REFINITIV

DELTA REPORT

10-Q

GD - GENERAL DYNAMICS CORP

10-Q - SEPTEMBER 29, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	626
CHANGES	218
DELETIONS	257
ADDITIONS	151

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[☑] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024 September 29, 2024

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission File Number 1-3671

GENERAL DYNAMICS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**13-1673581**
State or other jurisdiction of incorporation or organization	*I.R.S. Employer Identification No.*
11011 Sunset Hills Road Reston, Virginia	**20190**
Address of principal executive offices	*Zip code*

(703) 876-3000
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	GD	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ü No ___

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ü No ___

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ü Accelerated filer ___ Non-accelerated filer ___

Smaller reporting company___ Emerging growth company___

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ___

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes___ No ü

274,777,579 274,968,619 shares of the registrant's common stock, $1 par value per share, were outstanding on June 30, 2024 September 29, 2024.

INDEX

PART I – FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)

		Three Months Ended				
(Dollars in millions, except per-share amounts)	(Dollars in millions, except per-share amounts)	June 30, 2024	July 2, 2023	(Dollars in millions, except per-share amounts)	September 29, 2024	October 1, 2023
Revenue:						
Products						
Products						
Products						
Services						
	11,976					
	11,671					
Operating costs and expenses:						
Products						
Products						
Products						
Services						
General and administrative (G&A)						

	(10,820)
	(10,490)
Operating earnings	
Other, net	
Interest, net	
Earnings before income tax	
Provision for income tax, net	
Net earnings	
Earnings per share	
Earnings per share	
Earnings per share	
Basic	
Basic	
Basic	
Diluted	

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)

			Six Months Ended			Nine Months Ended
(Dollars in millions, except per-share amounts)	(Dollars in millions, except per-share amounts)	June 30, 2024	July 2, 2023	(Dollars in millions, except per-share amounts)	September 29, 2024	October 1, 2023
Revenue:						
Products						
Products						
Products						
Services						
		22,707				
		34,378				
Operating costs and expenses:						
Products						
Products						
Products						
Services						
G&A						
		(20,515)				
		(31,005)				
Operating earnings						
Other, net						
Interest, net						
Earnings before income tax						
Provision for income tax, net						
Net earnings						
Earnings per share						
Earnings per share						
Earnings per share						
Basic						
Basic						
Basic						

Diluted

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended
(Dollars in millions)	(Dollars in millions)	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023	(Dollars in millions)	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Net earnings										
Changes in unrealized cash flow hedges										
Foreign currency translation adjustments										
Foreign currency translation adjustments										
Foreign currency translation adjustments										
Changes in retirement plans' funded status										
Other comprehensive income (loss), pretax										
(Provision) benefit for income tax, net										
Other comprehensive income, pretax										
Provision for income tax, net										
Other comprehensive income (loss), net of tax										
Comprehensive income										

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

	(Unaudited)			
(Dollars in millions)				
(Dollars in millions)				
(Dollars in millions)	June 30, 2024	December 31, 2023	September 29, 2024	December 31, 2023
ASSETS				
ASSETS				
ASSETS				
Current assets:				
Current assets:				
Current assets:				
Cash and equivalents				
Cash and equivalents				
Cash and equivalents				
Accounts receivable				
Unbilled receivables				
Inventories				
Other current assets				
Total current assets				
Noncurrent assets:				
Property, plant and equipment, net				
Property, plant and equipment, net				
Property, plant and equipment, net				

Intangible assets, net		
Goodwill		
Other assets		
Total noncurrent assets		
Total assets		
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current liabilities:		
Current liabilities:		
Short-term debt and current portion of long-term debt		
Short-term debt and current portion of long-term debt		
Short-term debt and current portion of long-term debt		
Accounts payable		
Customer advances and deposits		
Other current liabilities		
Total current liabilities		
Noncurrent liabilities:		
Long-term debt		
Long-term debt		
Long-term debt		
Other liabilities		
Commitments and contingencies (see Note J)	Commitments and contingencies (see Note J)	Commitments and contingencies (see Note J)
Total noncurrent liabilities		
Shareholders' equity:		
Common stock		
Common stock		
Common stock		
Surplus		
Retained earnings		
Treasury stock		
Accumulated other comprehensive loss		
Total shareholders' equity		
Total liabilities and shareholders' equity		

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

			Six Months Ended			Nine Months Ended
(Dollars in millions)	(Dollars in millions)	June 30, 2024	July 2, 2023	(Dollars in millions)	September 29, 2024	October 1, 2023
Cash flows from operating activities – continuing operations:						
Net earnings						
Net earnings						
Net earnings						

