure an

ongoing violation in lieu of termination of the liability relief provided by this Agreement.

d. Termination of liability relief pursuant to this section shall not affect any defense that GenCorp or a Subsequent Owner and/or Operator might otherwise have pursuant to G.L. c. 21E.

C. COVENANT NOT TO SUE BY GENCORP AND ANY SUBSEQUENT OWNER AND/OR OPERATOR

1. In consideration of the Commonwealth's covenants not to sue in Section IV, Paragraph B, GenCorp covenants not to sue and not to assert any claims or causes of action against the Commonwealth, including any department, agency, or instrumentality, and its authorized officers, employees, or representatives with respect to the Site or this Agreement, including:

a. any direct or indirect claims for reimbursement, recovery, injunctive relief, contribution or equitable share of response costs or for property damage pursuant to G.L. c. 21E;

b. any claims for "takings" under the Fifth Amendment to the United States Constitution, under the Massachusetts Constitution, or under G.L. c. 79;

c. any claims arising out of Response Actions at the Site and/or the Property, including claims based on DEP's selection of Response Actions, oversight of response actions, or approval of plans for those activities;

d. any claims arising out of natural resource restoration activities at the Property, including claims based on the Commonwealth's selection of restoration activities, oversight of restoration activities, or approval of plans for such activities;

e. any claims or causes of action for interference with contracts, business relations or economic advantage; or

f. any claims for costs, attorneys fees, other fees or expenses incurred.

2. Subsequent Owners and/or Operators shall be bound by GenCorp's covenants in this Paragraph C. In the event that, despite these covenants, any Subsequent Owner and/or Operator of the Property asserts any claims or causes of action against the Commonwealth, including any department, agency, or instrumentality, and its authorized officers, employees, or representatives with respect to the Site or this Agreement, including without limitation any or all of the claims listed in this Paragraph C, such claims and/or causes of actions shall have no effect on the rights, benefits, and protections GenCorp or other Subsequent Owners and/or Operators have secured under this Agreement.

CONTRIBUTION PROTECTION AND RIGHTS OF AFFECTED THIRD PARTIES

With regard to any Release of Oil and/or Hazardous Material occurring at the Site prior to the execution of this Agreement that is fully described and delineated in an RAO Statement and/or ROS Submittal to be submitted to DEP with respect to the Site, so long as the Response Actions upon which the RAO Statement and/or ROS Submittal rely meet the Standard of Care in effect when the RAO Statement and/or ROS Submittal are submitted to DEP, GenCorp and any Subsequent Owner and/or Operator are entitled to the protection G.L. c. 21E, §3A(j)(3), provides from claims for contribution, cost recovery or equitable share brought by third parties pursuant to G.L. c. 21E, §§ 4 and/or 5, or third party claims brought for property damage claims under common law or G.L. c. 21E, §5, based solely on the status of GenCorp or any Subsequent Owner and/or Operator as owner or operator of the Property or the Site, provided, however, that:

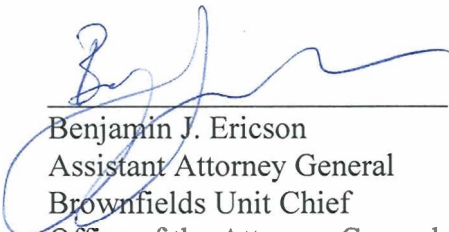
1. GenCorp has satisfied the notification provisions of G.L. c. 21E, §3A(j)(3), and 940 CMR 23.06(1); and
2. the OAG has provided Affected Third Parties an appropriate opportunity to join this Agreement pursuant to 940 CMR 23.06(2) and (3).

E. GENERAL PROVISIONS

1. This Agreement may be modified only upon the written consent of all Parties.
2. If any court of competent jurisdiction finds any term or condition of this Agreement or its application to any person or circumstance unenforceable, the remainder of this Agreement shall not be affected and each remaining term and provision shall be valid and enforceable to the full extent permitted by law.
3. Each Party warrants and represents to the others that it has the authority to enter into this Agreement and to carry out its terms and conditions.
4. This Agreement may be fully executed by all Parties in one or more counterparts.
5. The Commonwealth's covenants in Section IV, Paragraph B and the terms of this Agreement in Section IV, Paragraph D with respect to claims by Third Parties, are effective when any combination of RAO Statements for a Permanent Solution and/or ROS Submittals are submitted to DEP with respect to the entire Site, as long as the Response Actions upon which the RAO Statements and/or ROS Submittals rely meet the Standard of Care in effect when the RAO Statements and/or ROS Submittals are submitted to DEP.


IT IS SO AGREED:

OFFICE OF THE ATTORNEY GENERAL

By: 
Benjamin J. Ericson
Assistant Attorney General
Brownfields Unit Chief
Office of the Attorney General
One Ashburton Place
Boston, MA 02108

Date: 1/2/07

GENCORP, INC.

