

## AUDIT COMMITTEE CHARTER

The purposes of the Audit Committee of Aerojet Rocketdyne Holdings, Inc. are (a) to assist the Board of Directors in overseeing (i) the quality and integrity of the Company's financial statements, (ii) the qualifications and independence of the Company's independent auditors, (iii) the performance of the Company's financial reporting performance process, internal control system, internal audit function and independent auditors, and (iv) the Company's compliance with legal and regulatory requirements, including the effectiveness of the Company's corporate Ethics and Compliance Program; and (b) to prepare the report of the Committee to be included in the Company's annual proxy statement.

The Committee shall consist of three or more non-employee Directors, appointed annually by the Board, who are independent of management, are free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member, and that otherwise satisfy the independence requirements of the NYSE relating to directors and Audit Committee members, as well as applicable laws and regulations of the U.S. Government. Each member of the Committee must be financially literate or must become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall qualify as an "audit committee financial expert," as defined by the SEC. Qualifications of Committee members shall be determined by the Board in its business judgment.

No Director may serve as a member of the Committee if such Director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such Director to effectively serve on the Committee.

The Committee shall have and may exercise the powers of the Board of Directors in managing the business and affairs of the Company in accordance with the following delegated duties and functions, to:

- a. Have the sole and direct responsibility and authority for the appointment (with subsequent submission to the Company's shareholders for ratification) and termination, compensation, evaluation and oversight of the work of the independent auditors (the "Auditors"), including resolving disagreements between management and the Auditors regarding financial reporting. The Auditors shall report directly to the Committee. The Committee shall have the responsibility and authority to approve in advance all audit and permitted non-audit services to be provided by the Auditors, and may delegate to one or more designated members of the Committee the authority to grant pre-approvals of audit and permitted non-audit services, which pre-approvals shall be presented to the full Committee at its next scheduled meeting;
- b. Discuss with the Auditors the overall scope, plans, and staffing for their audit;

- c. On an annual basis obtain and review a report by the Auditors describing (i) all relationships between the Auditors and the Company to assess the Auditors' objectivity and independence, as required by Independence Standards Board Standard No. 1; (ii) the Auditors' internal quality-control procedures; and (iii) any material issues raised by the most recent quality-control review, or peer review, of the Auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years. Based on such Auditor's report and the Auditor's work throughout the year, the Committee shall evaluate the Auditor's independence, qualifications and performance, including a review and evaluation of the lead partner on the Auditors' engagement with the Company and take appropriate action to assure continuing independence, qualifications and performance of the Auditors;
- d. Review with management and the Auditors the financial statements and related disclosures contained in the Company's annual and quarterly reports, including (i) the results of the Auditors' timely analysis of significant financial reporting issues and practices, including, changes in, or adoptions of, accounting principles and disclosure practices; (ii) their judgments about the Company's selection or application of accounting principles and the clarity of the financial disclosure practices used or proposed to be used; (iii) the degree of aggressiveness or conservatism of the Company's accounting and underlying estimates and judgments; (iv) regular reports from the Auditors on the critical accounting policies and practices of the Company and the effects of alternative GAAP methods on the financial statements; (v) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements; and (vi) any related disagreements or other matters brought to the Committee's attention;
- e. Discuss, at least annually, with the Auditors (i) the matters required to be discussed by Statement on Auditing Standards 61 relating to the conduct of the audit; (ii) the audit process, any problems or difficulties encountered in the course of the performance of the audit, including any restrictions on the scope of the Auditors' activities or on the Auditors' access to information, or significant disagreements with management; (iii) the Company's internal controls; and (iv) material written communications between the Auditors and the Company;
- f. Review and evaluate the Company's system of internal controls, and recommend to management changes or improvements therein;
- g. Review and evaluate the Company's internal audit function, including its independence, staffing and performance, and recommend to management changes or improvements therein;
- h. Review and evaluate the appropriateness of the internal audit plans for the forthcoming year, including risk assessments, scope of coverage, planning and staffing;

- i. Review and evaluate significant audit findings, including significant suggestions for improvements in systems and internal controls from the internal auditor and the Auditors;
- j. Periodically review and discuss with management the Company's guidelines and policies with respect to the process by which the Company undertakes risk assessment and risk management, including discussion of the Company's major financial and compliance risk exposures and the steps management has taken to monitor and control such exposures;
- k. Review and discuss management's statement of its responsibility for and its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the Auditors' report on management's assessment;
- l. Review and discuss with management the Company's earnings press releases and the provision of financial information and earnings guidance by management to analysts and rating agencies;
- m. Review and discuss with the CEO and CFO the procedures undertaken in connection with the CEO and CFO certifications for annual and quarterly reports, including their evaluation of the Company's disclosure controls and procedures and its internal controls;
- n. Review with management and the Auditors legal, environmental and regulatory matters that may have a material effect on the Company's financial statements or related compliance policies;
- o. Review with management and the Auditors any correspondence with regulators or governmental agencies that raise material issues regarding the Company's financial statements or accounting policies; and any material reports or inquiries received by the Company or any of its subsidiaries from regulators or governmental agencies;
- p. Establish and maintain procedures for (i) the receipt, retention, and treatment of inquiries, reports, and complaints received by the Company regarding accounting, internal accounting controls, legal, ethical, compliance, or auditing matters, and (ii) the confidential, anonymous submission by Company employees and third parties regarding questionable accounting, auditing, legal, ethical, or compliance matters;
- q. Review the Company's policies and practices related to compliance with law, regulations, Code of Business Ethics and Conduct, and conflicts of interest, to be satisfied that such policies and practices are adequate and adhered to by the Company, and monitor the status of such compliance through the review of periodic reports from management, legal counsel, the Company's corporate Ethics and Compliance Officer, and third parties as determined by the Committee;

- r. Review and evaluate the Company's corporate Ethics and Compliance Program function, including its independence, staffing, and performance, and recommend to management changes or improvements therein;
- s. Receive corporate attorneys' reports of evidence of any material violation of securities laws or any breach of fiduciary duty;
- t. Engage such outside legal, accounting, and other advisors as it shall deem necessary or appropriate, with the expenses of such advisors, as well as ordinary administrative expenses of the Committee that are necessary or appropriate to carrying out its duties, to be paid by the Company; and
- u. Establish policies for the Company's hiring of employees or former employees of the Auditors. In addition to exercising the power of the Board with respect to the foregoing, the Committee shall:
  - 1. Recommend to the Board whether the annual audited financial statements should be included in the Company's Annual Report on Form 10-K;
  - 2. Meet as often as it determines, but not less frequently than quarterly and meet separately, at least once every fiscal quarter, with the Auditors and the internal auditor without members of management present;
  - 3. Routinely communicate the results of all reviews and meetings with the entire Board of Directors;
  - 4. Undertake and review with the Board an annual performance evaluation of the Committee; and
  - 5. Review this charter annually and recommend any proposed changes to the Board of Directors.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the Auditors.