Adjustments to reconcile net earnings to net cash from operating activities:
Depreciation of property, plant and equipment
Depreciation of property, plant and equipment
Depreciation of property, plant and equipment
Amortization of intangible and finance lease right-of-use assets
Equity-based compensation expense
Deferred income tax benefit
(Increase) decrease in assets, net of effects of business acquisitions:
Accounts receivable
Accounts receivable
Accounts receivable
Unbilled receivables
Inventories
Increase (decrease) in liabilities, net of effects of business acquisitions:
Accounts payable
Accounts payable
Accounts payable
Customer advances and deposits
Other, net
Other, net
Other, net
Net cash provided by operating activities
Cash flows from investing activities:
Capital expenditures
Capital expenditures
Capital expenditures
Other, net
Other, net
Other, net
Net cash used by investing activities
Cash flows from financing activities:
Dividends paid
Dividends paid
Dividends paid
Purchases of common stock
Repayment of fixed-rate notes
Other, net
Other, net
Other, net
Net cash used by financing activities
Net cash used by discontinued operations
Net decrease in cash and equivalents
Net increase in cash and equivalents
Cash and equivalents at beginning of period
Cash and equivalents at end of period
Supplemental cash flow information:
Income tax payments, net
Income tax payments, net

Income tax payments, net

Interest payments

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Three Months Ended												
(Dollars in millions)	(Dollars in millions)	Common Stock Par	Common Stock Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	(Dollars in millions)	Common Stock Par	Common Stock Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Lo
March 31, 2024													
June 30, 2024													
Net earnings													
Net earnings													
Net earnings													
Cash dividends declared													
Equity-based awards													
Shares purchased													
Other comprehensive income													
June 30, 2024													
September 29, 2024													
April 2, 2023													
April 2, 2023													
April 2, 2023													
July 2, 2023													
July 2, 2023													
July 2, 2023													
Net earnings													
Net earnings													
Net earnings													
Cash dividends declared													
Equity-based awards													
Shares purchased													
Other comprehensive income													
July 2, 2023													

Other comprehensive loss												
October 1, 2023												
	Six Months Ended						Nine Months Ended					
	Common Stock	Common Stock	Retained	Treasury	Accumulated Other Comprehensive	Total Shareholders'	Common Stock	Retained	Treasury	Accumulated Other Comprehensive	Total Shareholder	
(Dollars in millions)	(Dollars in millions) Par	Surplus	Earnings	Stock	Loss	Equity	(Dollars in millions) Par	Surplus	Earnings	Stock	Loss	Equity
December 31, 2023												
Net earnings												
Net earnings												
Net earnings												
Cash dividends declared												
Equity-based awards												
Shares purchased												
Other comprehensive loss												
June 30, 2024												
Other comprehensive income												
September 29, 2024												
December 31, 2022												
December 31, 2022												
December 31, 2022												
Net earnings												
Cash dividends declared												
Equity-based awards												
Shares purchased												
Other comprehensive income												
July 2, 2023												
October 1, 2023												

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except share and per-share amounts or unless otherwise noted)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Dynamics is a global aerospace and defense company that offers a broad portfolio of products and services in business aviation; ship construction and repair; land combat vehicles, weapons systems and munitions; and technology products and services.

The following is a discussion of certain significant accounting policies, and further discussion is contained in other notes to these financial statements.

Basis of Consolidation and Classification. The unaudited Consolidated Financial Statements include the accounts of General Dynamics Corporation and our wholly owned and majority-owned subsidiaries. We eliminate all intercompany balances and transactions in the unaudited Consolidated Financial Statements.

Consistent with industry practice, we classify assets and liabilities related to long-term contracts as current, even though some of these amounts may not be realized within one year.

Interim Financial Statements. The unaudited Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). These rules and regulations permit some of the information and footnote disclosures included in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) to be condensed or omitted.

Our fiscal quarters are typically 13 weeks in length. Because our fiscal year ends on December 31, the number of days in our first and fourth quarters varies slightly from year to year. Operating results for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

The unaudited Consolidated Financial Statements contain all adjustments that are of a normal recurring nature necessary for a fair presentation of our results of operations and financial condition for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023.

These unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Property, Plant and Equipment, Net. Property, plant and equipment (PP&E) is carried at historical cost, net of accumulated depreciation. Net PP&E consisted of the following:

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
PP&E		
Accumulated depreciation		
PP&E, net		

Recent Accounting Pronouncements. For a discussion of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) but are not yet effective, refer to the Recent Accounting Pronouncements section in our Annual Report on Form 10-K for the year ended

December 31, 2023. These standards are not expected to have a material impact on our results of operations, financial condition or cash flows.

B. REVENUE

Performance Obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account for revenue. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct. Some of our contracts have multiple performance obligations, most commonly due to the contract covering multiple phases of the product life cycle (development, production, maintenance and support). For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which we forecast our expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct good or service.

Contract modifications are routine in the performance of our contracts. Contracts are often modified to account for changes in customer specifications or requirements. In most instances, contract modifications are for goods or services that are not distinct and, therefore, are accounted for as part of the existing contract.

Our performance obligations are satisfied over time as work progresses or at a point in time. Revenue from products and services transferred to customers over time accounted for 75%79% and 77%78% of our revenue for the three- and six-monthnine-month periods ended June 30, 2024September 29, 2024, respectively, and 80%79% and 81%80% for the three- and six-monthnine-month periods ended July 2, 2023October 1, 2023, respectively. Substantially all of our revenue in the defense segments is recognized over time because control is transferred continuously to our customers. Typically, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, material, overhead and, when appropriate, G&A expenses.