Signed: 
Name (printed): Chris W. Morley
Title: VP
Date: 1/11/07

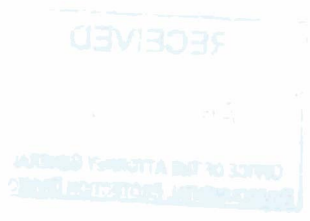


EXHIBIT 1

EXHIBIT 2

GenCorp Inc. - Lawrence Location Site Description

Introduction

Since the termination of site operations in February 1981, GenCorp Inc. (GenCorp), with input from regulatory agencies, has developed and conducted programs to address potential safety and health concerns; completed an initial comprehensive closing plan; adopted interim measures to minimize the potential of off-site migration of contaminants; investigated and monitored environmental media; and implemented an environmental program to safely, scientifically and efficiently remediate and restore the site to productive use in the community.

Although one hundred fifty (150) years of industrial usage contributed to the environmental issues at the GenCorp site, a significant amount of the site's contamination is attributable to the use of a nonflammable heat transfer fluid containing PCBs in some of the manufacturing equipment. This heat transfer fluid was introduced to reduce the risk of future fires after a major fire occurred at the site in 1966. The heat transfer fluid was replaced with a non-PCB containing heat transfer fluid in the early 1970s.

GenCorp's remedial plan was developed with the objective to return the property to productive use in the community. Developed with input from federal, state and local regulatory agencies, including the U.S. Environmental Protection Agency (USEPA), Massachusetts Department of Environmental Protection (MDEP) and the City of Lawrence (City), the "Work Plan Relative to the Remediation of Diversitech General Inc. Lawrence Plant, Lawrence, Massachusetts" January 1987 (1987 Work Plan) established the phased approach through which assessment and actual, physical remediation would occur at the site. Due to the complexity of the site, individual locations and media were addressed in this phased approach to improve access to remaining buildings and the subsurface and to ensure that scientific experience gained from one phase of the remediation process could be applied to the next phase. The 1987 Work Plan has evolved, with modified formats, to comply with changing regulatory requirements. Remediation has and will include buildings, drainage areas, soils, cellars, groundwater and the underground channels or raceway system.

Site Description

The GenCorp site has a varied history of industrial usage dating back to the mid-1800s. Located on 8.6 acres near the confluence of the Spicket and Merrimack Rivers, the property is located in an industrial area, adjoining several old mills and manufacturing facilities. It is bounded on the north by General Street; on the west by the Everett Mills property situated along Union Street; and on the south also by the Everett Mills property, the 181 Canal Realty LLC (former KGR Inc. building) property and Canal Street. The eastern boundary of the site is along the City of Lawrence-owned Oxford Paper site and Riverside Realty Trust property (O'Gara Building) and the Spicket River bound the site to the northeast.

At the termination of GenCorp's operations, the site consisted of twenty-six (26) buildings: eleven (11) main buildings, most of which contained major manufacturing operations; ten (10) core buildings that housed mixed usages over their history; Building 4; Buildings 21 and 22, primarily used for warehousing and razed in 1981 in 1983 respectively; and a Boiler House operation (Buildings 17 and 10), which was sold in July 1982 to the Everett Mills Steam Company. These buildings were of assorted size, age and

construction and many shared common walls. In total, there was approximately 625,000 square feet of floor space.

Like many mill complexes situated along waterways, the site contains a raceway system that is used by multiple owners. Designed in 1846 to supply water for power generation and manufacturing purposes for a number of manufacturing facilities, the system drew water from the North Canal through penstocks and, once used, discharged the water through the raceways. Additionally, discharges from most of the area's industrial processes, stormwater discharges from roofs and yards and other discharges were originally designed to eventually enter the raceways. Today, the hydroelectric capability of the penstocks/raceway system remains abandoned. The feed from GenCorp's penstock for the purpose of power generation was sealed in July 1986 and the adjacent Everett Mills hydroelectric capability ceased in 1982. Presently, there are no manufacturing or process activities at the GenCorp site that discharge to the raceways, however, storm and roof drains and other non-GenCorp sources still discharge to the raceways. In addition, studies have shown that some groundwater discharges to the raceway system. GenCorp's current NPDES permit (MA0003824) to discharge includes a requirement to monitor PCBs. Due to the history of the site, there may be additional unknown sources of discharges to the raceways.

Closing Plan and Interim Measures

During implementation of the facility's closing plan, limited environmental assessments of different site media identified the presence of contaminants, including polychlorinated biphenyls (PCB), polychlorinated dibenzofurans (PCDF), and polychlorinated dibenzodioxins (PCDD). In addition to environmental assessment, the closing plan included security measures, solvent recovery system closure, machinery decontamination and inventory and asset clearance. In 1986, a major fire occurred adjacent to the site that spread to one of the GenCorp buildings. As well as physically impacting the site, the fire also affected the priority of the remedial phases that were to be determined during the development of a remedial work plan.

With the plant closing and the identification/reconfirmation of residual PCB contamination in some of the calender systems (manufacturing equipment), GenCorp conducted an extensive decontamination program for these complex process units. The decontamination of specific manufacturing equipment started in 1982 and continued until July 1984. In those instances where equipment and/or components could not be decontaminated, they were subject to disposition under appropriate regulations or per specific regulatory approval.

