

## THE MERGER

*The description of the Merger in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached as Annex A and is incorporated by reference into this proxy statement. This summary does not purport to be complete and may not contain all of the information about the Merger that is important to you. You are encouraged to read the Merger Agreement carefully and in its entirety.*

### **Certain Effects of the Merger**

Under the terms of the Merger Agreement, if the Merger Proposal is approved by the Company's stockholders and the other conditions to the closing of the Merger are satisfied or waived, Merger Sub will be merged with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of L3Harris.

Upon the terms and subject to the conditions of the Merger Agreement, at the Effective Time, each share of Common Stock issued and outstanding immediately before the Effective Time (excluding any shares of Common Stock held by (i) the Company or any wholly owned subsidiary of the Company (or held in the Company's treasury), including shares of Common Stock reserved for issuance under any of the Company's equity and performance incentive plans or the ESPP, but not including any shares of Common Stock held by any of the Company's employee and performance incentive plans or trusts related thereto, or (ii) L3Harris, Merger Sub or any other wholly owned subsidiary of L3Harris, immediately before the Effective Time of the Merger (collectively, the "Canceled Shares")), and all rights in respect thereof, will, by virtue of the Merger, be converted into the right to receive the Merger Consideration.

The Common Stock is currently registered under the Exchange Act and is listed on the NYSE under the symbol "AJRD." Upon completion of the Merger, the Company will cease to be a publicly traded company and will be a wholly owned subsidiary of L3Harris. Following the completion of the Merger, the Common Stock will be delisted from the NYSE and deregistered under the Exchange Act, following which the Company will no longer be required to file periodic reports with the SEC as to its Common Stock in accordance with applicable law, rules and regulations. The Company will therefore become a privately held company, wholly owned by L3Harris.

### **Background of the Merger**

As part of Aerojet Rocketdyne's ongoing consideration and evaluation of its long-term strategic goals and plans, the Board and Aerojet Rocketdyne's senior management periodically review, consider, and assess Aerojet Rocketdyne's capabilities, operations, financial performance, business plans and prospects, as well as overall industry conditions, opportunities and risks for the Company as they may affect those strategic goals and plans. This review includes, among other matters, the consideration of potential opportunities for business combinations, acquisitions, divestitures, strategic partnerships, and other financial and strategic alternatives that might be in the best interests of the Company and its stockholders on an ongoing basis.

In December 2020, the Company entered into a merger agreement with Lockheed Martin, pursuant to which the Company would merge with and into a subsidiary of Lockheed Martin (the "Lockheed Martin transaction") in exchange for consideration of \$51.00 per share in cash (exclusive of a \$5.00 per share special one-time cash dividend that was paid in March 2021). In all, the consideration contemplated by the Lockheed Martin transaction totaled approximately \$5 billion in equity value and Aerojet Rocketdyne's stockholders voted to approve the transaction on March 9, 2021. On January 21, 2022, the FTC unanimously voted to issue an administrative complaint to block the transaction, which was filed on January 25, 2022, and on February 13, 2022, Lockheed Martin delivered notice of termination of the merger agreement resulting in abandonment of the Lockheed Martin transaction.

In the wake of the failure to consummate the Lockheed Martin transaction, disagreements arose within the Board about various matters, including the future direction of the Company. As a result, a proxy fight ensued in which competing slates engaged in a proxy contest from January to June 2022. One proposed Board slate was led by the CEO of the Company and the other proposed Board slate was led by the former Executive Chairman of the Company. During the proxy contest, the competing slates each engaged with Company stockholders in discussions over the strategic direction of Aerojet Rocketdyne.

On June 30, 2022, the Company held a special meeting of stockholders (the "2022 Special Meeting") at which the current Board was elected (the slate led by the Company's CEO).

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During the proxy contest, the members of the prevailing Board slate (including the newly proposed nominees) had received input from many Company stockholders indicating their preference that the Board consider all of the Company's potential strategic alternatives in order to determine a preferred path forward that was in the best interests of the Company. The prevailing Board slate committed to do that.

To carry out that commitment, the newly elected Board held a meeting on August 1, 2022, shortly after the 2022 Special Meeting, to consider a report from members of the Company's senior management on, among other things, the state of the business, the Company's financial performance, and its future outlook and prospects relative to potential strategic alternatives. The meeting was held by videoconference and, unless otherwise noted, all Board meetings were held by videoconference. At this initial meeting, presentations were made by members of the Company's senior management on the Company's standalone plan (the "strategic plan"). The presentations also covered the environment for mergers and acquisitions and the potential benefit to the Company of pursuing either an acquisition or a business combination with another aerospace and defense company. The presentations addressed the comparative potential for the Company to grow and become more profitable through either acquiring other complementary assets or companies, executing its existing standalone strategic plan, or combining with a larger strategic or financial acquiror. As to the last option, the Board was informed of unsolicited expressions of interest that members of the Company's senior management and the Company's financial advisors had received from several industry participants after the termination of the Lockheed Martin transaction. As a result of the discussion, the Board directed members of the Company's senior management, with the assistance of financial and legal advisors, to prepare a more detailed analysis of the full set of potential strategic alternatives available.

The next day, on August 2, 2022, consistent with the Board's direction that the Company's senior management consider the Company's strategic alternatives and develop options for consideration by the Board, a meeting was held in person between the Board's non-executive chair, Thomas A. Corcoran, and the Company's Chief Executive Officer, Eileen P. Drake, along with members of Aerojet Rocketdyne's senior management and the Company's financial advisors, Citi and Evercore, which had both served as the Company's financial advisors for the Lockheed Martin transaction, and its legal advisor, Wachtell, Lipton, Rosen & Katz ("Wachtell Lipton"). Members of the Company's senior management presented, among other things, an overview of the Company's performance and an update on trends in the aerospace and defense industry, and each of Citi and Evercore presented a review of potential strategic and financial buyers for Aerojet Rocketdyne if the Company were to pursue a sale or a business combination. During the presentation, members of the Company's senior management discussed the unsolicited expressions of interest that the Company had received in the wake of the termination of the Lockheed Martin transaction and the 2022 Special Meeting from a number of third parties interested in a possible strategic transaction with Aerojet Rocketdyne. An important aspect of the discussion of the Company's strategic alternatives focused on the utility in the industries in which the Company competed of having the resources to make desired capital expenditures and research and development investments. The discussion noted the difficulty for the Company to obtain the scale in its business lines that the Company desired through acquisitions, given that most of the potential acquisitions within the Company's financial capacity would not help attain such scale, as compared to transactions in which a strategic counterparty of comparable or much greater size might combine with or acquire the Company. A review of potential strategic and financial counterparties was conducted, and the importance of ensuring a competitive process that involved viable strategic and financial counterparties who could consummate a potential transaction was discussed.

