

GENERAL DYNAMICS

2023
Annual
Report



Dear Fellow Shareholder

General Dynamics experienced another year of growth driven by strong demand for our products and services across the Aerospace and Defense portfolio.

For the full year, revenue increased 7.3% to \$42.3 billion. We generated, also, net earnings of \$3.3 billion, or \$12.02 of earnings per fully diluted share, and strong operating cash flow of \$4.7 billion. After capital expenditures of \$900 million, free cash flow was \$3.8 billion, or 115% of net income. The company reduced debt by \$1.2 billion and paid \$1.4 billion in dividends. We ended the year with solid growth in all four segments, a stronger balance sheet and a robust backlog of \$93.6 billion, leaving us well positioned for future growth.

At Aerospace, we continued to see year-over-year improvement and strong demand for Gulfstream aircraft, aircraft services and solid demand at Jet Aviation aircraft completion and services. Sales and earnings were up in the group, though impacted by the delay in the certification of the G700 and ongoing supply chain challenges. While the supply chain has strengthened, there remain some challenges that continue to impact our operating efficiency. We are working closely with the FAA and are moving toward certification on the G700, with the G800 to follow closely in the process. Through flight testing, the G700 has demonstrated better performance than initially expected. We look forward to delivering this mature aircraft to our customers.

The group ended the year with a backlog of \$20.5 billion, a 5% increase over the prior year. Demand was very strong across the portfolio, with a book-to-bill ratio of 1.2-to-1 on orders of over \$10 billion for the third year in a row.

At Combat Systems, 2023 was a year of notable growth, with revenue up 13.2% to \$8.3 billion and operating profits up by 6.7% to \$1.15 billion. With a backdrop of the ongoing threat environment, strong demand for the group's products continued. Backlog ended the year at \$14.5 billion, on orders of over \$9 billion, which drove a book-to-bill ratio of 1-to-1 for the second year in a row. We experienced increased domestic and international orders for Abrams main battle tanks, European combat vehicles and munitions. To date, we have been awarded over \$2 billion for munitions-related products and to fund facilities expansion for additional capacity.

At Marine Systems, revenue continued its strong growth trajectory, up 12.9% to \$12.5 billion, primarily driven by growth on the Columbia-class program. The first ship of the Columbia-class is now over 40% complete and on contract schedule. We are starting construction on the second ship. The segment continues to see an impact on operating performance from supply chain challenges. We are working closely with our customer to provide funding to help stabilize the supply chain, but there is more work to do. Across our marine businesses, we are seeing positive developments in hiring and training. Our new shipbuilders are entering the shipyards with proper education from our training center and with good skills.



Marine Systems had strong orders during the year at all business units, bolstering the backlog for our major programs in ship construction, repair and services. We received \$1.3 billion for long-lead materials and advance construction for Block V and Block VI Virginia-class submarines, an award for the construction of three Flight III Arleigh Burke-class (DDG-51) guided-missile destroyers, an award for construction of an additional John Lewis-class (T-AO-205) fleet replenishment oiler and awards for maintenance and modernization on several DDG-51 guided missile destroyers. With backlog that now extends to 2032, the long-term growth trajectory we expect in the group has strong support.

The Technologies group also experienced another year of growth along with strong orders. Revenue of \$12.9 billion was up from 2022, at both GDIT and Mission Systems. As a group, earnings were down 2% as Mission Systems navigates a transition from legacy programs that began to phase out to newer programs coming online at somewhat lower initial margins.

Both GDIT and Mission Systems finished the year with a 1.0x book-to-bill. GDIT received over \$13.5 billion in awards during the year, exceeding the annual record set last year. The group ended 2023 with an estimated contract value of \$41 billion and qualified pipeline of over \$130 billion, indicative of the strong opportunity set for these businesses.

