

**GENERAL DYNAMICS
CORPORATE SUSTAINABILITY**



Doing the Right Thing

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Doing the Right Thing

Throughout our history, we at General Dynamics have endeavored to deliver the highest quality products and services, as well as foster a culture of ethical behavior, integrity, innovation and continuous improvement. This culture is evident in the ways we interact with employees, customers, partners and shareholders. We also bring this culture and our corporate values in our approach to sustaining the environments in which we work and live.

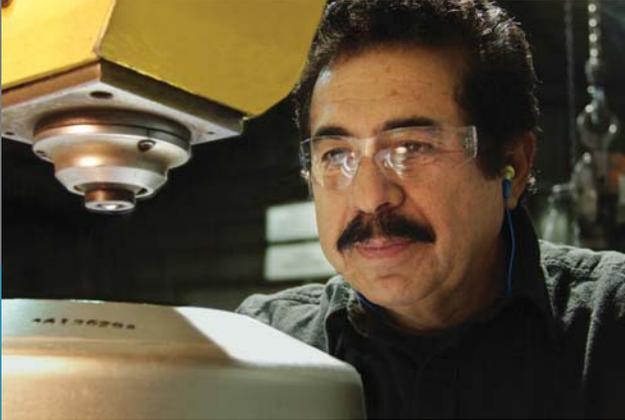
These values of ethical behavior, integrity, innovation and continuous improvement have been evident since our beginnings in the 1950s, when General Dynamics was created through the combination of Electric Boat, Canadair, Consolidated Vultee and Stromberg-Carlson. They were evident in our earliest accomplishments and they continue to be evident today throughout our four business groups: Aerospace, Combat Systems, Information Systems and Technology and Marine Systems.

Our values have empowered us to produce innovative products and services, such as the best-in-class business jets built by Gulfstream, which have a global reputation for superior aircraft design, quality, safety and reliability. They manifest themselves in our production of the Stryker family of combat vehicles which, along with the Abrams main battle tank, have become a mainstay of the U.S. Army's ground vehicle fleet and are now in demand among Allied nations as well.

These same values are present in the Information Systems and Technology group, in our provision of the U.S. Army's next-generation broadband on-the-move tactical network, a prime example of continuous improvement and innovation in action. What's more, these values drive the manufacturing of our state-of-the-art combatant and auxiliary ships and submarines, such as the Virginia-class submarines, which are essential to the U.S. Navy's missions worldwide.



Our accomplishments are not limited to the equipment we manufacture and the services we provide. They can also be measured in terms of the environments we support and sustain, both within and beyond our corporate borders. Beginning with our employees and extending through



our communities and the physical environment we all inhabit, General Dynamics is committed to leadership and excellence. We bring our culture of ethical behavior, integrity, innovation and continuous improvement to these environments. In short, we endeavor to “do the right thing,” and we are equally proud of our accomplishments in, and our attention to, these environments.

General Dynamics' values are evident across the corporation.

ETHICS

Our commitment to ethics begins with our Code of Ethics, the bedrock of General Dynamics' culture. Introduced in 1986, our ethics program provides multiple resources to help employees "do the right thing." These resources are contained principally in a handbook called Standards of Business Ethics and Conduct or, as it is more commonly known, the "Blue Book."

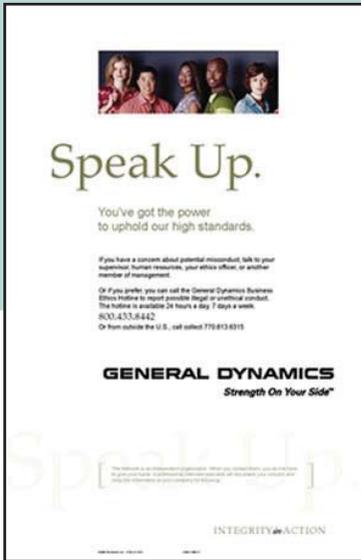
The Blue Book clearly states our expectation that all employees will conduct General Dynamics' business in accordance with the law, our policies, our values and our business-ethics principles. It contains rules and guidance on how employees are to conduct business – whether dealing with customers, suppliers or each other. It reminds employees to sustain General Dynamics' ethical business reputation by adhering to our principles of integrity, honesty and respect. The Blue Book strictly prohibits retaliation against anyone who raises an ethics or compliance issue in good faith. Furthermore, the Blue Book states that we expect our suppliers, vendors, contractors and joint venture partners to develop ethics and compliance programs that are consistent with our values in all material respects. Our ethics program also contains additional codes of ethics and ethical requirements for our financial professionals as well as our Board of Directors.