The merger and acquisition alternatives in light of the Company's strategic plan and standalone prospects were also considered and discussed. In view of the failure of the Lockheed Martin transaction to secure regulatory clearance, the need for any potential transaction to, among other things, address regulatory risk and for the terms of any transaction to provide the Company with appropriate transactional certainty and protections in light of such risk was also discussed. At the end of the meeting, Mr. Corcoran and Ms. Drake agreed that the Board should be presented at its next meeting with potential strategic alternatives and an assessment of its capital allocation options, including the possibility of proceeding with a full process to consider a potential combination of the Company with a strategic or financial counterparty, which could take the form of, among other things, a potential sale of the Company (the "strategic process") and that the Company should work with its outside financial and legal advisors to prepare the presentation materials and an illustrative timeline for the Board to review, discuss and consider.

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On August 15, 2022, before the proposed meeting with the Board was scheduled to be held, Bloomberg News released an article stating that Elliott Management (“Elliott”) had acquired a 3.7% equity stake in the Company. In the same period, representatives of Elliott reached out to Ms. Drake and sought a meeting with her. In a telephonic discussion with representatives of Elliott, the Elliott representatives expressed, among other things, potential interest in pursuing a potential transaction involving the Company.

In response to these developments, a meeting of the Board was convened on the same day for members of the Company’s senior management, Wachtell Lipton, Citi and Evercore to brief the Board on the potential impact Elliott’s investment and stated intentions could have on the Company. During this discussion, the importance of ensuring a competitive process that involved viable strategic and financial counterparties who could consummate a potential transaction was emphasized again in the event that the Board ultimately determined to pursue a strategic process after further informing itself regarding the Company’s strategic alternatives at the upcoming Board meeting. The closing price per share of Aerojet Rocketdyne’s Common Stock on August 15, 2022, the last trading day before Elliott’s position in the Company was released, was \$42.49.

On August 18, 2022, members of the Company’s senior management, Wachtell Lipton, Citi and Evercore met with Mr. Corcoran in his role as non-executive chair to discuss, among other things, potential strategic alternatives for the Company, which included a further refined set of materials regarding a potential strategic process, including the range of potential counterparties, the trends for mergers and acquisitions in the defense and aerospace industry, the Company’s valuation compared to the Company’s standalone strategic plan and the degree of regulatory risk associated with each potential counterparty. After discussion, Mr. Corcoran expressed his desire that the advisors join members of the Company’s senior management to make the presentation to the Board on August 30. At this meeting, Mr. Corcoran raised the fact that he was on the board of L3Harris but had recused himself from any discussion on the L3Harris board regarding the Company.

On August 23, 2022, a press report on Dealreporter indicated that Aerojet Rocketdyne was in discussions with a few potential strategic buyers about a potential transaction. Aerojet Rocketdyne declined to comment on the report.

On August 30, 2022, the Board held a meeting, which was also attended by members of the Company’s senior management, Wachtell Lipton and, for a portion of the meeting, Citi and Evercore. During the meeting, the Board addressed certain issues relevant to the conduct of the strategic process if one was to be undertaken. These issues included, among other things, reviewing and approving, with input from Wachtell Lipton and without Citi or Evercore present, the terms for updated engagement letters for each of Citi and Evercore as the Company’s financial advisors. Citi and Evercore had served as the Company’s financial advisors for the Lockheed Martin transaction. The Board discussed that Citi and Evercore had certain relationships with certain of the potential counterparties, but did not believe that it would have an impact on either firm with respect to their work for the Company.

In advance of the meeting, Citi and Evercore presented the Board with information about potential counterparties for acquisition by the Company and potential counterparties that could potentially be interested in and capable of acquiring the Company. As to the latter category, the set of potential counterparties included 13 strategic defense and aerospace companies and nine financial sponsors. One of the potential counterparties was L3Harris. The list was later updated to add one additional potential strategic counterparty and then re-delivered to the Board on August 31, 2022.

Consistent with the Board’s request at the August 1, 2022 meeting, the Board considered at length its strategic options, with input from members of the Company’s senior management, Citi, Evercore and Wachtell Lipton. As part of this consideration, Mr. Corcoran summarized three of the Company’s potential strategic options: (1) execute the Company’s standalone strategic plan and defer consideration of mergers and acquisitions opportunities in the near term, (2) consider acquisitions by the Company in order to obtain greater scale and other changes in its capital allocation; or (3) undertake the strategic process, through which the Company would engage with potential strategic and financial counterparties to explore the opportunity for a business combination, including a potential sale of the Company, to deliver value for Company stockholders and to provide the Company’s business lines with greater scale and the capacity for growth and investment.

With input from members of the Company’s senior management and financial and legal advisors, the Board reviewed each of the three options Mr. Corcoran had outlined. The discussion of the potential utility for a strategic merger and acquisition process was accompanied by and came in the context of a review of the

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Company's current strategic plan. To aid that discussion and consideration of the comparative advisability of the Company's options, members of the Company's senior management and representatives of each of Citi and Evercore provided the Board certain preliminary financial analyses of Aerojet Rocketdyne on a standalone basis. Members of the Company's senior management and Citi and Evercore each also discussed the aerospace and defense industry generally and trends in mergers and acquisitions transactions in the aerospace and defense industry and reviewed the advantages and risks presented by potential candidates for acquisition by the Company and of the potential financial and strategic counterparties who might be interested in and capable of successfully combining with or acquiring the Company. The potential implications of regulatory risk, and in particular, investigations of or challenges to a potential transaction by antitrust regulators, was also the subject of the discussion in this context. The utility of focusing on potential counterparties who did not pose regulatory issues similar to those in the abandoned Lockheed Martin transaction was discussed, as was the importance of ensuring that the form of any transaction agreement provide the Company with as much certainty and protection to address regulatory risk as was achievable. The Board received information on, among other things, the types of provisions used to accomplish that end.