The materials on-site at the time of plant closing were those used in production, including solvents, plasticizers, resins, pigments, stabilizers, fillers, lubricants and adhesives, as well as other related manufacturing and maintenance materials. The materials included inventories of raw materials, compounds, finished product, spent solvent, wastes and other types of materials. The remaining raw materials were either returned to their manufacturer or vendor, transferred to other GenCorp facilities, sold, disposed of or scrapped. Spent solvents were recovered in an on-site solvent recovery system before the system's closure, with reclaimed solvents transferred for production uses within the company and still bottoms disposed as hazardous waste. Waste materials were disposed off-site under appropriate regulations.

The closing plan to dispose of the manufacturing equipment and materials, to assess environmental concerns and to address other regulatory, compliance, safety and community issues was developed with

input from many regulatory agencies and interested parties. During the development and implementation of the plan, interim measures were instituted to address specific needs. In addition to controlling access to the site, GenCorp, among other things, instituted a variety of interim measures to shut down water systems, seal drains and reduce discharges to the raceway system. Reduction of discharges to the raceway system was accomplished through the installation of absorbent and barrier booms and a temporary sediment barrier. A contingency plan was instituted that included definition of the emergency response contractor.

Early Site Investigation and Monitoring

The GenCorp site has been extensively investigated. The site was classified as a priority site under the original MCP and listed as such on January 15, 1987. Currently, the GenCorp site is classified as a Tier IB site under the revised MCP. A working Interagency Task Force comprised of personnel from MDEP, USEPA, and the U.S. Army Corps of Engineers (ACOE) and with input from Massachusetts Department of Public Health provides direct oversight and approval of remedial activities. Reports and documentary support are on file with MDEP, USEPA, ACOE and, where appropriate, other local, state and federal agencies.

Since 1983, GenCorp has engaged in scientific and engineering investigations to define the magnitude and extent of PCB and other contamination at the GenCorp site. Analytical procedures have included, among others: Toxicity Characteristic Leaching Procedure (TCLP), Synthetic Precipitation Leaching Procedure (SPLP), Rapid Biological Assessment of the Spicket River, Benthic Invertebrate Survey of the Spicket River, and Chronic Toxicity Tests conducted on the raceway system and the Spicket River. Specific analytes have included, among others, Target Compound List (TCL), Target Analyte List (TAL), asbestos-containing materials (ACM), Volatile Petroleum Hydrocarbons (VPH), Extractable Petroleum Hydrocarbons (EPH), Total Suspended Particles (TSP), Particulate Matter (PM₁₀), Total Suspended Solids (TSS), and Oil and Grease (O&G). These investigations were designed to provide a database sufficient for the evaluation of remedial activities that might be needed to protect human health, safety and the environment. They have resulted in the collection and analyses of thousands of samples from many different media such as building materials, the subsurface, soils, air, surface waters, sediments and groundwater. The phased approach has allowed the investigative efforts to evolve along with scientific and technical advancements.

Initial phases of investigation were designed to determine the spatial extent and magnitude of PCB contamination within the GenCorp site. Later phases incorporated analyses for selected heavy metals, PCDFs, PCDDs and, as demonstrated analytical technologies evolved, congener groups and specific 2,3,7,8-congeners for both PCDFs and PCDDs. A four-phased investigation of the raceway system was performed from 1983 through 1988 that included the collection of numerous non-aqueous samples of raceway bottom sediment and residue adhering to walls and ceilings and the determination of sediment thickness. Raceway water samples were analyzed for PCBs, isomer and congener-specific PCDFs and PCDDs. A limited number of samples were analyzed for Volatile Organic Compounds (VOCs). In addition to the raceway investigation program, two surface water monitoring programs have been conducted on raceway and other surface waters. A monthly monitoring program for Aroclor-specific PCBs and indicator parameters has been ongoing since 1985, while a quarterly monitoring program for VOCs has been conducted from 1986 to the present time.

GenCorp's groundwater investigative program has been conducted on the GenCorp property from

1984 to the present and on the adjacent Oxford property from 1984 to 1997. These investigations have provided information necessary to characterize the subsurface media and develop an understanding regarding the occurrence and movement of groundwater and the presence and distribution of chemical constituents within the groundwater. In addition, a groundwater flow model was constructed and calibrated to assist in the comprehensive site assessment and the evaluation of potential remedial alternatives. A quarterly groundwater monitoring program has been ongoing at the site since 1994.

Since the mid-1980s, extensive air monitoring has been conducted at and in the vicinity of the GenCorp site in an effort to characterize air quality during different modes of site activity. These programs have included a series of ambient air sampling studies conducted prior to initiation of site remediation activity in 1992. Additional extensive air monitoring was conducted during site remedial field activities between 1992 and 1998. The air monitoring has included analyses for PCBs, PCDFs, PCDDs, lead, TSP and PM₁₀.

Phase I, II, and III Remediation Projects

The Phase I Remediation Project consisted of the installation of a temporary sediment barrier at the confluence of the exterior raceway and the Spicket River and the demolition of ten (10) core buildings. Asbestos abatement, utility relocation, asbestos/lead window removal, installation of the temporary sediment barrier and structural reinforcement/bracing for abutting properties were conducted prior to demolition. Actual demolition of the core buildings occurred from September 1993 through May 1994.