Our commitment to our ethics program is reinforced in a number of ways, including a Chief Ethics Officer who reports directly to the Chairman and Chief Executive Officer on all ethics program matters, and regularly briefs the Audit Committee of the board of directors. We have 13 business unit ethics officers and 120 local ethics officers who have the day-to-day responsibility for ethics training and oversight. We also offer a 24-hour-a-day, seven-day-a-week Business Ethics Helpline and website, accessible in numerous languages, and all matters are investigated and resolved promptly.

In addition, a variety of initiatives reinforce the General Dynamics ethics program, including the ones highlighted below.

- Regular ethics-related columns in the employee newsletters of several of our business units.
- An “Ethical Moments” video vignette initiative at Gulfstream and Information Technology explores the ethical dilemmas employees may face on the job and provides guidance on ethical decision-making.
- An annual “Ethics Arts Festival” allows employees from across Armament and Technical Products to use artistic creativity to promote ethics in the workplace.
- The “President’s Ethics and Integrity Award” at Advanced Information Systems recognizes individuals who exemplify our ethical standards in their everyday conduct.
- Information Technology launched the “TeamTalks” ethics communications program to facilitate ongoing communications and discussions between managers and employees about their responsibilities and to enhance understanding of our standards of ethical business conduct.



This multiplicity of media and methods of delivery demonstrates our commitment to ethics and our ethics program — a fact of which we are proud.

EMPLOYEE HEALTH, WELLNESS AND SAFETY

Employees constitute the heart of General Dynamics' business. They help us achieve the technical excellence and market leadership, as well as the strong shareholder value, for which we are known.

We take our employees' health and wellness seriously. Following are some examples of the health and wellness programs our businesses have put into action.

- Electric Boat's "House Calls": Started in 2008, the "House Calls" program brings mini-health fairs offering biometric screening to the production floor, conference room or any other areas convenient for employees three times a month. Recent additions include a home colon cancer screening program and a hearing conversation booth staffed by Electric Boat's audiologist.
- Armament and Technical Products' Health Fairs: The fairs offer biometric screening as well as opportunities to interact with employees' health care providers and representatives from General Dynamics' Environmental Health & Safety group. The American Heart Association and American Cancer Society also participate in the fairs.
- Ordnance and Tactical Systems' Wellness Programs: Customized by locality, the programs strive to promote healthy lifestyles. They focus on education, prevention and physical fitness in order to inform, educate and empower employees and their families to become better healthcare consumers.
- Information Technology's "Be Well, Be Dynamic" program includes a monthly wellness newsletter named "Healthy Connections." Launched in 2008 to educate employees on a wide variety of wellness topics, Healthy Connections provides helpful tips on how to eat wisely, get active and improve overall health. The emphasis is on making healthy lifestyle choices and adopting new habits to help with health issues.
- Gulfstream's company-wide initiative, Partners2Health, encourages employees and their families to work together with Gulfstream to achieve a healthy life and reduce healthcare costs. Through this partnership, Gulfstream provides a broad range of resources to help employees' families make informed decisions to maintain or improve their health. On-site resources include biometric screenings and health risk assessments, clinical chronic-disease management and weight-control counseling, medication counseling, health fairs and seminars.



We promote healthy lifestyles through education and by encouraging physical fitness.

Worker safety is of paramount importance to General Dynamics. Nothing is more important than our employees' safety and we are proud of our achievements in this area.

Many of our business units have been recognized for their commitment and success in promoting health and safety among their workers.