Revenue from goods and services transferred to customers at a point in time accounted for 25%21% and 23%22% of our revenue for the three- and six-monthnine-month periods ended June 30, 2024September 29, 2024, respectively, and 20%21% and 19%20% for the three- and six-monthnine-month periods ended July 2, 2023October 1, 2023, respectively. Most of our revenue recognized at a point in time is for the manufacture of business jet aircraft in our Aerospace segment. Revenue on these contracts is recognized when the customer obtains control of the asset, which is generally upon delivery and acceptance by the customer of the fully outfitted aircraft.

On June 30, 2024September 29, 2024, we had $91.3 billion$92.6 billion of remaining performance obligations, which we refer to as total backlog. We expect to recognize approximately 60%55% of our remaining performance obligations as revenue by year-end 2025, an additional 25%30% by year-end 2027 and the balance thereafter.

Contract Estimates. The majority of our revenue is derived from long-term contracts and programs that can span several years. Accounting for long-term contracts and programs involves the use of various techniques to estimate total contract revenue and costs. We estimate the profit on a contract as the

difference between the total estimated revenue and expected costs to complete a contract and recognize that profit over the life of the contract.

Contract estimates are based on various assumptions to project the outcome of future events that often span several years. These assumptions include labor productivity and availability; the complexity of the work to be performed; the cost and availability of materials; the performance of subcontractors; and the availability and timing of funding from the customer.

The nature of our contracts gives rise to several types of variable consideration, including claims, award fees and incentive fees. We include in our contract estimates additional revenue for contract modifications or claims against the customer when we believe we have an enforceable right to the modification or claim, the amount can be estimated reliably and its realization is probable. In evaluating these criteria, we consider the contractual/legal basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the claim. We include award fees or incentive fees in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee. These estimates are based on historical award experience, anticipated performance and our best informed judgment at the time.

As a significant change in one or more of these estimates could affect the profitability of our contracts, we review and update our contract-related estimates regularly. We recognize adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date on a contract is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance are recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, we recognize the total loss in the period it is identified.

The impact of adjustments in contract estimates on our operating earnings can be reflected in either operating costs and expenses or revenue. The aggregate impact of adjustments in contract estimates increasedchanged our revenue, operating earnings and diluted earnings per share as follows:

	Three Months Ended	Three Months Ended		Six Months Ended	Three Months Ended	Nine Months Ended
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023		
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023		
Revenue						
Operating earnings						
Diluted earnings per share						

No adjustment on any one contract was material to the unaudited Consolidated Financial Statements for the three- and six-monthnine-month periods ended June 30, 2024September 29, 2024, or July 2, 2023October 1, 2023.

We have large, long-term contracts with the U.S. Navy for Virginia-class submarines and an international customer for tracked vehicles in which our estimates for contract revenue include variable consideration from anticipated contract modifications. For both contracts, it is reasonably possible that the actual amount of variable consideration realized could be less than our estimate, which could have a material unfavorable impact on our results of operations.

In addition, during the quarter the Navy was informed of deficiencies in welding procedures conducted by our teammate and subcontractor on our Columbia-class and Virginia-class submarine programs. It is reasonably possible that addressing these deficiencies could potentially impose costs or schedule delays not accounted for in our estimates related to our long-term contracts with the Navy for the construction of submarines.

Revenue by Category. Our portfolio of products and services consists of more than 9,000 active contracts. The following series of tables presents our revenue disaggregated by several categories.

Revenue by major products and services was as follows:

	Three Months Ended	Three Months Ended		Six Months Ended	Three Months Ended	Nine Months Ended
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023		
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023		
Aircraft manufacturing						
Aircraft services						
Total Aerospace						
Nuclear-powered submarines						
Surface ships						
Repair and other services						
Total Marine Systems						
Military vehicles						
Weapons systems, armament and munitions						
Engineering and other services						
Total Combat Systems						
Information technology (IT) services						
C5ISR* solutions						
Total Technologies						
Total revenue						

* Command, control, communications, computers, cyber, intelligence, surveillance and reconnaissance

Revenue by contract type was as follows:

Three Months Ended June 30, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
Three Months Ended September 29, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
Fixed-price					
Cost-reimbursement					
Time-and-materials					
Total revenue					
Three Months Ended July 2, 2023					
Three Months Ended October 1, 2023					
Fixed-price					
Fixed-price					
Fixed-price					
Cost-reimbursement					
Time-and-materials					
Total revenue					
Six Months Ended June 30, 2024					

Nine Months Ended September 29, 2024					
Six Months Ended June 30, 2024					
Nine Months Ended September 29, 2024					
Six Months Ended June 30, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
Nine Months Ended September 29, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
Fixed-price					
Cost-reimbursement					
Time-and-materials					
Total revenue					
Six Months Ended July 2, 2023					
Nine Months Ended October 1, 2023					
Fixed-price					
Fixed-price					
Fixed-price					
Cost-reimbursement					
Time-and-materials					
Total revenue					

Our segments operate under fixed-price, cost-reimbursement and time-and-materials contracts. Our production contracts are primarily fixed-price. Under these contracts, we agree to perform a specific scope of work for a fixed amount. Contracts for research, engineering, repair and maintenance, and other services are typically cost-reimbursement or time-and-materials. Under cost-reimbursement contracts, the customer reimburses contract costs incurred and pays a fixed, incentive or award-based fee. The amount for an incentive or award fee is determined by our ability to achieve targets set in the contract, such as cost, quality, schedule and performance. Under time-and-materials contracts, the customer pays a fixed hourly rate for direct labor and generally reimburses us for the cost of materials.