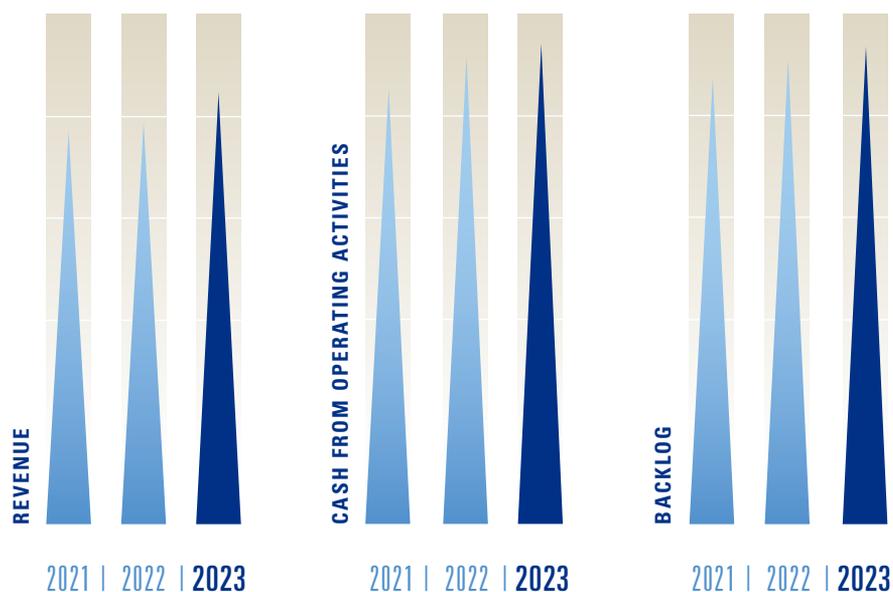
On March 6, 2024, the board of directors raised the dividend by 7.6% to a quarterly rate of \$1.42 per share. This marks the 27th consecutive year of dividend increases at our company.

As we look forward to 2024, we have an outlook for growth well supported by the current demand environment and a robust backlog. We also anticipate strong free cash flow generation in 2024. We are in a position to capitalize on the current demand and harness the investments we have made in the business to drive operating performance and continued value for our shareholders.

A blue ink signature of Phebe N. Novakovic, written in a cursive style.

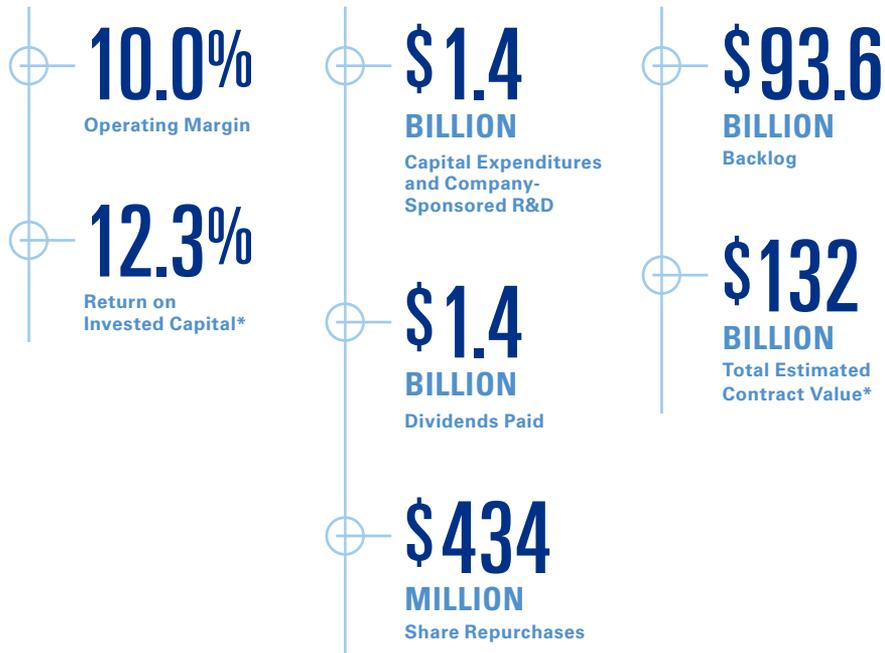
PHEBE N. NOVAKOVIC
Chairman and CEO
March 22, 2024

FINANCIAL HIGHLIGHTS



	2021	2022	2023
Revenue	\$38,469	\$39,407	\$42,272
Operating Earnings	4,163	4,211	4,245
Diluted EPS	11.55	12.19	12.02
Cash from Operating Activities	4,271	4,579	4,710
Cash Dividends Paid per Share	4.67	4.97	5.22

*Dollars in millions, except per-share amounts
Years Ended December 31*



87.4%

**Total Shareholder Return* for
3-YEAR PERIOD
Ended 12/31/23**

** See 10-K for discussion of non-GAAP measures. Total shareholder return is defined as change in share price with dividends reinvested.*

AEROSPACE

Our Aerospace segment designs, manufactures and services the most advanced and reliable family of business jets in the world through our Gulfstream and Jet Aviation business units. We believe the key to long-term value creation in the business jet industry is steady investment in new aircraft models and technologies, as well as a relentless focus on customer service.

Since acquiring Gulfstream in 1999 and Jet Aviation in 2008, we have made significant investments in research and development, state-of-the-art manufacturing facilities, and growing our global support network. We are also an industry leader in sustainability, continually increasing the efficiency of our engines and offering customers options to reduce or eliminate their carbon footprints.