- In 2011, Electric Boat was recognized by the National Business Group on Health for its role in promoting healthy work environments and encouraging workers to live healthier lifestyles. As one of only 48 U.S. employers to receive this recognition, Electric Boat was cited for creating cultural and environmental changes that support employees who are committed to long-term behavior changes. Electric Boat also won a Platinum Award from the American Heart Association as a Fit-Friendly Company in 2011.
- C4 Systems' Scottsdale facility was one of 17 to receive the prestigious James S. Cogswell Outstanding Industrial Security Achievement Award from the Defense Security Service in 2011.
- Advanced Information Systems has received the Minnesota Governor's Award of Honor in Occupational Safety for eight consecutive years as well as the Outstanding Achievement Award.

These successes result from a culture of safety that runs throughout General Dynamics. For example, working with the Metal Trades Council (MTC) labor union, Electric Boat constructed a wooden submarine model with training workstations that mirror actual working conditions. Using the workstations, 13 MTC instructors develop and teach the skills that workers need to be safe while working in the shipyard. Each station provides real examples of hazards employees may face and the methods to prevent injuries that could occur from these hazards. The program has reduced injuries at Electric Boat.

To reduce the risk of repetitive-motion injuries among shipbuilding workers, a team of mechanics and supervisors from Bath Iron Works worked together to create a system to isolate workers from the vibrations created by grinding tools. This tool received the award for Excellence in Ergonomic Risk Reduction from attendees at the Applied Ergonomics Conference Exposition in March 2012.

DIVERSITY

General Dynamics is committed to maintaining a policy of inclusiveness and creating a work environment where employees can perform their jobs and pursue their careers free from discrimination and harassment. We are dedicated to the principles of equal employment and advancement of people based on their individual qualifications, skills and abilities.

Our inclusive culture is based on the principles listed below.

- **INTEGRITY:**

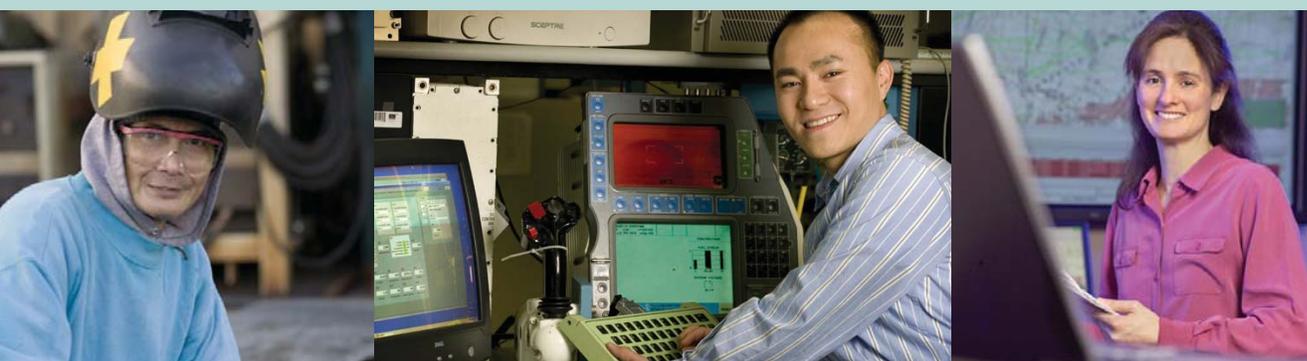
Treating people with openness, dignity and respect is paramount to growing and sustaining a culture of integrity in which everyone feels valued. General Dynamics is committed to nurturing this culture every day through our dealings with one another.

- **VALUING DIFFERENCES:**

Appreciating differences involves respecting the underlying characteristics that make each of us unique. These differences include personal points of view, beliefs and ways of thinking, as well as tangible differences such as age, gender, ethnicity, national origin, physical ability, military experience, sexual orientation and gender identity, among others. General Dynamics recognizes that the best ideas and solutions are developed by gathering input from people who have different perspectives as well as tangible differences.

- **EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION:**

The principles of equal employment opportunity and affirmative action are part of General Dynamics' commitment to integrity. We value the contributions that all individuals make to our company.



General Dynamics is committed to the principles of equal employment and advancement of people based on their individual qualifications, skills and abilities.