The Board was also provided with a potential framework and schedule for conducting a strategic process involving outreach to potential strategic and financial buyers, with a recommendation from each of the Company's senior management, Citi and Evercore as to which should be the subject of outreach in light of their viability to be counterparties in a transaction in the best interests of the Company.

Throughout the course of the meeting, the Board weighed the potential benefits of outreach to counterparties against the potential risks of such a process, including the risks to employee retention and destabilization in the event of a leak, and further considered the set of potential counterparties identified in the Board materials. At the end of the meeting, the Company's senior management recommended that the Company conduct the strategic process on the suggested timeline, begin outreach to potential counterparties, and to further explore a business combination that could provide necessary scale and resources for the Company's defense and space businesses to effectively compete, while continuing to manage the Company in accordance with its strategic plan. Members of the Company's senior management explained that, although the Company's standalone strategic plan was sound, its execution depended on accessing a substantial amount of capital and deploying it towards the acceleration of capital expenditures and investments in research and development. Members of the Company's senior management also emphasized that there were limited acquisition opportunities available that would increase the Company's scale. It was noted that substantial interest had been expressed by potential counterparties with the capital to invest in the Company's business lines and to engage in a transaction that would deliver value for the Company's stockholders. Senior management explained its view that proceeding with the strategic process was the Company's best path forward. Mr. Corcoran concurred with the recommendation from members of the Company's senior management and the Board unanimously approved proceeding with the strategic process. Following further discussion, it was the Board's view that the strategic process should focus on potential financial and strategic counterparties who might be capable of successfully combining with or acquiring the Company without presenting heightened regulatory risk.

On September 1 and September 6, 2022, Ms. Drake spoke with L3Harris's CEO, Christopher E. Kubasik, regarding, among other things, L3Harris's potential interest in participating in a strategic process.

In accordance with the Board's direction, during the period between September 5, 2022 and October 14, 2022, representatives of Citi and Evercore made initial contact with 17 potential transaction counterparties — 10 strategic counterparties, including L3Harris, and seven financial sponsor counterparties — to gauge their interest in a potential strategic transaction with Aerojet Rocketdyne. Of those 17 counterparties, eight strategic counterparties, including L3Harris, and six financial sponsor counterparties entered into a non-disclosure and standstill agreement with Aerojet Rocketdyne to begin conducting due diligence on the Company. Pursuant to the terms of these non-disclosure agreements, all standstill restrictions expired upon the announcement of a transaction or tender or exchange offer for 50% or more of the Company's securities or assets, in each case solely to permit the counterparties to make an expression of interest to submit a Superior Proposal. Three of the 17 parties contacted by representatives of Citi and Evercore chose not to engage in discussions with Aerojet Rocketdyne.

On September 23, 2022, the Board held a meeting at which members of the Company's senior management of Aerojet Rocketdyne, Wachtell Lipton and, for a portion of the meeting, Citi and Evercore, were also present. At the meeting, members of the Company's senior management and representatives of Citi and Evercore

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provided an update of certain interactions and discussions held with the parties contacted in connection with Aerojet Rocketdyne's strategic process and discussion ensued with respect to the status of the strategic process. Representatives of Citi and Evercore also reviewed the 14 counterparties contacted by representatives of Citi and Evercore that chose to proceed in the strategic process and conduct due diligence. Members of the Company's senior management reiterated to the Board the importance of confidentiality, of limiting outside contact by Board members with any of the potential counterparties and of treating all parties equally given the competitive and sensitive nature of the process. In the materials for the meeting, the Board had been provided informational materials on certain actions the Company could take with respect to Elliott's recently disclosed position in order to permit the exploration of the strategic process without the effect of a significant position by Elliott in the Company's Common Stock.

Based upon advice from Wachtell Lipton, the Board also considered the fact that Mr. Corcoran was a director of L3Harris and that another director ("Director AA") was a director of another company in the industry that was discussed as a potential counterparty and had executed a non-disclosure agreement as part of the strategic process. Wachtell Lipton informed the Board that, although overlapping service by certain directors on the board of a potential counterparty could pose conflict issues that should be accounted for in the future, the strategic process had not yet begun and there were no concerns with Mr. Corcoran and Director AA participating fully in preliminary discussions regarding whether to pursue a strategic process. Wachtell Lipton noted, however, that, should the strategic process proceed to a point at which specific offers from counterparties were received and the number of parties were narrowed, recusals and other actions to minimize the potential for any conflict of interest might become appropriate. Later in September, Director AA informed the Company that the other company for which they also served as a director had requested that they recuse themselves entirely from the discussions regarding any strategic process on the boards of both companies. Consistent with such advice, Director AA did not participate in discussions regarding the strategic process in Board meetings. During the meeting, the Board also reviewed the marketing materials and confidential information presentation that the Company planned to distribute to the 14 potential counterparties that had executed a non-disclosure agreement in order to help them proceed with their due diligence investigations and submit an initial indication of interest and accompanying price range for a transaction with the Company (the "initial indications of interest").

Beginning on September 27, 2022, representatives of Citi and Evercore sent a process email to each of the 14 potential counterparties that had entered into a non-disclosure agreement with Aerojet Rocketdyne, requesting initial indications of interest by October 14, 2022.

On September 29, 2022, Ms. Drake and Mr. Kubasik spoke by telephone regarding the recusal of Mr. Corcoran from discussions about the strategic process relating specifically to L3Harris on the boards of both L3Harris and Aerojet Rocketdyne.

On October 3, 2022, upon the announcement of L3Harris's acquisition of Viasat, Inc.'s Tactical Data Links product line, the Company was informed that Citi had represented L3Harris in the transaction. When Citi's relationship with L3Harris was considered by the Board at its August 30, 2022 meeting, the Board did not view Citi's work for L3Harris as bearing on the strategic process that the Board was considering or that it would otherwise pose a material issue for Citi with respect to their work for the Company.