The program included some limited subsurface excavation. Other work was also accomplished during the demolition process. This work included subsurface utility terminations, plugging of extraneous drains to the raceways, masonry and carpentry installations at locations in the remaining buildings, , other specified and non-specified hazardous waste remediation, installation of a concrete cover with an access hatch over the raceway in the former Building 2 area and concrete encasement of pipe utilities. With the exception of the small quantities of RCRA hazardous waste, PCB and ACM items, the majority of the demolition debris was handled, transported and disposed off-site with specified requirements as a solid waste. Geotextile fabric, clean fill and crushed stone were installed, as appropriate, in cellar areas and crawl spaces, while remaining concrete floors were scarified, sealed and covered with crushed stone.

The Phase II Remediation Project (conducted from August 1994 through March 1998) included the demolition and off-site disposal of the eleven (11) main buildings, a one hundred sixty-five foot (165') brick smoke stack, an overhead walkway; the excavation and off-site disposal of contaminated soil, materials and debris and the excavation of soils immediately adjacent to Buildings 3 and 3A. Additional activities included removal and excavation of a utility tunnel, the construction of a temporary cap over the Buildings 16 and 16A contaminated floor slabs which remained in place, excavation of contaminated soil in the cellars of Building 3 and Building 3A and beneath the first level of Building 20, collection and testing of all runoff water from work areas, on-site treatment of one tank of contaminated water, backfilling of building cellars and footprints with clean fill and crushed stone, placement of a temporary cap over the Courtyard Area, grading of the finished surface to conform to the existing site drainage facilities, surface water and air monitoring and post-excavation subgrade sampling and analysis to determine compliance with USEPA PCB thresholds and to provide data for future site assessments.

The Phase III Remediation Project addressed the subgrade within the footprint area once occupied by nine (9) of the former core buildings included removal/excavation activities and identifying and addressing the drainage/utility systems, where feasible. Major activities included the removal and

excavation of concrete slabs and drainage systems, sealing penetrations to the raceway system, removal of abandoned utility piping within a subsurface tunnel and installation of flowable fill to seal the tunnel, removal of several utility lines, steel plates and fencing, loading and off-site disposal of approximately 2,300 tons of rubble, installation of geotextile fabric and then backfilling of building footprints with clean fill and crushed stone and temporary grading of the surface to conform to existing site drainage facilities. Surface water and air monitoring were also conducted during the project.

Comprehensive Site Assessment and Final Remedial Activities

With the completion of the Phase I, II and III Remediation Projects, remaining areas of the site were made accessible and final investigation and characterization was conducted. This work was performed from 1998 through 2002 and culminated in the submittal of a MCP-Phase II Comprehensive Site Assessment report, a human health and ecological risk assessment report a MCP-Phase III Identification, Evaluation and Selection of Comprehensive Remedial Action Alternatives report and its corresponding federal Feasibility Study and in 2003, a MCP-Phase IV Remedial Action Plan (RAP). It is important to consider that the regulatory frameworks of the USEPA PCB Rule 40 CFR 761.61[c] (PCB Rule) and the MCP are not wholly consistent. Characterization and risk assessment issues are achieved by different means under each program and remedial components must comply with the blended requirements of both programs. The RAP was approved by the USEPA in April 2004.

A critical part of the CSA, risk assessment, remedial alternatives analyses and the RAP has been the incorporation of the selected re-use plan, a landscaped surface parking facility, into the remedial program. In the late 1990's, GenCorp and the City began working with their property abutters to define beneficial uses for their sites that could be accomplished within the limits of their environmental and other constraints and provide infrastructure components necessary to accomplish the Lawrence Gateway Project. The Lawrence Gateway Project is an integrated series of public and private investments to revitalize the city's downtown residential, commercial and industrial centers. The objective of the re-use plan was to return the properties to productive use in the community while maintaining their environmental integrity. A strategic planning process identified common needs of the surrounding businesses, including the Lawrence General Hospital. That process defined the significant need for parking spaces as the most desirable beneficial land use for the GenCorp site. The City's Oxford property will provide open space development to enhance the surrounding natural resources and a site for much needed roadway and bridge replacement improvements leading from I-495 to the downtown corridor. The result of the planning process is the Lawrence Gateway Project's Quadrant Area Re-Use Master Plan (Quadrant Project).

The first elements of the RAP were completed in late 2005 through the Summer of 2006,. This work included the removal of two limited PCB flooring areas and abatement of asbestos containing materials in Building 4, the limited excavation and off-site disposal of soils within the footprint area of former Building 16 and at monitoring wells B-5 and B-8 and the installation of a recovery well as part of a DNAPL recovery system to be used for ongoing Operation, Maintenance and Monitoring (OMM) after remedial activities are complete.

Remaining RAP activities are to be performed in coordination with the implementation of the Quadrant Project. These activities are the limited soil excavation at the Courtyard Area, installation of an engineered barrier over the former Building 16 footprint area, removal of residue and sediments from the raceway system, sealing the east end of the interior raceway; installation of bedrock drains and

groundwater seepage extraction pumps in the raceway and the construction of a groundwater treatment system. An Activity Use Limitation (AUL) will be implemented for the site.