Each of these contract types presents advantages and disadvantages. Typically, we assume more risk with fixed-price contracts. However, these types of contracts offer additional profits when we complete the work for less than originally estimated. Cost-reimbursement contracts generally subject us to lower risk. Accordingly, the associated base fees are usually lower than fees earned on fixed-price contracts. Under time-and-materials contracts, our profit may vary if actual labor-hour rates vary significantly from the negotiated rates. Also, because these contracts may provide little or no fee for managing material costs, the content mix can impact profitability.

Revenue by customer was as follows:

Three Months Ended June 30, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
Three Months Ended September 29, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
U.S. government:					
Department of Defense (DoD)					
Department of Defense (DoD)					
Department of Defense (DoD)					
Non-DoD					
Foreign military sales (FMS)					
Total U.S. government					
U.S. commercial					
Non-U.S. government					
Non-U.S. commercial					
Total revenue					
Three Months Ended July 2, 2023					

Three Months Ended October 1, 2023
U.S. government:
U.S. government:
U.S. government:
DoD
DoD
DoD
Non-DoD
FMS
Total U.S. government
U.S. commercial
Non-U.S. government
Non-U.S. commercial
Total revenue
Six Months Ended June 30, 2024
Nine Months Ended September 29, 2024
Six Months Ended June 30, 2024
Nine Months Ended September 29, 2024

Six Months Ended June 30, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
Nine Months Ended September 29, 2024	Aerospace	Marine Systems	Combat Systems	Technologies	Total Revenue
U.S. government:					
DoD					
DoD					
DoD					
Non-DoD					
FMS					
Total U.S. government					
U.S. commercial					
Non-U.S. government					
Non-U.S. commercial					
Total revenue					

Six Months Ended July 2, 2023
Nine Months Ended October 1, 2023
U.S. government:
U.S. government:
U.S. government:
DoD
DoD
DoD
Non-DoD
FMS
Total U.S. government
U.S. commercial
Non-U.S. government
Non-U.S. commercial

Total revenue	

Contract Balances. The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Consolidated Balance Sheet. In our defense segments, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., biweekly or monthly) or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, we sometimes receive advances or deposits from our customers, particularly on our international contracts, before revenue is recognized, resulting in contract liabilities. These assets and liabilities are reported on the Consolidated Balance Sheet on a contract-by-contract basis at the end of each reporting period. In our Aerospace segment, we generally receive deposits from customers upon contract execution and upon achievement of contractual milestones. These deposits are liquidated when revenue is recognized. Changes in the contract asset and liability balances during the six-month nine-month period ended June 30, 2024 September 29, 2024, were not materially impacted by any other factors.

Revenue recognized for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023, that was included in the contract liability balance at the beginning of each year was $1.7 billion $1.1 billion and $3.4 billion $4.5 billion, and $949 $869 and $2.7 billion $3.5 billion, respectively. This revenue represented primarily the sale of business jet aircraft.

C. EARNINGS PER SHARE

We compute basic earnings per share (EPS) using net earnings for the period and the weighted average number of common shares outstanding during the period. Diluted EPS incorporates the additional shares issuable upon the assumed exercise of stock options and the release of restricted stock and restricted stock units (RSUs).

Basic and diluted weighted average shares outstanding were as follows (in thousands):

	Three Months Ended	Three Months Ended		Six Months Ended	Three Months Ended	Nine Months Ended
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023		
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023		
Basic weighted average shares outstanding						
Dilutive effect of stock options and restricted stock/RSUs*						
Diluted weighted average shares outstanding						

* Excludes unvested stock options, and vested stock options that had exercise prices in excess of the average market price of our common stock during the period and, therefore, the effect of including these options would be antidilutive. These options totaled 1,261 1,277 and 833 962 for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and 4,468 4,464 and 3,925 4,101 for the three- and six-month nine-month periods ended July 2, 2023 October 1, 2023, respectively.

D. INCOME TAXES

Net Deferred Tax Liability. Our deferred tax assets and liabilities are included in other noncurrent assets and liabilities on the Consolidated Balance Sheet. Our net deferred tax liability consisted of the following:

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
Deferred tax asset		
Deferred tax liability		
Net deferred tax liability		

Tax Uncertainties. We participate in the Internal Revenue Service (IRS) Compliance Assurance Process (CAP), a real-time audit of our consolidated federal corporate income tax return. The IRS has examined our consolidated federal income tax returns through 2022. For tax years ending December 31, 2023, and December 31, 2024, the IRS placed us in the phase of CAP reserved for taxpayers whose risk of noncompliance does not warrant the continual use of IRS examination resources.

For all periods open to examination by tax authorities, we periodically assess our liabilities and contingencies based on the latest available information. Where we believe there is more than a 50% chance that our tax position will not be sustained, we record our best estimate of the resulting tax liability, including interest, in the Consolidated Financial Statements. We include any interest or penalties incurred in connection with income taxes as part of income tax expense.