On October 14, 2022, seven potential counterparties — five potential strategic counterparties, including L3Harris, and two potential financial sponsor counterparties — submitted initial indications of interest to acquire Aerojet Rocketdyne (such parties, other than L3Harris, referred to as "Bidder A," "Bidder B," "Bidder C," "Bidder D," "Bidder E" and "Bidder F"). Bidder E was formed after two of the financial sponsors targeted in the initial outreach requested to form a single co-bidding group and the request was granted by the Company's management, following consultation with the Company's financial and legal advisors. Bidder A indicated a price range of \$52.00 – \$55.00 per share; Bidder B indicated a price of \$51.00 per share; Bidder C indicated a price range of \$47.00 – \$52.00 per share; Bidder D declined to provide a written indication of value, noting that further diligence would be required; and Bidders E and F each indicated a price range of \$50.00 – \$52.00 per share. Despite having expressed substantial interest in a potential transaction with the Company, L3Harris initially indicated a price range of \$47.00 – \$49.00. Because L3Harris's initial price range was low compared with those of other bidders, despite its perceived strategic fit with the Company and its financial capacity to conduct a transaction on terms favorable to the Company, members of the Company's senior management and its financial and legal advisors determined it was advisable to inform L3Harris that its initial price range was not

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competitive and that it risked exclusion from the strategic process. Mr. Corcoran was not involved in that decision or in any discussion regarding that decision. After the financial advisors of the Company so informed L3Harris, on October 15, 2022, L3Harris responded with an increased price range of \$50.00 – \$52.00 per share.

On October 18, 2022, the Board held a meeting at which members of the Company’s senior management of Aerojet Rocketdyne, Wachtell Lipton, Citi and Evercore were also present. Before the full Board meeting, an executive session of the entire Board was held, with the presence of members of the Company’s senior management, and without the presence of any of the Company’s outside advisors.

The purpose of the executive session was to again discuss, among other things, whether the directors wished to proceed with the ongoing strategic process that involved consideration of whether the Company might enter into a strategic transaction with another company, or should instead concentrate all its resources at this time on executing the Company’s standalone strategic plan. In advance of the executive session, the Board had been provided with and had reviewed input from members of the Company’s senior management and outside advisors, which provided the Board with, among other things, updated information about the Company’s latest standalone strategic plan, its stock price, the market conditions facing the Company and other relevant information, including a summary of the non-binding indications of interest submitted by seven of the potential counterparties, which portion of such materials had been redacted from the materials provided to Mr. Corcoran. Director AA recused themselves from the executive session and did not receive the materials. After discussion, the Board was inclined, subject to receiving additional input from members of the Company’s senior management and the Company’s outside advisors, to proceed with the strategic process because it could yield a transaction that might be in the best interests of the Company and its stockholders.

At that time, the full Board meeting began and Wachtell Lipton summarized, among other things, the terms of the draft merger agreement to be distributed to the subset of bidders selected to advance to the next round of the strategic process, focusing in particular on provisions that would ensure a greater degree of closing certainty for the Company. Consistent with the relevant counterparty’s request in late September and with the Company’s full assent, Director AA recused themselves from the entirety of the full Board meeting and did not receive the materials.

At that time, Mr. Corcoran also recused himself from the meeting in light of his service on the L3Harris board of directors. Because of Mr. Corcoran’s role as non-executive chair and because of the still-early stage of the strategic process, Wachtell Lipton advised that Mr. Corcoran’s agreement to recuse as to any information or Board deliberation relating specifically to L3Harris was sufficient for present purposes, but that more extensive recusal by Mr. Corcoran might be required at a later time when it became necessary to consider specific offers from potential counterparties, narrow the participants in the strategic process or to compare the utility of transactions with other counterparties.

After Mr. Corcoran had recused himself, representatives of Citi and Evercore presented the non-binding indications of interest submitted by seven of the potential counterparties — comparing the price ranges, early regulatory feedback and financing plans for each. Representatives of Citi and Evercore presented preliminary financial analyses of Aerojet Rocketdyne and it was noted that the price ranges offered by the bidders compared favorably against the effective offer price of \$51.00 per share in the Lockheed Martin transaction. Representatives of Citi and Evercore also reviewed, among other things, a timeline of next steps and summarized each party’s engagement with the diligence process to date. Members of the Company’s senior management recommended to the Board that L3Harris and Bidders A, B, C, E and F be invited to participate in the next round of the strategic process, which would begin with a scheduled management presentation and further diligence, followed by a request for revised bids from each bidder (the “revised bids”). The Board determined to proceed as recommended. With review of the individual bidders’ submissions complete and the discussion of next steps concluded, Mr. Corcoran returned to the meeting and further discussion ensued about, among other things, the Company’s preparedness in relation to the previously discussed position disclosed by Elliott.

In accordance with the Board’s directions, during the period between October 23, 2022 and November 3, 2022, representatives of Citi and Evercore scheduled management presentations and further diligence processes, including site visits where requested, with each of L3Harris and Bidders A, B, C, E and F. Executive leadership from each of the bidders attended separate management presentations with senior management of Aerojet Rocketdyne either via videoconference or in person at Aerojet Rocketdyne’s corporate headquarters in

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El Segundo, California. During the course of this process, additional diligence material was uploaded to the virtual data room, which was made available to each bidder. Bidders were also given the opportunity to ask supplemental diligence questions of the Company's senior management regarding the diligence materials for the purpose of informing the revised bids.

On October 25, 2022, a press report in Reuters indicated that Aerojet Rocketdyne was soliciting acquisition offers from a number of potential bidders. Aerojet Rocketdyne declined to comment on the report. The closing price per share of Aerojet Rocketdyne common stock on October 24, 2022, the last trading day before the Reuters report was issued, was \$45.33.

On October 27, 2022, the Board held a regularly scheduled meeting at which members of the Company's senior management were present, but Wachtell Lipton, Citi and Evercore were absent. The Board reviewed ordinary course items for the Company's business. A brief update on the strategic process was given. The Board discussed these items with members of the Company's senior management and the importance of confidentiality and an even hand towards all potential counterparties was reiterated.