Our commitment to diversity is demonstrated in many ways throughout the company. In 2011, General Dynamics supported a number of events intended to increase diversity in the science and technology field. These included the National Society of Black Engineers, Society of Hispanic Professional Engineers, Society of Women Engineers, Women in Aviation, Women in Defense, Black Engineer of the Year Awards and Women of Color in Engineering and Science. Our business units proudly partnered together to support these initiatives.

- Several employees were recognized as National Women of Color (NWOC) Technology All-Stars and Rising Stars at a NWOC awards fair. For more than 13 years the NWOC Technology Awards has been the conference of choice to recognize the significant accomplishments of minority women in the digital world and to attract and leverage talent in innovative, professional and technical positions.
- Twenty-five employees from Advanced Information Systems, C4 Systems, Electric Boat, Gulfstream, Information Technology and Land Systems were selected for national recognition by the Black Engineer of the Year Awards (BEYA). The BEYA Science, Technology, Engineering and Math Global Competitiveness Conference attracts the top professionals and students from every part of the nation and every field of science, engineering and technology.
- Advanced Information Systems, Bath Iron Works, C4 Systems, Gulfstream, Land Systems and NASSCO all joined to participate in the Society of Hispanic Professional Engineers (SHPE) Conference. The SHPE is the largest Hispanic technical conference in the nation for the recruitment and development of reliable, highly qualified, diverse technical talent. We support SHPE for exactly that reason: to identify strong candidates with diverse backgrounds who can add value at General Dynamics.



We celebrate our employees' accomplishments by supporting a number of national recognition programs.

SUPPORTING MILITARY SERVICE MEMBERS

General Dynamics is committed to supporting and sustaining the environments and communities in which our employees work and live. Our support is wide-ranging, from veterans and military families to the arts and education.

The community of men and women in uniform who defend and secure their homeland deserves our particular respect and attention. We support this community through organizations that have a sole focus on the military and their families. To assist our employees who serve in United States military reserves, we created a military employment policy that goes beyond the Uniformed Services Employment and Reemployment Rights Act (USERRA). We ensure that all eligible employees who are called to military active duty are afforded appropriate compensation, benefits and job protection. We protect their job and their income by continuing to pay any difference between their service income and their income from General Dynamics.

Throughout General Dynamics, we provide funding and volunteers for military families.

- Armament and Technical Products supports the USO facility at the Charlotte Douglas International Airport — a large transition point for military families — with employee volunteers, donations supporting the funding of its facility and the services it provides and a title sponsorship of one of the USO's signature annual events, the USO of NC, Charlotte Center "Tee Off for the Troops" golf tournament.
- We are proud to be one of the largest financial supporters of Our Military Kids, a non-profit organization that provides tangible support to the children of deployed and severely injured National Guard and Military Reserve personnel through grants for sports, fine arts and tutoring that nurture and sustain children during the time a parent is away in military service.
- Working with Operation Gratitude, employees of Advanced Information Systems collected care package items to fill hundreds of boxes that were sent to service members deployed overseas.



United Kingdom Limited supports several charities and benevolent funds associated with the British Armed Forces, including Combat Stress, a charity specializing in the care of Veterans' mental health; Help for Heroes, an organization that raises money to support wounded members of the Armed Forces; and The Royal Air Force Benevolent Fund, providing financial, practical and emotional support to all members of the Royal Air Force family.

Believing that men and women of the U.S. Armed Forces who have been severely injured need our support, C4 Systems and Information Technology are actively involved in the recruitment of disabled veterans. For instance, C4 Systems supports the Sentinels of Freedom Scholarship Foundation, which assists veterans in becoming self-sufficient by providing housing, education, employment and mentoring.

Our Information Technology business unit supports the Wounded Warrior Project, whose mission is to honor and empower wounded warriors by raising awareness, enlisting public support, helping severely injured service members assist each other and providing unique programs and services to meet injured service members' needs.