Based on all known facts and circumstances and applicable tax law, we believe the total amount of any unrecognized tax benefits on June 30, 2024 September 29, 2024, was not material to our results of operations, financial condition or cash flows. In addition, there are no tax positions for which it is reasonably possible that the unrecognized tax benefits will vary significantly over the next 12 months, producing, individually or in the aggregate, a material effect on our results of operations, financial condition or cash flows.

The Organization for Economic Co-operation and Development has issued “Pillar Two” model rules introducing a new global minimum tax of 15% on a country-by-country basis, with certain aspects intended to be effective on January 1, 2024, and other aspects on January 1, 2025. Although it is uncertain whether the U.S. will adopt any Pillar Two rules, some countries have enacted, introduced, or are considering implementing legislation. Because we generally do not have material operations in jurisdictions with tax rates lower than the proposed Pillar Two minimum, any legislation enacted consistent with the Pillar Two model rules is not expected to have a material effect on our results of operations, financial condition or cash flows.

E. UNBILLED RECEIVABLES

Unbilled receivables represent revenue recognized on long-term contracts (contract costs and estimated profits) less associated advances and progress billings. These amounts will be billed in accordance with the agreed-upon contractual terms. Unbilled receivables consisted of the following:

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
Unbilled revenue		
Advances and progress billings		
Net unbilled receivables		

On June 30, 2024 September 29, 2024, and December 31, 2023, net unbilled receivables included $1.3 billion $1.4 billion and $1.2 billion, respectively, associated with a large international tracked vehicle contract in our Combat Systems segment. The contract, signed in 2010, experienced an unbilled receivable build-up in 2021 and 2022. The customer resumed payments on the contract in the first quarter of 2023.

F. INVENTORIES

The majority of our inventories are for business jet aircraft. Our inventories are stated at the lower of cost or net realizable value. Work in process represents largely labor, material and overhead costs associated with aircraft in the manufacturing process and is based primarily on the estimated average unit cost in a production lot. Substantially all of our raw materials are valued on either the average cost or the first-in, first-out method. We record pre-owned aircraft acquired in connection with the sale of new aircraft at the lower of the trade-in value or the estimated net realizable value.

Inventories consisted of the following:

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
Work in process		
Raw materials		
Finished goods		
Pre-owned aircraft		
Total inventories		

The increase in total inventories during the six-month nine-month period ended June 30, 2024 September 29, 2024, was due primarily to the ramp-up in production of new Gulfstream aircraft models, including the G700 that received certification from began deliveries in the U.S. Federal Aviation Administration on March 29, 2024, second quarter of 2024, as well as increased production of in-service aircraft reflecting strong customer demand. Customer deposits associated with firm orders for these aircraft, which are reported in customer advances and deposits and other noncurrent liabilities on the Consolidated Balance Sheet, also increased.

G. GOODWILL AND INTANGIBLE ASSETS

Goodwill. The changes in the carrying amount of goodwill by reporting unit were as follows:

	Aerospace	Aerospace	Marine Systems	Combat Systems	Technologies	Total Goodwill	Aerospace	Marine Systems	Combat Systems	Technologies	Total Goodwill

December 31, 2023 (a)
Acquisitions (b)
Other (c)
June 30, 2024 (a)
September 29, 2024 (a)

(a) Goodwill in the Technologies reporting unit was net of $1.8 billion of accumulated impairment losses.

(b) Included adjustments during the purchase price allocation period.

(c) Consisted primarily of adjustments for foreign currency translation.

Intangible Assets. Intangible assets consisted of the following:

	Gross Carrying Amount (a)	Gross Carrying Amount (a)	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount (a)	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount (a)	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount (a)	Accumulated Amortization	Net Carrying Amount
		June 30, 2024			December 31, 2023								
		September 29, 2024			December 31, 2023								
Contract and program intangible assets (b)													
Trade names and trademarks													
Technology and software													
Other intangible assets													
Total intangible assets													

(a) Changes in gross carrying amounts consisted primarily of adjustments for acquired and divested intangible assets and foreign currency translation.

(b) Consisted of acquired backlog and probable follow-on work and associated customer relationships.

Amortization expense is included in operating costs and expenses in the Consolidated Statement of Earnings. Amortization expense for intangible assets was $44 $45 and $89 $134 for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and $47 and $100 $147 for the three- and six-month nine-month periods ended July 2, 2023 October 1, 2023, respectively.

H. DEBT

Debt consisted of the following:

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
Fixed-rate notes due:		
November 2024		
November 2024		
November 2024		
April 2025		
May 2025		
June 2026		
August 2026		
April 2027		
November 2027		

May 2028
April 2030
June 2031
April 2040
June 2041
November 2042
April 2050
Other
Other
Other
Total debt principal
Less unamortized debt issuance costs and discounts
Total debt
Less current portion
Long-term debt

On June 30, 2024 September 29, 2024, we had no commercial commercial paper outstanding, but we maintain the ability to access the commercial paper market in the future. Separately, we have a $4 billion committed bank credit facility for general corporate purposes and working capital needs and to support our commercial paper issuances. This credit facility expires in March 2027. We may renew or replace this credit facility in whole or in part at or prior to its expiration date. We also have an effective shelf registration on file with the SEC that allows us to access the debt markets.