Regulatory Program

Throughout the GenCorp project, regulatory agencies have played a major part in the development and implementation of closing, investigation and remediation activities. The diversity of issues affecting the site, as well as the evolving nature and jurisdictional differences of environmental regulations, led GenCorp to develop a set of regulatory protocols that coincides with site remediation. The first element in this regulatory program has been the constant interchange of information between GenCorp and the agencies.

USEPA and MDEP have been involved from the beginning of the GenCorp project. Closing plan activities and initial site characterization were closely coordinated with the agencies. After the development of the 1987 Work Plan, GenCorp recognized that proposed remedial activities fell under the jurisdiction of a several additional regulatory agencies and interested parties. In August 1988, GenCorp began to develop a comprehensive permitting strategy to identify the regulatory processes that would apply to, all phases of the total project. Twenty-two (22) agencies were identified as having some involvement with the project. After the Phase I Remediation Project, the process of regulatory input and direct oversight of remedial activities has been provided by the Interagency Task Force

EXHIBIT 3

**MEMORANDUM OF AGREEMENT
BETWEEN AND AMONG THE MERRIMACK VALLEY REGIONAL TRANSIT
AUTHORITY, GENCORP INC., AND THE CITY OF LAWRENCE, MASSACHUSETTS**

This MEMORANDUM OF AGREEMENT (the "Agreement") is made as of the 21st day of November 2005, between and among the MERRIMACK VALLEY REGIONAL TRANSIT AUTHORITY (the "MVRTA"), an authority established and existing under Chapter 161B of the Massachusetts General Laws, having its principal place of business at 85 Railroad Avenue, Haverhill, MA 01835, and GENCORP INC., an Ohio corporation headquartered at Highway 50 & Aerojet Road, Rancho Cordova, California 95670, having a principal Massachusetts place of business located at 70 General Street, Lawrence, Massachusetts 01840 ("GenCorp") and the CITY OF LAWRENCE, a Massachusetts municipality having a place of business at 200 Common Street, Lawrence, Massachusetts 01840 (the "City"). The MVRTA, GenCorp and the City are sometimes referred to hereinafter individually as "Party" and collectively as "Parties."

WITNESSETH

WHEREAS, GenCorp is the owner of certain real property known and numbered as Map 86, Parcel 61 on the City of Lawrence Assessor's maps, comprising approximately 8.46 acres (the "GenCorp property"); and

WHEREAS, the City is the owner of certain real property known as the former Oxford Paper Site, comprising approximately 3.4 acres (the "Oxford Site"); and

WHEREAS, the City and GenCorp have been parties to a Memorandum of Agreement with the Massachusetts Development Finance Agency("MassDevelopment"), through which stated remediation and redevelopment activities in said agreement are ready for final design and implementation; and

WHEREAS, the MVRTA has agreed, pursuant to the terms hereof, to provide project management and fiduciary services to accomplish the redevelopment of the GenCorp property as part of a landscaped surface parking facility and the Oxford Site into a passive/open park space; and

WHEREAS, after the completion of the work and the conveyance of the property, it is the position of all parties, that while GenCorp will continue to maintain the engineered barrier [as defined in GenCorp's approved Remedial Action Plan referenced in Section 2 (ii) below], the City and/or MVRTA will have the sole responsibility for all additional site maintenance, including, but not limited to, the integrity and preservation of the surface improvements; and

WHEREAS, the MVRTA has reached terms with and, upon execution of this Agreement, will enter into a long-term lease with the Lawrence General Hospital ("LGH") for 350 parking spaces to be located within the landscaped surface parking facility;

NOW, THEREFORE, the Parties hereby agree as follows:

1. Description of The Project

The activities subject to this Agreement are the final design, permitting and implementation for demolition of structures; construction of a 1,000± – space surface parking facility with new drainage systems; roadway improvements along Canal Street and its intersection with Union Street; abandonment and filling of raceway systems; and development of open, passive park space (the “Project”).

The Project is an integral part of the Lawrence Gateway Project, an extensive public/private strategy to revitalize, integrate and provide long-term stability to, and a safe environment for, Lawrence’s downtown industrial, commercial, and residential corridors. This Gateway revitalization effort is centered on an overall transportation corridor enhancement strategy that, in addition to the Project, includes construction of an Intermodal Regional Transportation Center; I-495 interchange improvements; bridge replacement; and additional roadway improvements. These corridor enhancements will provide commuter (including reverse commuters) access to and from Lawrence, with particular emphasis on the city’s downtown centers and will spur business development; job opportunities; and other economic growth.

Through satellite service connections to the Intermodal Regional Transportation Center and the Buckley Transportation Center, the Project will provide a corridor parking facility to absorb a significant amount of regional and local commercial growth and lessen the traffic burden within this regional transportation corridor. Further, the project will allow a park and ride destination point for commuters to the city’s downtown corridor, which lacks adequate on-street and off-street parking. As part of a roadway improvements strategy established through use of U.S. Department of Transportation Intermodal Surface Transportation Efficiency Act (ISTEA) Enhancements monies from the Massachusetts Highway Department and the Merrimack Valley Planning Commission, the Project is a stated priority project for the region and community.