On November 4, 2022, representatives of Citi and Evercore sent a process letter by email to each of the six potential counterparties that had submitted initial indications of interest and were continuing to pursue a potential transaction, requesting a revised bid by December 8, 2022, and explaining that each bidder would receive a draft merger agreement so that they could submit an interim markup by November 30, 2022 for a preliminary round of feedback from the Company to inform each bidder's submission of transaction documents on December 8, 2022 alongside the revised bid.

On November 14, 2022, representatives of Citi and Evercore distributed an initial draft of the Merger Agreement to all six potential counterparties remaining in the strategic process, inviting counterparties, if they wished, to provide an initial markup on November 30, to allow the opportunity for interaction about the merger agreement draft before the December 8 deadline for revised bids.

On November 19, 2022, Bidder F notified Citi and Evercore that it would withdraw from the strategic process after determining it would be unable to submit a competitive revised bid.

On November 21, 2022, the Board held a meeting at which members of senior management of Aerojet Rocketdyne, Wachtell Lipton, Citi and Evercore were also present. Given the narrowing of the field of potential counterparties, the fact that L3Harris was still an active potential counterparty and the need to consider potential revised bids in relation to each other, it was determined that Mr. Corcoran should recuse himself from all Board deliberations regarding the strategic process. For that reason, Mr. Corcoran recused himself from the entirety of the meeting, as did Director AA.

At the meeting, the Board, with input from members of the Company's senior management and financial advisors, reviewed, among other things, an update on the strategic process and a revised view of the Company's standalone strategic plan, and determined that competitive pressures and other limitations, including the need for greater scale and breadth of product diversity, continued to support the Company's pursuit of a strategic transaction. The Board also reviewed, among other things, the degree of engagement in the process by each of the remaining bidders. Wachtell Lipton also summarized the key terms of the merger agreement draft that was distributed to all bidders in advance of the deadline for the revised bids, noting in particular the importance of the proposed reverse break fee, the "ticking" fee and efforts covenants requiring the buyer to secure regulatory clearance, as well as each provision's utility in ensuring more closing certainty and protection for the Company in the event a transaction did not close. Wachtell Lipton also reviewed with the Board, among other things, the Board's fiduciary duties in the context of a potential transaction, noting that the Board was entitled to rely on the expertise of its advisors throughout the process and in making any final decision. At the end of the meeting, the Board directed members of the Company's senior management and advisors to proceed with negotiations and diligence with each of the remaining five counterparties in pursuit of transaction on terms in the best interests of the Company and its stockholders.

In accordance with the Board's direction, during the period between November 21, 2022 and December 8, 2022, members of Company's senior management, Citi and Evercore continued to engage each of the bidders with diligence calls and scheduled site visits for members of bidders' business and advisor teams (for those bidders that requested site visits).

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On November 30, 2022, L3Harris, Bidder B and Bidder C each submitted initial markups of the merger agreement to Wachtell Lipton for feedback in advance of the December 8, 2022 deadline for revised bids. Over the following days, Wachtell Lipton reviewed the terms of each markup with members of the Company's senior management and the Company's financial advisors and provided feedback to each of the bidders. Bidder A and Bidder E did not submit markups of the merger agreement for feedback.

On December 3 and December 4, 2022, clean team agreements were entered into with each of L3Harris, Bidder A, Bidder C and Bidder E to facilitate access to additional diligence materials in advance of the submission of revised bids.

During the period from November 30, 2022 to December 8, 2022, Wachtell Lipton provided detailed feedback to each of L3Harris, Bidder B and Bidder C on their markups of the transaction documents.

On December 6, 2022, in advance of L3Harris's submission of a revised bid, Mr. Kubasik sent personal letters to each member of the Board concerning his company's interest in pursuing a transaction with Aerojet Rocketdyne.

On December 8, 2022, Bidder B and Bidder C each submitted revised bids. Bidder B offered \$51.00 per share and did not submit a revised markup of the transaction documents beyond what it had already submitted on November 30, 2022. Bidder C offered \$52.00 per share and submitted a further revised markup of the transaction documents. Each bid was for all-cash consideration with no financing contingency. L3Harris had advised that it would provide its revised bid on December 9 after concluding its board meeting on that date.

On December 9, 2022, L3Harris submitted a revised bid, along with revised transaction documents, and Bidder E submitted only a revised price bid. L3Harris offered \$57.00 per share and Bidder E offered \$50.00 per share, each in all-cash consideration with no financing contingency. The closing price per share of Aerojet Rocketdyne common stock on December 9, 2022, was \$53.89.

Bidder A did not submit a revised bid and indicated that it had ultimately decided it was interested only in purchasing a part of, but not the entire Company. Citi and Evercore told Bidder A that the Company would welcome its return to the strategic process if it reconsidered that decision.

On December 10, 2022, the Board held a meeting at which members of the Company's senior management, Wachtell Lipton, Citi and Evercore were also present. Mr. Corcoran and Director AA recused themselves from the entirety of the meeting. Without the financial advisors present, Wachtell Lipton reviewed again with the Board its fiduciary duties in the context of the contemplated transaction and provided an updated overview of the regulatory risk associated with each remaining bidder. With the presence of all advisors, the Board reviewed, among other things, the status of the strategic process, including a comparison of the revised bids submitted by each bidder and a comparison of the potential benefits of the revised bids in comparison to executing the Company's standalone strategic plan. Citi and Evercore also reported on their discussion with Bidder A. Copies of the personal notes sent to members of the Board on December 6 by Mr. Kubasik were shared with the Board. The Board also reviewed a comparison of the terms of the merger agreement submitted in each bidder's markup of the transaction documents. The Board also discussed the remaining timeline and was advised that continued public speculation and reporting about the process made it prudent to bring the bidding process to a timely resolution while there was substantial competitive pressure on the remaining bidders. Members of the Company's senior management and financial advisors advised the Board that the latest proposals from L3Harris and Bidder C reflected attractive valuations for the Company relative to Aerojet Rocketdyne's historical trading and standalone strategic plan. The Board was also advised that even though both proposals were already favorable in terms of both price and contract provisions relative to the merger agreement in the Lockheed Martin transaction, there was still the potential to further improve them in the final stage of the strategic process. The Board directed members of the Company's senior management and advisors to continue negotiating with L3Harris and Bidder C, with the goal of securing a favorable agreement for consideration for final Board approval over the weekend of December 17 and 18, 2022.