Our financing arrangements contain a number of customary covenants and restrictions. We were in compliance with all covenants and restrictions on June 30, 2024 September 29, 2024.

I. OTHER LIABILITIES

A summary of significant other liabilities by balance sheet caption follows:

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
Salaries and wages		
Salaries and wages		
Salaries and wages		
Dividends payable		
Lease liabilities		
Workers’ compensation		
Other		
Other		
Other		
Total other current liabilities		
Retirement benefits		
Retirement benefits		
Retirement benefits		
Customer deposits on commercial contracts		
Customer deposits on commercial contracts		
Customer deposits on commercial contracts		
Retirement benefits		
Lease liabilities		
Other		
Total other liabilities		

J. COMMITMENTS AND CONTINGENCIES

Litigation

On October 6, 2023, a putative class action lawsuit was filed in the United States District Court for the Eastern District of Virginia against General Dynamics Corporation, certain of its subsidiaries and various other companies alleging that they conspired, in violation of the Sherman Act, not to solicit naval architects and marine engineers from each other. The named plaintiffs purport to represent a class of individuals consisting of all naval architects and marine engineers employed by the shipyard and consultancy defendants, their predecessors, their subsidiaries and/or their related entities in the United States at any time since January 1, 2000. The plaintiffs allege that the conspiracy suppressed compensation paid to the putative class members, and the plaintiffs seek trebled monetary damages, attorneys' fees, injunctive and other equitable relief. We are defending the matter. On April 19, 2024, the District Court dismissed the plaintiffs' complaint. Plaintiffs initiated an appeal of the dismissal of their complaint to the U.S. Court of Appeals for the Fourth Circuit on May 20, 2024. Given the current status of this matter, we are unable to express a view regarding the ultimate outcome or, if the outcome is adverse, to estimate an amount or range of reasonably possible loss. Depending on the outcome of this matter, there could be a material impact on our results of operations, financial condition and cash flows.

Additionally, various other claims and legal proceedings incidental to the normal course of business are pending or threatened against us. These other matters relate to such issues as government investigations and claims, the protection of the environment, asbestos-related claims and employee-related matters. The nature of litigation is such that we cannot predict the outcome of these other matters. However, based on information currently available, we believe any potential liabilities in these other proceedings, individually or in the aggregate, will not have a material impact on our results of operations, financial condition or cash flows.

Environmental

We are subject to and affected by a variety of federal, state, local and foreign environmental laws and regulations. We are directly or indirectly involved in environmental investigations or remediation at some of our current and former facilities and third-party sites that we do not own but where we have been designated a potentially responsible party (PRP) by the U.S. Environmental Protection Agency or a state environmental agency. Based on historical experience, we expect that a significant percentage of the total remediation and compliance costs associated with these facilities will continue to be allowable contract costs and, therefore, recoverable under U.S. government contracts.

As required, we provide financial assurance for certain sites undergoing or subject to investigation or remediation. We accrue environmental costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. Where applicable, we seek insurance recovery for costs related to environmental liabilities. We do not record insurance recoveries before collection is considered probable. Based on all known facts and analyses, we do not believe that our liability at any individual site, or in the aggregate, arising from such environmental conditions will be material to our results of operations, financial condition or cash flows. We also do not believe that the range of reasonably possible additional loss beyond what has been recorded would be material to our results of operations, financial condition or cash flows.

Other

Government Contracts. As a government contractor, we are subject to U.S. government audits and investigations relating to our operations, including claims for fines, penalties, and compensatory and treble damages. We believe the outcome of such ongoing government audits and investigations will not have a material impact on our results of operations, financial condition or cash flows.

In the performance of our contracts, we routinely request contract modifications that require additional funding from the customer. Most often, these requests are due to customer-directed changes in the scope of work. While we are entitled to recovery of these costs under our contracts, the administrative process with our customer may be protracted. Based on the circumstances, we periodically file requests for equitable adjustment (REAs) that are sometimes converted into claims. In some cases, these requests are disputed by our customer. We believe our outstanding modifications, REAs and other claims will be resolved without material impact to our results of operations, financial condition or cash flows.

Letters of Credit and Guarantees. In the ordinary course of business, we have entered into letters of credit, bank guarantees, surety bonds and other similar arrangements with financial institutions and insurance carriers totaling approximately $1.8 billion on June 30, 2024 September 29, 2024. In addition, from time to time and in the ordinary course of business, we contractually guarantee the payment or performance of our subsidiaries arising under certain contracts.

Aircraft Trade-ins. In connection with orders for new aircraft in contract backlog, some Gulfstream customers hold options to trade in aircraft as partial consideration in their new-aircraft transaction. These trade-in commitments are generally structured to establish the fair market value of the trade-in aircraft at a date generally 45 or fewer days preceding delivery of the new aircraft to the customer. At that time, the customer is required to either exercise the option or allow its expiration. Other trade-in commitments are structured to guarantee a predetermined trade-in value. These commitments present more risk in the event of an adverse change in market conditions. In either case, any excess of the preestablished trade-in price above the fair market value at the time the new aircraft is delivered is treated as a reduction of revenue in the new-aircraft sales transaction. As of June 30, 2024 September 29, 2024, the estimated change in fair market values from the date of the commitments was not material.