COMMUNITY AFFAIRS: SUPPORTING COMMUNITIES

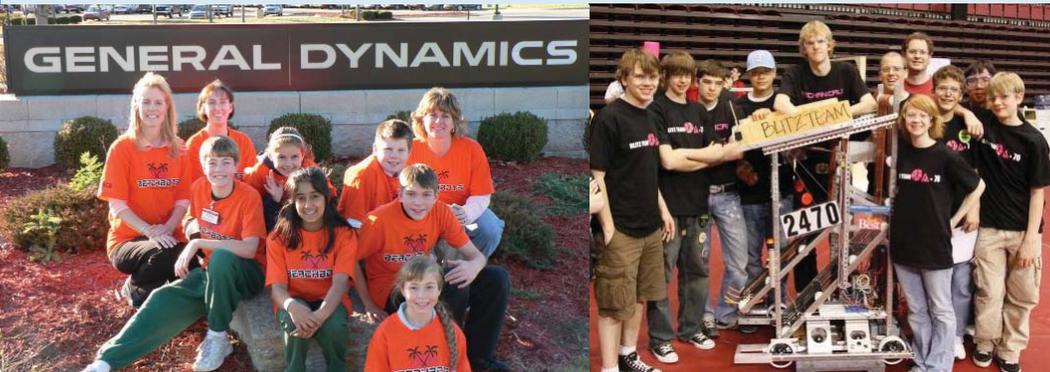
General Dynamics supports the communities where employees work and live through organizations that have an educational, social, civic and arts focus. Our business units develop and administer their own community service programs to align with their local community's needs. They use employee-formed committees and employee input to determine how the business unit can bring together its financial and volunteer resources. A few examples of these initiatives follow.

- Gulfstream has partnered with the Savannah-Chatham County, Georgia, public school system and local businesses to launch a major educational initiative for area high school students known as the Student Leadership Program (SLP). The goals of SLP are to increase opportunities available to students by helping them improve their grades, equipping them with tangible skills and encouraging them to be leaders in their school and community.
- NASSCO helps fund the Family Health Center of San Diego, California, the second largest public health provider of its kind in the nation. When the nearby Logan Heights facility was renovated and expanded, NASSCO was honored with a patient examination room that bears the shipyard's name.
- General Dynamics is a proud supporter of the Ford's Theatre in Washington DC. We are a capital campaign donor, supporting its significant renovation and expansion to improve the infrastructure and audience amenities. We are also a supporter of the Ford's Theatre Lincoln Medal, an annual award given to individuals whose body of work, accomplishments or personal attributes exemplify the lasting legacy of President Abraham Lincoln.
- Ordnance and Tactical Systems supports the Pinellas Education Foundation Doorways Scholarship Program in Florida, providing low-income students with college tuition funds. The program also links students with mentors and school-based ambassadors, who monitor student progress, enhance student learning through enrichment activities, provide guidance and encourage them to maintain good grades.
- In 2008, Bath Iron Works jump-started an initiative in the city of Bath, Maine, called Jobs for Maine's Graduates, to help significantly reduce the dropout rate at a local high school. This comprehensive dropout prevention and school-to-work transition program continues to produce real results in the community, with 90% of participating high school seniors obtaining their diplomas in the last two academic years.



Community Affairs: Science, Technology, Engineering, and Mathematics

- Advanced Information Systems is a major supporter of FIRST®, an organization that designs accessible, innovative programs for children that build science and technology skills and interests, as well as self-confidence. Our employees coach and mentor 19 student teams across the United States and we are a major sponsor of the national FIRST Tech Challenge.
- Armament and Technical Products provides financial support to many STEM organizations and its employees serve as mentors, coaches and volunteers for the following programs: Charlotte Eastway Middle School STEM Apprenticeship; Governor's Institute of Vermont; Virginia and Tennessee's Regional 6th Grade STEM Workshop for Girls; Southwest Virginia FIRST Robotics League; University of North Carolina – Charlotte STEM Mentoring Program; University of Vermont Student Mentoring Program.
- Bath Iron Works is the principal sponsor of the Maine Engineering Promotion Council's annual conference, providing a venue where engineers, educators and students participate in hands-on activities and workshops. We are also supporting efforts led by the Maine Community College Foundation, Maine Maritime Academy and the University of Maine, Orono, to open a midcoast campus to serve an area of Maine that currently has no access to a public higher education institution. The campus will focus on secondary studies in STEM disciplines and will serve an additional 2,000 students.
- Together with the Arizona State University and the Boys & Girls Club of Greater Scottsdale, C4 Systems designed and implemented the eCrew program, where General Dynamics' engineers mentor young students and provide them with the tools and knowledge they need to become engineers.
- Gulfstream employees serve as mentors, volunteers, speakers and coaches for the many STEM programs and organizations, including: Aerospace Institute of Aeronautics and Astronautics Student Outreach Programs; Crimson Technical College; Georgia Youth Apprentice Program; Learning for Life Explorer Post Program; SAE AeroDesign Competition; Women in Aviation.