In accordance with the Board's direction, representatives of Citi and Evercore instructed L3Harris and Bidder C that they remained in the process and should work towards finalizing any remaining due diligence requirements, open contract points and the submission of their further revised bids.

Between December 10 and December 16, 2022, Wachtell Lipton continued to negotiate the terms of the merger agreement with counsel for L3Harris and Bidder C. Members of the Company's senior management, Citi

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and Evercore continued to engage with L3Harris and Bidder C to answer any remaining diligence questions and coordinate additional site visits as requested by Bidder C. In accordance with the Board's direction and recognizing that the Board was expected to meet the forthcoming weekend, the representatives of Citi and Evercore informed L3Harris and Bidder C that they should expeditiously complete their remaining due diligence and submit their best and final bid as soon as possible.

On December 15, 2022, the Board met again and, among other things, received an update on the strategic process. Mr. Corcoran and Director AA recused themselves from the entirety of the meeting. At the meeting, representatives of Citi and Evercore provided a brief update on the continued engagement from each of L3Harris and Bidder C and Wachtell Lipton provided, among other things, an updated summary of the revised terms as negotiated with each party. Wachtell Lipton noted that the Company was close to an agreement on terms with each of L3Harris and Bidder C and that the terms provided by L3Harris were generally more favorable for the Company than those provided by Bidder C.

On December 16, 2022, L3Harris submitted a final bid with revised drafts of the transaction documents, reiterating its previous \$57.00 per share all-cash offer. The representatives of Citi and Evercore informed Bidder C that another party had submitted a further revised bid that the Board was prepared to consider and invited Bidder C to submit its best and final bid. The closing price per share of Aerojet Rocketdyne Common Stock on December 16, 2022, was \$54.89.

On December 17, 2022, Bidder C indicated that it was not prepared to increase its price above its previous \$52.00 per share all-cash offer and did not submit revised drafts of the transaction documents.

Between December 16 and December 17, 2022, the Company and L3Harris and their respective advisors worked to finalize the definitive transaction documents, with all remaining open points having been substantially resolved by the morning of December 17, 2022.

The Board met on December 17 to consider the final bids and whether to approve Aerojet Rocketdyne's entry into definitive transaction documents providing for, among other things, the merger of Aerojet Rocketdyne. Mr. Corcoran and Director AA again recused themselves from the entirety of the meeting. At the meeting, Wachtell Lipton provided an overview of, among other things, the regulatory risk associated with each of L3Harris and Bidder C and summarized their positions on certain closing certainty provisions in the transaction documents, including on the reverse break fee and affirmative covenants on each potential buyer between signing and consummation of the transaction. The Board was also presented with an updated comparison of the merger agreement terms agreed with L3Harris to those agreed in the Lockheed Martin transaction.

With advice from members of the Company's senior management and financial advisors, the Board reviewed and compared the final bids from L3Harris and Bidder C, and discussed, among other things, that Bidder C's final bid was substantially lower in value. The financial advisors were asked and they each indicated their view that the Company had made an outreach to all logical buyers and, to the extent any potential buyer had been overlooked, the public speculation and reporting about the process and the public awareness of Elliott's equity stake in the Company since August 2022 provided ample opportunity for any other interested potential buyer to come forward if they had not been contacted. The fact that Bidder A had continued to be provided with access to diligence and had been told that a renewed bid was welcome was also discussed.

Representatives of Citi and Evercore reviewed their preliminary valuation analyses and answered questions from the Board regarding the valuation of Aerojet Rocketdyne represented by the \$57.00 per share all-cash offer from L3Harris. Wachtell Lipton also discussed with the Board, among other things, its fiduciary duties under Delaware law in connection with considering the approval of a potential sale of Aerojet Rocketdyne and also reviewed the respective relationship disclosures from Citi and Evercore. Wachtell Lipton summarized the terms of the Merger Agreement, the regulatory clearance process for the proposed transaction and the authorizing resolutions that the Board would approve and answered questions from the Board. The Board discussed with members of the Company's senior management and the financial and legal advisors their perspectives on the proposed transaction, including that Bidder C had not submitted revised drafts of the transaction documents. The Board also discussed, with input from its financial and legal advisors, that the proposed Merger with L3Harris was more favorable to the Company in terms of price and transactional certainty and protections than the prior merger agreement in the Lockheed Martin transaction, and that the terms presented a favorable price for Company stockholders in comparison to the price at which the Company's Common Stock was likely to trade in the absence of a transaction. At the conclusion of the meeting, Ms. Drake recommended to the Board that the

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Company proceed to finalize a transaction with L3Harris over the balance of the day and that she be authorized to call Mr. Kubasik to negotiate a final offer and, among other things, request an increase in the offer price to ensure that the Board had taken all steps reasonable and appropriate to secure for the Company and its stockholders the highest price reasonably achievable from any of the potential buyers in the strategic process. After further discussion, the Board agreed to proceed as recommended by Ms. Drake.

After the meeting, Ms. Drake reached out to Mr. Kubasik to convey Aerojet Rocketdyne's position. After such discussion, Mr. Kubasik agreed to increase the merger consideration to \$58.00 per share without any change in the other terms of the merger agreement in order to bring finality to the negotiations with L3Harris and other potential buyers. Mr. Kubasik further agreed that a joint press release would be issued to announce the transaction, that L3Harris would commit to being diligent in seeking regulatory clearance and that L3Harris would remain a merchant supplier.

