



Paul B. Smith
President

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Dear Neighbor:

I am writing you because you have expressed an interest in our activities at the Santa Susana Field Laboratory. Given that last week Rockwell pleaded guilty to two counts of hazardous waste disposal and one count of hazardous waste storage without permits, I feel like I owe you an explanation.

Last week's pleas arose from a tragic accident that occurred in July 1994 at our Santa Susana Field Laboratory. Two employees died and a third was seriously injured in the course of illegal disposal of hazardous material.

I want you to know that we fully accept responsibility for the accident. I also want to explain the facts, now that they're known, and tell you what actions we've taken to strengthen safety and environmental compliance at Rocketdyne.

How did this happen?

Frankly, I've asked myself--and members of my staff--how this could have happened. These actions were inexcusable and don't make sense. We had the staff, the resources and the procedures in place to handle these materials safely and legally. We do it all the time.

Immediately following the accident we conducted an internal investigation--even bringing in outside investigators--to understand what happened. People have asked me why we said these were legitimate tests when it turned out they weren't. On the face of it, the tests made sense. Prior to the accident, we were taking steps to better manage the Chemical Technology Department's inventory. This included identifying excess materials for offsite disposal. To do that, certain materials needed to have their properties classified which is done through testing. There was a test plan that stated these same purposes. Every employee we interviewed told us the same thing: that these were legitimate tests for the stated purposes.

Our investigation raised several issues. We learned early on that safety procedures were violated. And based on those findings we took specific disciplinary action against members of management. We still had questions about the tests themselves. However, we didn't have enough evidence to dismiss what our employees said. Given the tragic loss of life, we were hesitant to publicly raise doubts that we couldn't confirm about valued employees who were experts in their field. The Department of Justice investigation was able to determine that, in fact, the employees were killed while disposing of hazardous materials illegally.

All of us are frustrated by recent events. I realize that it hurts our relationship with our neighbors. We have worked very hard to try to earn your trust over the last few years. The activities surrounding the accident never should have happened. They were isolated incidents and clearly not our standard practice.

We had strong policies and procedures in place designed to assure environmental and safety compliance. But regardless of our existing procedures, the accident and associated activities did happen.

We've taken steps to strengthen our program

In light of these events, the question I have to answer for our employees, neighbors, regulators and myself is: What will we do to make sure something like this doesn't happen again? I want to let you know about the specific steps we have taken to reinforce management's accountability and every employee's commitment to safety and environmental compliance, and to ensure that all of our activities at the Santa Susana Field Laboratory comply with the law.

- Following the accident, we immediately shut down all testing and labs--affecting 23 areas--until a thorough safety review of each area was conducted. Multifunctional teams made up of more than 50 managers and safety professionals performed the reviews.
- I personally met with all those managers and made it clear that they are fully accountable for their employees' health and safety performance and compliance.
- We ended the energetics chemistry business--the program in which the accident occurred--and brought in an expert contractor to safely package and remove all materials. It has all now been removed.
- To answer the question of what else is there that needs to be addressed, we performed thorough audits of each and every building and operation at the Santa Susana Field Laboratory by teams made up of a senior manager and an environmental, health and safety professional. We've closed down and consolidated operations at several buildings, and we verified that we have a complete inventory of all hazardous materials at the site.
- In addition to our own audits, government regulators performed 29 inspections by nine federal, state and county agencies in 1995 and found no violations. **We are currently in full compliance with all environmental laws for storage of hazardous materials and waste.**
- We have begun a long-term safety training program for all of our 400 managers. A world-recognized program by DuPont, STOP (Safety Training Observation Program) will reinforce safety as central to how we operate.

Safety and environmental compliance are critical to our business. It is our pledge as a company and your neighbor to operate safely and legally. We're going to do it because it's the right thing to do. We will match this commitment with actions, and we recognize that it is by our actions that you will judge us.

If you have questions or concerns, I want you to know you can call me.

Sincerely,



Paul Smith
President