



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

September 3, 2004

Dr. Richard J. Driscoll
Director, Engineering, ARC ISP
228 Burroughs Drive
Amherst, NY 14226

Re: *In the Matter of GenCorp Inc.*, Docket No. C-4099.

Dear Dr. Driscoll:

Thank you for your comment submitted in connection with the Petition for Approval of the Proposed Divestiture (“Petition”) of GenCorp Inc. (“GenCorp”) in the above-referenced matter. Pursuant to the Decision and Order (“Order”) in this matter, GenCorp has requested that the Commission approve GenCorp’s proposed divestiture of the ARC In-Space Liquid Propulsion Assets to American Pacific Corporation (“Ampac”).

In evaluating a proposed divestiture, the Commission considers a number of factors. The Commission evaluates the purchase agreement to determine whether all assets required to be divested will be conveyed to the proposed buyer, whether any terms would interfere with the proposed buyer’s ability to compete in the market, and whether all terms of the purchase agreement are consistent with the requirements of the Commission’s orders.

The Commission considered the proposed buyer’s financial viability to determine whether the proposed buyer is financially capable of acquiring the assets to be divested and of maintaining competitive operations once it acquires the assets. It considered the experience and expertise of the proposed buyer as well as the proposed buyer’s commitment to the market of concern to the Commission. It considered whether the proposed buyer is currently a competitor in the market of concern. It also examined the proposed buyer’s post-divestiture business plans, including the experience and expertise of the employees it intends to hire. Attracting and retaining an experienced workforce can be important to maintaining the competitiveness of the assets to be divested; thus, the Commission may evaluate the plans of the proposed acquirer to retain the experienced workforce, including the extent and scope of benefits offered to these employees. The Commission generally does not, however, impose particular obligations on a proposed buyer as to the employees it hires or the benefits it offers those employees.

In connection with its evaluation of this proposed divestiture, the Commission received

information from numerous sources, including the parties to the transaction and third parties as well as information contained in the letters submitted during the public comment period by you and other commenters. The Commission considered the information you submitted as well as each of the concerns you raised, and it sought to obtain additional information relevant to your concerns.

In evaluating the Petition, the Commission analyzed all of the information available to it. As a result of that analysis, the Commission concluded that the proposed divestiture to Ampac is consistent with the requirements of the Order and would effectuate the remedial purposes of the Order. It has, thus, determined to approve the Petition.

The Commission appreciates your comment and interest in this matter.

By direction of the Commission, Chairman Majoras recused.

Donald S. Clark
Secretary