The ultra-long-range, ultra-large-cabin G700 combines our most spacious cabin with our advanced Symmetry Flight Deck, the most technologically advanced in the industry. The aircraft has a maximum range of 7,750 nautical miles and is capable of speeds up to Mach 0.935.



HIGHLIGHTS



Gulfstream’s newly expanded completions center outside of St. Louis provides greater capacity for aircraft exterior painting, furniture installations, avionics integrations and other work to enable full aircraft completion and customer deliveries directly from the 640,000-square-foot facility.

\$8.6
BILLION REVENUE

\$20.5
BILLION BACKLOG

- Gulfstream delivered 111 aircraft in 2023, 89 of which were large-cabin aircraft.
- Gulfstream conducted the world’s first transatlantic flight using 100% Sustainable Aviation Fuel (SAF) in November.
- The Aerospace segment achieved a 1.2-to-1 book-to-bill ratio.
- More than 3,000 Gulfstream aircraft are currently in service around the world.



Jet Aviation has expanded the availability of SAF at its fixed-base operator (FBO) locations, uploading more than 10 million gallons of blended SAF to its customers since 2019. SAF can achieve as much as an 80% reduction in carbon dioxide emissions per gallon over its lifecycle compared with petroleum-based fuel.

MARINE SYSTEMS

Our Marine Systems segment is the leading designer and builder of nuclear-powered submarines and a leader in surface combatant and auxiliary ship design and construction for the U.S. Navy. We also provide maintenance, modernization and lifecycle support services for Navy ships and maintain the most sophisticated marine engineering expertise in the world to support future capabilities. We operate through three business units: Electric Boat, headquartered in Groton, Connecticut; NASSCO in San Diego, California; and Bath Iron Works in Bath, Maine. Each has outlying facilities spanning the East and West Coasts of the United States.

Electric Boat is the prime contractor and lead shipyard for all Navy nuclear-powered submarine programs, including the Virginia-class attack submarine and the Columbia-class ballistic-missile submarine.

NASSCO builds the John Lewis-class (T-AO-205) fleet replenishment oiler, as well as the Expeditionary Sea Base auxiliary support ship that serves as an afloat forward-staging base for U.S. Marines and special operations forces. Bath Iron Works builds the Arleigh Burke-class (DDG-51) guided-missile destroyer and manages modernization and lifecycle support for all Navy destroyers.



The Virginia-class submarine USS Hyman G. Rickover (SSN-795), built by Electric Boat and delivered to the Navy in October 2023, passes in front of Electric Boat's South Yard Assembly Building, a 200,000 square-foot structure that serves as the centerpiece for the final assembly of Columbia-class ballistic-missile submarines. We have invested significant capital over the past several years to expand and modernize Electric Boat facilities to support the growth in submarine construction.

HIGHLIGHTS



Arleigh Burke-class (DDG-51) destroyers transit the Pacific Ocean. Bath Iron Works was awarded a contract from the Navy in 2023 for construction of three Flight III DDG-51 destroyers, bringing its backlog to a total of 12 ships scheduled for delivery through 2032.

(Photo/DoD)

\$12.5
BILLION REVENUE

\$45.9
BILLION BACKLOG

- ⊕ *The Columbia-class ballistic-missile submarine is a 12-boat program of record scheduled to continue for two decades, with a total value in excess of \$115 billion.*
- ⊕ *We have 16 Virginia-class submarines in backlog scheduled for delivery through 2032, nine of which will include the Virginia Payload Module.*
- ⊕ *The segment was awarded multiple contracts to provide maintenance and modernization services for Navy submarines, destroyers and amphibious ships.*

NASSCO christened and launched the fleet replenishment oiler USNS Robert F. Kennedy (T-AO-208) in October 2023. The ship, which is 742 feet long and has a full-load displacement of 48,850 tons, has the capacity to carry and deliver 157,000 barrels of fuel to Navy ships operating at sea. NASSCO has seven fleet replenishment oilers currently in backlog, with deliveries planned into 2028.



COMBAT SYSTEMS

Our Combat Systems segment is a premier manufacturer and integrator of land combat solutions worldwide, including wheeled and tracked combat vehicles, weapons systems and munitions. The segment consists of three business units: Land Systems, European Land Systems and Ordnance and Tactical Systems.

Land Systems is the sole producer of two products that are foundational to the U.S. Army's warfighting capabilities: the Abrams main battle tank and the Stryker wheeled combat vehicle, both of which have considerable backlog for both the Army and foreign customers. Land Systems also produces the light armored vehicle (LAV) for the Canadian army and the Ajax and Foxhound vehicles for the British army.