A critical benefit to be provided by the Project is to establish, to the fullest extent possible, a complimentary effect with the significant capital expansion efforts being implemented at the LGH. The transportation improvements will establish Canal Street as the major route to Lawrence’s downtown industrial, commercial and residential centers and mill district. Upon completion, the Project will create a much needed destination point for employees of and visitors to the LGH, as well as allow for critical traffic calming measures to be instituted along portions of General Street thereby providing safer, better transit for vehicular and pedestrian access to and through the various LGH facilities.

2. Duties and Obligations

The Parties shall have the following duties and obligations with respect to the Project and other efforts described herein:

- (i) MVRTA, GenCorp, and the City shall work cooperatively, where appropriate and feasible, in all aspects germane to the Project, including but not limited to permitting; funding; funding procurement; phasing and design of activities; and public involvement. It is understood that this cooperative endeavor also includes making significant efforts to meet the stated transit and infrastructure objectives of the Project as described in Section 1 Description of The Project herein.

- (ii) GenCorp shall complete response actions as outlined and defined by a remedial action plan ("RAP") approved by the U.S. Environmental Protection Agency ("EPA") in its April 15, 2004 Approval for Risk-Based PCB Remediation under 40 CFR §761.61(c) letter and concurred to by the Massachusetts Department of Environmental Protection ("DEP") (the "GenCorp Response Actions"). It is stipulated by the MVRTA and City that the GenCorp Response Actions are the sole responsibility of GenCorp and, as such, GenCorp, in meeting its obligations under the RAP, reserves the right to utilize any portion of the GenCorp property in any manner appropriate to accomplish the GenCorp Response Actions;
- (iii) City shall complete remedial activities in connection with certain environmental contamination on the Oxford Site pursuant to regulatory requirements and approvals (the "Oxford Remediation"). It is stipulated by the MVRTA and GenCorp that the Oxford Remediation is the sole responsibility of the City and, as such, the City, in meeting its obligations, reserves the right to utilize any portion of the Oxford Site in any manner appropriate to accomplish the Oxford Remediation;
- (iv) it is recognized by the Parties that, as part of the GenCorp Response Actions and Oxford Remediation, GenCorp and the City may respectively place deed restrictions upon the GenCorp property and the Oxford Site through the Massachusetts Contingency Plan's Activity and Use Limitation provisions and its federal equivalent (the "AUL") whereby future use of the GenCorp property will be limited to parking or any other analogous use and which shall prohibit the erection of any building other than a multistory parking structure and the Oxford Site will be limited to passive park/open space;
- (v) upon such time conveyance is allowable within regulatory, financial and legal requirements and a Massachusetts Covenant Not to Sue and, if feasible, its federal equivalent, have been issued in connection with the GenCorp property (or federal officials formally defer future enforcement action to Massachusetts Department of Environmental Protection or any other relevant state agency or political sub-division), GenCorp shall convey good and sufficient title to the GenCorp property to the MVRTA;
- (vi) to the extent that it has any rights in the GenCorp property, the City shall transfer or convey such rights to the MVRTA;
- (vii) GenCorp shall perform, or cause to perform, all Operation, Maintenance and Monitoring ("OMM") activities identified in the RAP after completion of the Project and conveyance of the GenCorp property to the MVRTA. GenCorp's undertaking is strictly limited to the activities described in this paragraph. Upon completion, maintenance of the paved upper surface of the parking lot and all above ground areas related thereto will be the responsibility of the person, persons, entity, or entities in possession and/or control of the parking area or any part thereof;
- (viii) MVRTA shall serve as fiduciary agent and custodian of all public and private monies and/or grant funds specifically allocated to the Project. The City, to the extent permitted by law, hereby appoints MVRTA as its agent and attorney-in-fact to hold and draw upon such monies and/or grant funds.
- (ix) City shall designate the MVRTA as the Borrower of a \$2.9 million, U.S. Housing and Urban Development ("HUD")-approved Section 108 Loan and a \$400,000 loan through the EPA Brownfields Revolving Loan Fund program for the sole purpose of