We encourage interest in science, technology, engineering and mathematics (STEM) careers through our community outreach programs.

COMMUNITY AFFAIRS: PROTECTING THE ENVIRONMENT

The natural environment in which our employees work and live and in which General Dynamics does business increasingly warrants our attention and support. We work to sustain this environment and ensure a culture of compliance with all environmental laws and regulations. Some of our general principles follow.

- We operate our facilities in compliance with all applicable environmental laws and regulations, and in a way that is protective of the health and safety of our employees, surrounding communities and the environment.
- We strive to be a leader in improving environmental quality by minimizing waste and emissions, reusing and recycling, reducing the use of natural resources and promoting pollution prevention efforts throughout the company.
- We review our facilities and programs on a regular basis and establish goals for continuous improvement.
- We integrate environmental considerations into business planning and decisions, including design, procurement, production, facilities management and product support.
- We promote a workplace in which all employees are properly trained to comply with applicable environmental laws and regulations, to meet environmental program goals and to take personal responsibility for protecting the environment.
- We work with our customers in ascertaining and meeting their environmental needs and goals consistent with the company's environmental compliance and management programs.
- We implement a management system for environmental matters at each business unit compliant with the most current edition of ISO 14001. More than 90 sites are certified as compliant with ISO 14001.

While these principles are getting undeniable results, we strive for continuous improvement. General Dynamics' business units captured several awards for environmental performance. A few of these are listed below.

- NASSCO was recognized by numerous organizations in 2010 for its environmental programs, including: the Recycler of the Year Award from the City of San Diego which honors businesses that have implemented successful waste reduction, reuse, recycling, and recycled product procurement programs; Energy Champions award from San Diego Gas & Electric for our voluntary replacement of over 1,900 lighting fixtures and reducing energy consumption by three gigawatt hours annually; and the William M. Benkert Marine Environmental Protection Award from the United States Coast Guard, which recognizes outstanding achievements in marine environmental protection that go beyond compliance with industrial and regulatory standards.
- Advanced Information Systems received the Waste Reduction Awards Program (WRAP) award from the State of California for the fourth consecutive year. This award recognizes California businesses that have taken effective measures to reduce the amount of waste it generates.
- C4 Systems has implemented numerous energy conservation and efficiency initiatives, including "SEE the Light," an energy consumption reduction program. In our three Needham, Massachusetts facilities, we completed a sizable lighting efficiency project which decreased our annual power consumption by more than 950,000 kilowatt hours and eliminated more than 350 tons of greenhouse gas emissions every 12 months.



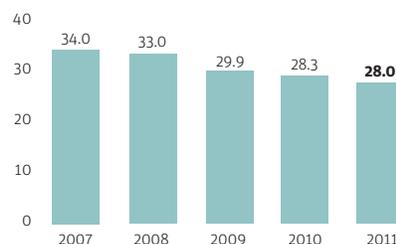
NASSCO continues to host numerous community cleanup and restoration events. These efforts have removed more than 25 tons of debris from Chollas Creek, a waterway adjacent to the shipyard property that empties into San Diego Bay in California. In addition to the debris, NASSCO employee volunteers have removed invasive plants inland to help clear the path for replanting natural vegetation. More than 1,000 trees and shrubs have been planted.

ENVIRONMENTAL INITIATIVES

In 2008, General Dynamics launched an initiative to measure all of our greenhouse gas (GHG) emissions. We now can report GHG emissions for all domestic-based business units for 2007 and later. Expansion of the program internationally is well underway, with two of our three European-based business units reporting their emissions.