During the afternoon of December 17, 2022, the Board met again. Mr. Corcoran and Director AA recused themselves from the entirety of the meeting. The Board again reviewed the summary of proposed terms of the Merger Agreement with L3Harris previously considered in the morning meeting. Representatives of Citi reviewed its final financial analysis of the proposed consideration in the proposed transaction with L3Harris, reflecting the increased price per share of \$58.00, as summarized below under "*Opinion of Citigroup Global Markets, Inc.*" Representatives of Evercore then reviewed its final financial analysis of the proposed consideration in the proposed transaction with L3Harris, reflecting the increased price per share of \$58.00, as summarized below under "*Opinion of Evercore Group L.L.C.*" After discussion among the Board, Citi, Evercore and Wachtell Lipton, Citi and Evercore rendered to the Board their respective oral opinions, which were later confirmed by the delivery of Citi's written opinion, dated December 17, 2022, and the delivery of Evercore's written opinion, dated December 17, 2022, to the Board to the effect that, as of such date and based upon and subject to the various factors, assumptions, limitations and qualifications set forth therein, the consideration of \$58.00 per share to be paid to holders of Common Stock in the proposed Merger was fair, from a financial point of view, to such stockholders. After additional discussions of the proposed transaction and the matters summarized for the Board at the meeting, the Board (1) approved, adopted and declared advisable the Merger Agreement and the Transactions, including the Merger, (2) determined that the Merger Agreement and the Transactions are fair to, and in the best interests of, the Company and its stockholders, (3) directed that the Merger Agreement be submitted to the Company's stockholders for their approval and (4) resolved, subject to the terms and conditions of the Merger Agreement, to recommend that the Company's stockholders approve the Merger Agreement.

Later in the evening on December 17, 2022, Aerojet Rocketdyne and L3Harris executed and delivered the Merger Agreement.

On the afternoon of December 18, 2022, Aerojet Rocketdyne and L3Harris issued a joint press release announcing the transaction.

### **Reasons for the Merger; Recommendation of the Aerojet Rocketdyne Board**

The Board evaluated, with the assistance of its legal and financial advisors, the Merger Agreement and the Transactions, including the Merger, and, on December 17, 2022, determined that the Merger Agreement and the Transactions are fair to, and in the best interests of, the Company and its stockholders and approved, adopted and declared advisable the Merger Agreement and the Transactions, including the Merger.

In the course of making the recommendation, the Board considered a range of factors, including those below (which are not necessarily in order of relative importance) relating to the Merger Agreement and the Transactions, including the Merger, each of which the Board believed supported its decision:

- the Board's assessment of Aerojet Rocketdyne's business, assets, current and projected financial performance and condition, earnings, prospects and outlook, including taking into account Aerojet Rocketdyne's potential for, and risks and uncertainties to, future growth and value creation;
- the fact that the Merger Consideration is all cash, which provides the Company's stockholders immediate certainty of value and liquidity for their shares of Common Stock and enables the Company's stockholders to realize value that has been created at the Company while eliminating long-term business and execution risk;

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- the current and historical market prices of the shares of Common Stock, including the market performance of the shares of Common Stock relative to those of other participants in the Company’s industry and general market indices and the fact that the Merger Consideration of \$58.00 per share represented a premium of approximately 37% to Aerojet Rocketdyne’s closing stock price on August 15, 2022 (the last full day of unaffected trading of Aerojet Rocketdyne’s Common Stock), and reflected an implied transaction multiple within the range of select precedent transaction multiples used in the Company’s financial advisors’ analyses;
- the Board’s concern regarding the potential impact of any potential economic downturn on the price of shares of Common Stock (and on the potential valuation that counterparties would be willing to pay);
- the course and history of the negotiations between Aerojet Rocketdyne and L3Harris, as described under “— *Background of the Merger*,” including the fact that the Merger Consideration reflects a substantial premium and a favorable valuation relative to various metrics and methodologies and the Board’s belief that L3Harris’s offer of \$58.00 per share was L3Harris’s best and final offer;
- the belief of the Board that the terms of the Merger Agreement include the most favorable terms for the Company, in the aggregate, to which L3Harris was willing to agree;
- the fact that there was a substantial multi-phased, auction-style pre-signing market check that included both strategic and financial bidders, providing confidence that it was unlikely a higher offer price could have been obtained;
- the high degree of certainty that the closing will be achieved in a timely manner, in view of the terms of the Merger Agreement, including, among other things, the provisions and protections increasing the level of certainty afforded to the Merger ultimately being consummated;
- the fact that the price of \$58.00 per share in cash and the terms of the Merger Agreement were both superior to the offer price and terms of the Lockheed Martin transaction;
- the opinions of Citi and Evercore rendered to the Board on December 17, 2022, that, as of such date and based upon and subject to the various factors, assumptions, limitations and qualifications set forth therein, the consideration of \$58.00 per share to be paid to holders of Common Stock in the proposed Merger was fair, from a financial point of view, to such stockholders, as more fully described in the section of this proxy statement entitled “— *Opinion of Citigroup Global Markets Inc.*” and “— *Opinion of Evercore Group L.L.C.*”;
- the terms and conditions of the Merger Agreement and the other transaction documents, including:
  - the requirement that the Merger Agreement be approved by the holders of a majority of all the votes entitled to be cast to approve the Merger Agreement;
  - the conditions to closing contained in the Merger Agreement, which the Board believed are reasonable and customary in number and scope;
  - the fact that the terms and conditions of the Merger Agreement minimize, to the extent reasonably practical, the risk that a condition to closing would not be satisfied and also provide reasonable flexibility to operate Aerojet Rocketdyne’s business during the pendency of the Merger, including as to actions in response to the COVID-19 pandemic and otherwise;
  - the provision of the Merger Agreement allowing the Board, subject to certain conditions, to provide information to and engage in discussions or negotiations with a third party that makes a *bona fide*, written unsolicited Alternative Proposal;
  - the provision of the Merger Agreement allowing the Board, subject to certain conditions, to withdraw or change its recommendation of the Merger Agreement and to terminate the Merger Agreement, in certain circumstances relating to the presence of a Superior Proposal (or to effect a Change of Recommendation in response to an Intervening Event) subject, in certain cases, to paying the Company Termination Fee;
  - the absence of a financing condition in the Merger Agreement and L3Harris’s ability to finance the Merger without difficulty;