- helping to effectuate the Project. The City affirms that, through established terms of the Section 108 Loan program, it has obligated portions of its future entitlements under HUD's Community Development Block Grant program as may be necessary to cover any future debt service of the \$2.9 million Section 108 Loan that may exist as a result of inadequate revenue produced by the Project's surface parking facility. It is fully understood by the Parties that no financial obligation associated with said Section 108 Loan is hereby assumed by the MVRTA outside of the obligation to apply those amounts obligated through the \$2 million HUD Brownfields Economic Development Initiative (BEDI) grant secured for the Project to cover the first 5 years of Section 108 debt service, as well as all available revenues attributable to the use of the Project's surface parking facility. GenCorp shall have no responsibilities whatsoever for the payments of any funds denoted in this paragraph. The Parties commit to make good faith efforts at identifying and securing other funding sources and funds derived from the allocation of parking spaces to help defray the financial obligations associated with the Project while the Project is being implemented;
- (x) the Parties recognize that timely completion of the Project calls for the demolition of so-called Building 4 to occur within the Fall 2005 construction period. As such, the Parties will begin immediately upon execution of this Agreement to secure the necessary public funding already obligated to the Project, including the Section 108 Loan, and the regulatory approvals and permits to effectuate the demolition of Building 4 within this time period;
 - (xi) upon execution of this Agreement and pursuant to terms already established by the MVRTA and LGH, the MVRTA shall enter a long-term lease with the LGH for 350 parking spaces to be located within the landscaped surface parking facility;
 - (xii) upon its sole discretion and subject to its long-term lease with the LGH, the MVRTA shall allocate future use of and responsibility for the Project's surface parking facility in a manner consistent with Section 4 Parking Issues herein;
 - (xiii) upon execution of this Agreement, the MVRTA shall assign a qualified Project Manager on a basis and for a period of time sufficient to meet a level of effort to be mutually determined by the Parties as being necessary to accomplish the Project. The Parties acknowledge that the position of Project Manager cannot be provided through current MVRTA staff. Therefore, where allowable, the MVRTA may draw upon funding sources obligated to and secured for the Project to fill the position of Project Manager;
 - (xiv) upon execution of this Agreement, the City and GenCorp shall terminate the existing Memorandum of Agreement between them and MassDevelopment, thereby releasing MassDevelopment of all further obligations except for the transfer to the MVRTA of the \$994,100 HUD Neighborhood Initiatives funds appropriated to MassDevelopment for the sole benefit of the Project and the continued reimbursement for costs associated with the Oxford Remediation through the \$1 million MassDevelopment Brownfields program monies secured by the City.
 - (xv) upon completion of the Project, MVRTA shall operate the surface parking facility on its own account or through experienced third parties.
 - (xvi) MVRTA shall perform, or cause to perform such maintenance, repair, construction and reconstruction as may be necessary to keep the surface parking facility in a good state of repair. The Parties acknowledge that the MVRTA shall not be obligated to

make any expenditure for such maintenance, repair, construction or reconstruction if the necessary monies are not available from the operating funds realized from the Project's surface parking facility or are otherwise not made available by the City. Both the MVRTA and the City acknowledge, however, that the surface parking facility must be maintained, repaired, reconstructed or otherwise kept in a good state of repair by either MVRTA, the City or a third party. The Parties further acknowledge that the surface parking facility does not constitute any portion of the engineered barrier and the maintenance, repair or reconstruction of the surface parking facility is under no circumstances to be the responsibility of GenCorp.

3. Effect of the Agreement

The Agreement is intended to establish a working relationship between the Parties that allows for the effective coordination of all issues comprising the Project, including, but not limited to, technical, scientific, regulatory, and financial matters. Nothing in this Agreement is meant to transfer or otherwise alleviate either GenCorp or the City from their respective remedial and legal obligations or rights associated with the GenCorp Response Actions and Oxford Remediation.

Nothing in this Agreement is to establish any duty or obligation that shall put any Party in a position that imposes any responsibility to any third party or gives rise to any liability to any third party not subject to this Agreement, whether regulatory, financial or otherwise, beyond that to which each is already legally responsible or otherwise obligated, and no third party shall be deemed a beneficiary herein; provided, however, that the Parties shall have the right to enforce the terms of this Agreement at law or in equity.

Nothing in this Agreement shall result in the MVRTA being forced to incur costs that would be absorbed into its normal net cost of service pursuant to the requirements of Chapter 161B of the Massachusetts General Laws.

4. Parking Issues

The Parties stipulate that, subject to the terms and requirements of the RAP and the OMM activities, future allocation or disposition of any or all the Project's surface parking will be determined by the MVRTA, provided however, that any proposed allocation shall not increase GenCorp's or the City's costs for respectively completing the GenCorp Response Actions and Oxford Remediation or interfere with their cooperative efforts in the Project. The setting and adjusting of lease rates; daily rates; hourly rates and or any acquisition costs by the MVRTA must be consistent with the need to cover remaining debt service obligations incumbent upon the Project. As such, the City shall set the minimum amount of all rates and costs for available surface parking spaces outside those obligated under the MVRTA's agreement with the LGH. Nothing shall restrict the MVRTA's ability to, if market rates allow, increase any rate or cost amount from the minimum amounts set by the City. Further, the Parties acknowledge that GenCorp has existing parking agreements that provide necessary benefits to the LGH and abutting Riverside Realty and 181 Canal Street Realty properties and must continue to do so, where feasible, during implementation of the Project. Nothing in this Agreement is intended to alter or negate the present status, rights or obligations of the parties to these GenCorp parking agreements or GenCorp's right to cancel said parking agreements at any time.

5. GenCorp's Indemnification Obligations For Preexisting Conditions

GenCorp acknowledges that the Project calls for activities to be performed on portions of the GenCorp property that may contain hazardous materials or pollution conditions as defined by federal and state regulations ("Preexisting Pollution Conditions") and that the MVRTA had no prior role in the generation, treatment, storage or disposition of such materials. In consideration of the associated risks that may give rise to claims by third parties or employees of GenCorp, GenCorp agrees to indemnify, defend, and hold the MVRTA harmless from any and all losses, costs and expenses (including reasonable attorney's fees and costs), damages, claims, or actions brought by any third party or employee of GenCorp against the MVRTA or the MVRTA's current or former officers, directors, employees, or agents that result from or are attributable to such Preexisting Pollution Conditions. GenCorp's responsibilities under this provision, however, shall not apply to the extent claims arise out of the negligence or willful misconduct of the MVRTA, its officers, directors, employees or agents. The foregoing provisions shall survive the termination of this Agreement.