Product Warranties. We provide warranties to our customers associated with certain product sales. We record estimated warranty costs in the period in which the related products are delivered. The warranty liability recorded at each balance sheet date is based generally on the number of months of

warranty coverage remaining for the products delivered and the average historical monthly warranty payments. Warranty obligations incurred in connection with long-term production contracts are accounted for within the contract estimates at completion. Our other warranty obligations, primarily for business jet aircraft, are included in other current and noncurrent liabilities on the Consolidated Balance Sheet.

The changes in the carrying amount of warranty liabilities for the six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023, were as follows:

Six Months Ended	June 30, 2024	July 2, 2023
Nine Months Ended	September 29, 2024	October 1, 2023
Beginning balance		
Warranty expense		
Payments		
Adjustments		
Ending balance		

K. SHAREHOLDERS' EQUITY

Share Repurchases. In the six-month nine-month period ended June 30, 2024 September 29, 2024, we repurchased 0.5 0.7 million of our outstanding shares for $139. $183. On June 30, 2024 September 29, 2024, 4.2 million 4 million shares remained authorized by our board of directors (Board) for repurchase, representing 1.5% of our total shares outstanding. We repurchased 1.8 million 2 million shares for $378 $434 in the six-month nine-month period ended July 2, 2023 October 1, 2023.

Dividends per Share. Our Board declared dividends per share of $1.42 and $2.84 $4.26 for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and $1.32 and $2.64 $3.96 for the three- and six-month nine-month periods ended July 2, 2023 October 1, 2023, respectively. We paid cash dividends of $389 $390 and $750 $1.1 billion for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and $360 $363 and $705 $1.1 billion for the three- and six-month nine-month periods ended July 2, 2023 October 1, 2023, respectively.

Accumulated Other Comprehensive Loss. The changes, pretax and net of tax, in each component of accumulated other comprehensive loss (AOCL) consisted of the following:

	Changes in Unrealized Cash Flow Hedges	Foreign Currency Translation Adjustments	Changes in Retirement Plans' Funded Status	AOCL
December 31, 2023	$ 11	$ 673	$ (1,843)	$ (1,159)
Other comprehensive loss, pretax	(62)	(295)	81	(276)
Benefit for income tax, net	18	—	(17)	1
Other comprehensive loss, net of tax	(44)	(295)	64	(275)
June 30, 2024	$ (33)	$ 378	$ (1,779)	$ (1,434)

	Changes in Unrealized Cash Flow Hedges	Foreign Currency Translation Adjustments	Changes in Retirement Plans' Funded Status	AOCL
December 31, 2023	$ 11	$ 673	$ (1,843)	$ (1,159)
Other comprehensive income, pretax	(31)	(16)	125	78
Provision for income tax, net	7	—	(25)	(18)
Other comprehensive income, net of tax	(24)	(16)	100	60
September 29, 2024	$ (13)	$ 657	$ (1,743)	$ (1,099)

December 31, 2022

December 31, 2022

December 31, 2022

Other comprehensive income, pretax	
Provision for income tax, net	
Other comprehensive income, net of tax	
July 2, 2023	
October 1, 2023	

Amounts reclassified out of AOCL related primarily to changes in our retirement plans' funded status and included pretax recognized net actuarial losses and amortization of prior service credit. See Note O for these amounts, which are included in our net periodic pension and other post-retirement benefit cost (credit).

L. SEGMENT INFORMATION

We have four operating segments: Aerospace, Marine Systems, Combat Systems and Technologies. We organize our segments in accordance with the nature of products and services offered. We measure each segment's profitability based on operating earnings. As a result, we do not allocate net interest, other income and expense items, and income taxes to our segments.

Summary financial information for each of our segments follows:

	Revenue (a)				Revenue (a)		Operating Earnings			Revenue (a)	Operating Earnings
Three Months Ended	Three Months Ended	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023	Three Months Ended	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023	
Aerospace											
Marine Systems											
Combat Systems											
Technologies											
Corporate (b)											
Total											
Six Months Ended											
Nine Months Ended											
Aerospace											
Aerospace											
Aerospace											
Marine Systems											
Combat Systems											
Technologies											
Corporate (b)											
Total											

(a) See Note B for additional revenue information by segment.

(b) Corporate operating costs consisted primarily of equity-based compensation expense.

M. FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between marketplace participants. Various valuation approaches can be used to determine fair value, each requiring different valuation inputs. The following hierarchy classifies the inputs used to determine fair value into three levels:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs, other than quoted prices, observable by a marketplace participant either directly or indirectly.
- Level 3 – unobservable inputs significant to the fair value measurement.

We did not have any significant non-financial assets or liabilities measured at fair value on June 30, 2024 September 29, 2024, or December 31, 2023.