European Land Systems produces the Piranha 8x8 armored combat vehicle, the ASCOD tracked combat vehicle, the Duro and Eagle tactical vehicles, and a variety of mobile bridge systems capable of payloads up to 100 tons. Ordnance and Tactical Systems designs, develops and produces a comprehensive array of weapons systems, such as Gatling guns for fighter aircraft and combat vehicle active protection systems, and a breadth of munitions, including Hydra-70 rockets, bomb bodies, and large-caliber tank and artillery ammunition.



In 2023, the Army announced the name of its newest infantry assault vehicle: the M10 Booker combat vehicle. The Army selected Land Systems for low-rate initial production of the Booker, formerly known as Mobile Protected Firepower, which will provide overwhelming precision firepower, greater survivability and improved maneuverability to infantry brigades. Land Systems has 60 of the vehicles in backlog scheduled for delivery through 2025, and the Army's acquisition objective is to eventually purchase more than 500.

HIGHLIGHTS



In support of the Army's effort to accelerate production of critical artillery munitions, Ordnance and Tactical Systems received awards to expand existing metal parts production capacity from 18,000 to 86,000 rounds per month and to establish capacity for 155mm (seen here) load, assemble and pack to 50,000 rounds per month by 2025.

\$8.3
BILLION REVENUE

\$14.5
BILLION BACKLOG

- ⊕ *Land Systems and European Land Systems have a combined installed base of more than 23,000 vehicles across more than 35 countries, with more than 3,200 vehicles in backlog.*
- ⊕ *Ordnance and Tactical Systems was awarded contracts in 2023 for \$1.7 billion for various ordnance and munitions, with a maximum potential value of \$3.2 billion.*
- ⊕ *Total segment backlog at year end was up 9.7% from the prior year. In addition to \$14.5 billion in backlog, estimated potential contract value was \$6.2 billion, for a total estimated contract value of \$20.8 billion.*



Piranha armored combat vehicles at a European Land Systems production facility in Bucharest, Romania. There are more than 7,000 Piranha vehicles in service across 25 countries.

TECHNOLOGIES

Our Technologies segment provides a full spectrum of services, technologies and products to an expanding market that increasingly seeks solutions combining leading-edge electronic hardware with specialized software. The segment is organized into two business units: Information Technology (GDIT) and Mission Systems. Together, they serve a wide range of military, intelligence, federal civilian, state and commercial customers.

The Technologies portfolio includes consulting, technology solutions and mission support services; mobile communication, computers, command-and-control and cyber (C5) mission systems; and intelligence, surveillance and reconnaissance (ISR) solutions. GDIT and Mission Systems share the same customer base and increasingly go to market together to offer complementary offerings and solution sets.

The segment's highly skilled workforce is a key differentiator, comprising nearly 40,000 employees, including technologists, engineers and mission experts, many with high-level security clearances. The segment's backlog consists of thousands of contracts and task orders across a mix of U.S. and non-U.S. government and commercial customers.



The Emerge Innovation Center is the latest investment in GDIT's expansion of research and development (R&D) and technology labs across the country to support government missions, focusing on four priority areas: developing a portfolio of Digital Accelerators, expanding R&D, growing commercial partnership programs and further upskilling its workforce.



HIGHLIGHTS



The Raven is a mobile command center that collects and distributes mission-critical information in operational environments. Powered by artificial intelligence and machine learning systems, the Raven can filter information to enable data-driven decisions that can be disseminated to first responders, analysts and decision-makers in real time, whether connected or disconnected from the enterprise.

\$12.9
BILLION REVENUE

\$12.7
BILLION BACKLOG

- In addition to backlog of \$12.7 billion, we estimate \$28 billion in additional value in unfunded indefinite delivery, indefinite quantity (IDIQ) contracts and unexercised options, for a total estimated contract value of \$40.7 billion.
- The segment was awarded several key classified contracts during 2023 totaling \$1.4 billion, with a maximum potential value of \$3.1 billion.
- The segment's total estimated contract value is composed of 42% defense, 29% intelligence, 25% federal civilian and state agencies, and 4% commercial and non-U.S. government customers.

Mission Systems produces a variety of defense electronics for use in austere environments, including lightweight, ultra-rugged smart displays (seen here) capable of hosting C5 applications for tactical and combat vehicles, combining mission-critical functions and vehicle interfaces in a size, weight, power and cost-effective package.



OUR ETHOS

HONESTY. TRANSPARENCY. TRUST. ALIGNMENT.

These four values undergird everything we do at General Dynamics — they are our defining moral character. Through our shared Ethos, we ensure that we continue to be good stewards of the investments our shareholders, customers, employees and communities make in us, now and in the future.





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