6. City's Indemnification Obligations For Preexisting Conditions

The City acknowledges that the Project calls for activities to be performed on portions of the Oxford Site that may contain Preexisting Pollution Conditions as defined herein, and that the MVRTA had no prior role in the generation, treatment, storage or disposition of such materials. In consideration of the associated risks that may give rise to claims by third parties or employees of the City, the City agrees to indemnify, defend, and hold the MVRTA harmless from any and all losses, costs and expenses (including reasonable attorney's fees and costs), damages, claims, or actions brought by any third party or employee of GenCorp against the MVRTA or the MVRTA's current or former officers, directors, employees, or agents that result from or are attributable to such Preexisting Pollution Conditions. The City's responsibilities under this provision, however, shall not apply to the extent claims arise out of the negligence or willful misconduct of the MVRTA, its officers, directors, employees or agents. The foregoing provisions shall survive the termination of this Agreement.

7. Indemnification Relating to Performance Under This Agreement

Each Party agrees to indemnify and hold harmless the other two Parties to this Agreement against all loss, liability, damage, cost and expense (including court costs and reasonable attorneys' fees) of whatever nature arising from any act, omission or negligence of said Party or its contractors, licensees, agents, servants or employees, or arising from any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring after commencement of work by said Party or its contractors, licensees, agents, servants or employees on the GenCorp property or Oxford Site, where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of said Party or its contractors, licensees, agents, servants or employees.

8. Authority

The Parties represent and warrant that the signatories to this Agreement are duly authorized to enter into this Agreement and to carry out its respective duties and obligations hereunder.

9. Termination

The Agreement shall be effective as of the date of its execution and shall remain effective until terminated in accordance with any of the following terms:

- (i) at the mutual written consent of the Parties at any time;
- (ii) upon completion of the Project activities and conveyance of the GenCorp property to the MVRTA;
- (iii) at the determination of GenCorp that, despite its good faith efforts, it is unable to obtain permits and approvals necessary to complete the GenCorp Response Actions or that further subsurface investigations as may be required reveal conditions or regulatory agencies impose conditions that make it infeasible to complete the Project, such determination to be provided in writing to the MVRTA and City no less than thirty (30) days prior to the date of GenCorp's withdrawal;
- (iv) at the determination of the City that, despite its good faith efforts, it is unable to obtain permits and approvals necessary to complete the Oxford Remediation or that further subsurface investigations as may be required reveal conditions or regulatory agencies impose conditions that make it infeasible to complete the Project, such determination to be provided in writing to the MVRTA and GenCorp no less than thirty (30) days prior to the date of the City's withdrawal;

10. Integration Clause

This Agreement represents the entire agreement between the Parties as to the subject matter hereof and supersedes all prior agreements, written or oral, between the parties. No amendment to this Agreement shall be effective unless it is signed by authorized representatives of all Parties hereto and no assignment of this Agreement shall be permitted without the prior written consent of the other Parties. Such assignee shall remain liable for all obligations hereunder until the termination of this Agreement.

11. Waivers

No waiver by a Party of a breach of any term of this Agreement shall be construed as a waiver of any preceding or subsequent breach of the same or any other term. If any provision of this Agreement is found to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby.

12. Notices

All notices shall be in writing and shall be deemed given when delivered by hand or when deposited in the United States mail, by certified or registered first class mail, return receipt requested, and shall be addressed as follows: (i) to the MVRTA at 85 Railroad Avenue, Haverhill, MA 01835, ATTN: Joseph Costanzo; (ii) to GenCorp at P.O. Box 13222, Sacramento, CA 95813, ATTN: Chris Conley; and (iii) to the City at 200 Common Street, Lawrence, MA 01840, ATTN: Mayor of Lawrence

13. Applicable Law

The Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts without reference to its conflicts of laws provisions.

14. Force Majeure

No Party shall be liable to any other Party or be deemed to be in breach of the Agreement for any failure or delay in rendering performance arising out of causes beyond its reasonable control and without its fault or negligence.

15. Severability

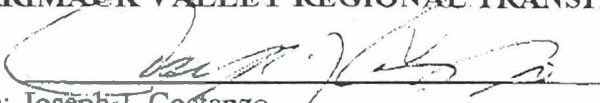
If any provision of the Agreement is declared or found to be illegal, unenforceable or void, then the Parties shall be relieved of all obligations under that provision. The remainder of the Agreement shall remain enforceable to the fullest extent permitted by law.

16. Counterparts

The Agreement may be executed in any number of counterparts each of which shall constitute an original.

EXECUTED as a sealed instrument by the Parties hereto as of the date first above written.

MERRIMACK VALLEY REGIONAL TRANSIT AUTHORITY

By: 
Name: Joseph J. Costanzo
Title: Administrator

GENCORP INC

By: 
Name: Chris W. Conley
Title: Vice President, Environmental, Health & Safety

CITY OF LAWRENCE

By: 
Name: Michael J. Sullivan
Title: Mayor

EXHIBIT 4