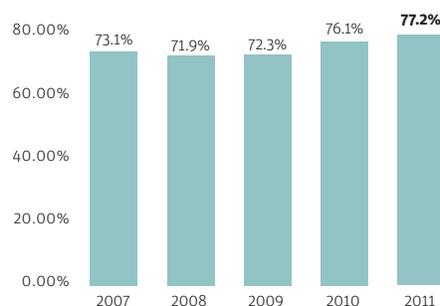
The chart shows that General Dynamics' U.S. based business units, including their foreign operating sites, have reduced GHG emissions as a percent of sales. The reduction is a result of energy-saving initiatives implemented across General Dynamics.

Greenhouse Gas Emissions
Tonnes CO₂e/\$M Revenue



We also have programs in place to increase the recycling of waste at our facilities. Each business unit sets annual goals to improve performance. The chart to the right shows our corporate-wide improvement from 2007 to 2011.

% of Waste Recycled



Another metric we monitor is disposal of hazardous waste. Following are examples of programs our business units are putting in place.

- Since 2005, Armament and Technical Products has reduced hazardous waste generation by 580,000 pounds. This achievement was the result of methodically evaluating processes and water streams for reduction and elimination opportunities. At the Marion Operations facility, a zero-discharge wastewater treatment system is being installed on the metal cleaning process line.
- Bath Iron Works has successfully operated solvent recovery programs at each of its three manufacturing facilities in Maine. Since commencing operation in 2003, over 45,000 gallons of reusable solvent has been recovered that would have otherwise been disposed of as hazardous waste. Additionally, the sludge generated from the distillation process is treated and rendered non-hazardous for disposal.
- Since 2007, Bath Iron Works has reduced its greenhouse gas emissions by 11%. It has signed a contract with Maine Natural Gas to convert its boilers at the Main Yard for dual fuel and will combust only natural gas for the next five years.

- In designing the Virginia-class submarine program, Electric Boat pursued a green design approach that minimizes or eliminates hazardous substances in all phases of the ship's life cycle. Electric Boat has achieved reductions of 60% in the number of adhesives, 80% in the number of solvents and cleaning products and 30% in paints and coatings used for ship construction and service life. This approach resulted in no asbestos or ozone-depleting substances on Virginia-class submarines. The green approach continues to advance at Electric Boat as they pursue enhancements to both the Virginia class and new platforms. Implementing green initiatives and incorporating a new Design-Build-Sustain process are at the forefront of the Common Missile Compartment for the UK SSBN Successor replacement and the U.S. SSBN Ohio replacement program new platform designs.
- Five Land Systems facilities are part of the U.S. Environmental Protection Agency's Green Power Partner program, with a portion of their energy consumption coming from alternative sources. This effort has reduced Land Systems' carbon footprint and reduced dependence on fossil fuels to run their facilities. In fact, the facility in Sterling Heights has 50% green power, Scranton has 25%, and three facilities in Maryland have 10% green power.
- Armament and Technical Products has made significant strides to reduce energy consumption. Over the past three years, it has avoided 100,000 million BTU of energy consumption, or roughly the equivalent of 140 railcars of coal.
- Ordnance and Tactical Systems' Scranton Operation installed new high efficiency, self-generating electrostatic paint guns that resulted in the reduction of residual waste, total emissions and paint needed to coat products. This effort resulted in a 40% reduction in paint used to coat projectiles, a 67% reduction in paint filters required and a 30% reduction in total plant Volatile Organic Compound (VOC) emissions.
- Ordnance and Tactical Systems has contracts with the U.S. Government to safely demilitarize old explosives and munitions. They have also worked to develop markets for some of the recovered materials. For instance, recovered propellant is processed into fertilizer or used as a blasting agent for commercial mining. Through Ordnance and Tactical Systems' efforts, 95% of the materials are recycled.

These are just some of the efforts General Dynamics has implemented. Our commitment is real and it is growing. As a leading aerospace and defense manufacturer that strives for continuous improvement, we must also strive to increase productivity and to be a responsible steward of the natural and physical environment. This must be part of the value we offer our defense, government and commercial customers.

We strive to support and sustain the many environments and communities in which we do business and in which our employees and customers live. Beginning with our employees, extending through their communities, and increasingly in the natural environment, General Dynamics strives to make a difference and to "do the right thing."

June 2012

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