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- the customary nature of the representations, warranties and covenants of Aerojet Rocketdyne in the Merger Agreement;
- the ability of Aerojet Rocketdyne to specifically enforce L3Harris's obligations under the Merger Agreement, including L3Harris's obligations to complete the Merger;
- the belief that the Termination Date, as it may be extended, if applicable, allows for sufficient time to complete the Merger;
- the fact that L3Harris agreed to use its reasonable best efforts to obtain all necessary governmental approvals as to the Merger, including agreeing to remedies as necessary to obtain any such approval, subject to certain limitations as to the remedies and actions that L3Harris would be required to take, which limitations and other relevant provisions are further described under the section of this proxy statement entitled "*The Merger Agreement — Efforts to Complete the Merger*";
- the requirement that, in the event of a failure of the Merger to be consummated under certain circumstances, L3Harris will pay the Company the Parent Termination Fee as more fully described under the section of this proxy statement entitled "*The Merger Agreement — Parent Termination Fee*"; and
- the Board's view that the terms of the Merger Agreement would be unlikely to deter interested third parties from making a Superior Proposal, including the Merger Agreement's terms and conditions related to a Change of Recommendation, the Company's right to terminate the Merger Agreement in favor of an alternative Superior Proposal if certain provisions were satisfied, the payment by the Company of a Company Termination Fee (the amount of which was on the lower end of the customary range) in connection with the termination of the Merger Agreement under certain circumstances, and the Board's belief that the overall terms relating to the foregoing were appropriate and favorable to the Company and its stockholders taking into account the specific circumstances involved (see the section of this proxy statement entitled "*The Merger Agreement — Alternative Proposals; Non-Solicitation*").

In addition, the Board also weighed the advantages and benefits against a variety of risks and other potentially negative factors (which are not necessarily in order of relative importance), including the following:

- the fact that the Company's stockholders generally will have no ongoing equity participation in the Company following the Merger, and that such stockholders will cease to participate in the Company's future earnings or growth, if any, or to benefit from increases, if any, in the value of shares of Common Stock, and will not participate in any potential future sale of the Company to a third party;
- the risk of incurring substantial expenses related to the Merger, including in connection with any litigation that may result from the announcement or pendency of the Merger;
- the risk that there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied, and as a result, it is possible that the Merger may not be completed even if the Merger Agreement is approved by the Company's stockholders;
- the risk that certain HSR Act clearance required to consummate the Merger may not be obtained;
- the Merger Agreement's restrictions on the conduct of the Company's business before the completion of the Merger, generally requiring the Company to conduct its business in the ordinary course, subject to specific limitations and certain exceptions, which may nevertheless delay or prevent the Company from pursuing otherwise attractive business opportunities and taking other actions as to its business that the Company may consider advantageous pending completion of the Merger;
- the risks and costs to the Company if the Merger does not close, including the diversion of management and employee attention, potential effects on the ability to retain employees and the potential effect on business and customer and supplier relationships;
- the fact that the receipt of cash in exchange for shares of Common Stock under the Merger will be a taxable transaction for U.S. federal income tax purposes;

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- the fact that certain of the Company’s directors and executive officers may have interests in the Merger that may be different from, or in addition to, those of the Company’s stockholders, as further described in the section of this proxy statement entitled “— *Interests of Aerojet Rocketdyne’s Directors and Executive Officers in the Merger*”;
- the covenants in the Merger Agreement prohibiting the Company from soliciting other potential acquisition proposals, and restricting its ability to entertain other potential acquisition proposals, unless certain conditions are satisfied;
- the requirement that the Company pay the Company Termination Fee, under certain circumstances following termination of the Merger Agreement, including if the Company terminates the Merger Agreement to accept a Superior Proposal, as further described in the section of this proxy statement entitled “*The Merger Agreement — Company Termination Fee*”; and
- the fact that the announcement of the Merger Agreement and pendency of the Merger, or the failure to complete the Merger, may cause substantial harm to the Company’s relationships with its employees (including making it more difficult to attract and retain key personnel and the possible loss of key management, technical, sales and other personnel), suppliers and customers and may divert employees’ attention away from the Company’s day-to-day business operations.

After considering the foregoing factors, the Board concluded that, overall, the potentially beneficial factors relating to the Merger Agreement and the Transactions, including the Merger, outweighed the risks and potentially negative factors.

The foregoing discussion of the information and factors considered by the Board is not exhaustive but is intended to reflect the material factors considered by the Board in its consideration of the Merger Agreement and the Transactions, including the Merger. In view of the complexity and the large number of factors considered, the Board, individually and collectively, did not quantify or assign any relative or specific weight to the various factors. Rather, the Board based its recommendation on the totality of the information presented to and considered by it. In addition, individual members of the Board may have given different weights to different factors.

The foregoing discussion of the information and factors considered by the Board is forward-looking in nature. This information should be read in light of the factors described under the caption “*Cautionary Statement Concerning Forward-Looking Statements.*”

### **THE BOARD RECOMMENDS A VOTE “FOR” THE MERGER PROPOSAL.**

#### **Opinion of Citigroup Global Markets Inc.**

Aerojet Rocketdyne retained Citi to provide financial advisory services in connection with a possible transaction involving Aerojet Rocketdyne. In connection with Citi’s engagement, Aerojet Rocketdyne’s board of directors requested that Citi evaluate the fairness, from a financial point of view, to the holders of shares of Aerojet Rocketdyne Common Stock of the consideration of \$58.00 per share to be received in the proposed Merger by such holders pursuant to the terms and subject to the conditions set forth in the Merger Agreement. On December 17, 2022, at a meeting of the Aerojet Rocketdyne board of directors held to evaluate the proposed Merger, Citi rendered to the Aerojet Rocketdyne board of directors an oral opinion, subsequently confirmed by delivery of a written opinion, dated December 17, 2022, to the effect that, as of the date of Citi’s written opinion and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Citi as set forth in its written opinion, the consideration of \$58.00 per share was fair, from a financial point of view, to the holders of shares of Aerojet Rocketdyne Common Stock.

The full text of Citi’s written opinion, dated December 17, 2022, to the Aerojet Rocketdyne board of directors, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Citi in rendering its opinion, is attached to this proxy statement as Annex B and is incorporated herein by reference in its entirety. The summary of Citi’s opinion set forth below is qualified in its entirety by reference to the full text of Citi’s opinion. **Citi’s opinion was rendered to the Aerojet Rocketdyne board of directors (in its capacity as such) in connection with its evaluation of the proposed Merger and was limited to the fairness, from a financial point of view, as of the**