Our financial instruments include cash and equivalents, accounts receivable and payable, marketable securities held in trust and other investments, short- and long-term debt, and derivative financial instruments. The carrying values of cash and equivalents and accounts receivable and payable on the Consolidated Balance Sheet approximate their fair value. The following tables present the fair values of our other financial assets and liabilities on June 30, 2024 September 29, 2024, and December 31, 2023, and the basis for determining their fair values:

	Carrying Value	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets (Liabilities)	Financial Assets (Liabilities) June 30, 2024				Financial Assets (Liabilities) September 29, 2024							
Measured at fair value:												
Marketable securities held in trust:												
Marketable securities held in trust:												
Marketable securities held in trust:												
Cash and equivalents												
Cash and equivalents												
Cash and equivalents												
Available-for-sale debt securities												
Commingled equity funds												
Commingled fixed-income funds												
Other investments												
Cash flow hedge assets												
Cash flow hedge liabilities												
Measured at amortized cost:												
Short- and long-term debt principal												
Short- and long-term debt principal												

Short- and long-term debt principal

	December 31, 2023				
Measured at fair value:					
Marketable securities held in trust:					
Cash and equivalents	$ 21	$ 21	$ —	$ 21	$ —
Available-for-sale debt securities	115	115	—	115	—
Commingled equity funds	49	49	49	—	—
Commingled fixed-income funds	6	6	6	—	—
Other investments	40	40	23	—	17
Cash flow hedge assets	109	109	—	109	—
Cash flow hedge liabilities	(61)	(61)	—	(61)	—
Measured at amortized cost:					
Short- and long-term debt principal	(9,340)	(8,764)	—	(8,764)	—

Our Level 1 assets include commingled equity and fixed-income funds that are valued using a unit price or net asset value (NAV). These funds are actively traded and valued using quoted prices for identical securities from the market exchanges. The fair value of our Level 2 assets and liabilities, which consist primarily of fixed-income securities, cash flow hedges and our fixed-rate notes, is determined under a market approach using valuation models that incorporate observable inputs such as interest rates, bond yields and quoted prices for similar assets. Our Level 3 assets include direct private equity investments that are measured using inputs unobservable to a marketplace participant.

N. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to market risk, primarily from foreign currency exchange rates, commodity prices and investments. We may use derivative financial instruments to hedge some of these risks as described below. We do not use derivative financial instruments for trading or speculative purposes.

Foreign Currency Risk. Our foreign currency exchange rate risk relates to receipts from customers, payments to suppliers and intercompany transactions denominated in foreign currencies. To the extent possible, we include terms in our contracts that are designed to protect us from this risk. Otherwise, we

enter into derivative financial instruments, principally foreign currency forward purchase and sale contracts, designed to offset and minimize our risk. The dollar-weighted one-year average maturity of these instruments generally matches the duration of the activities that are at risk.

Commodity Price Risk. We are subject to commodity price risk, primarily on long-term, fixed-price contracts. To the extent possible, we include terms in our contracts that are designed to protect us from these risks. Some of the protective terms included in our contracts are considered derivative financial instruments but are not accounted for separately, because they are clearly and closely related to the host contract. We have not entered into any material commodity hedging contracts but may do so as circumstances warrant. We do not believe that changes in commodity prices will have a material impact on our results of operations or cash flows.

Investment Risk. Our investment policy allows for purchases of fixed-income securities with an investment-grade rating and a maximum maturity of up to five years. On June 30, 2024September 29, 2024, and December 31, 2023, we held $1.4 billion$2.1 billion and $1.9 billion in cash and equivalents, respectively, but held no material marketable securities other than those held in trust to meet some of our obligations under workers' compensation and non-qualified pension plans. On June 30, 2024September 29, 2024, and December 31, 2023, we held marketable securities in trust of $189 and$191, respectively.$191. These marketable securities are reflected at fair value on the Consolidated Balance Sheet in other current and noncurrent assets. See Note M for additional details.

Hedging Activities. We had notional forward exchange contracts outstanding of $7.1 billion and $5.7 billion on June 30, 2024September 29, 2024, and December 31, 2023, respectively. These derivative financial instruments are cash flow hedges, and are reflected at fair value on the Consolidated Balance Sheet in other current assets and liabilities. See Note M for additional details.

Changes in fair value (gains and losses) related to derivative financial instruments that qualify as cash flow hedges are deferred in AOCL until the underlying transaction is reflected in earnings. Alternatively, gains and losses on derivative financial instruments that do not qualify for hedge accounting are recorded each period in earnings. All gains and losses from derivative financial instruments recognized in the Consolidated Statement of Earnings are presented in the same line item as the underlying transaction, generally operating costs and expenses.

Net gains and losses recognized in earnings on derivative financial instruments that do not qualify for hedge accounting were not material to our results of operations for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023. Net gains and losses reclassified to earnings from AOCL related to qualified hedges were also not material to our results of operations for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023, and we do not expect the amount of these gains and losses that will be reclassified to earnings during the next 12 months to be material.

We had no material derivative financial instruments designated as fair value or net investment hedges on June 30, 2024 September 29, 2024, and December 31, 2023.

Foreign Currency Financial Statement Translation. Translation. We translate foreign currency balance sheets from our international businesses' functional currency (generally the respective local currency) to U.S. dollars at the end-of-period exchange rates, and statements of earnings at the average exchange rates for each period. The resulting foreign currency translation adjustments are a component of AOCL.

We do not hedge the fluctuation in reported revenue and earnings resulting from the translation of these international operations' results into U.S. dollars. The impact of translating our non-U.S. operations' revenue and earnings into U.S. dollars was not material to our results of operations for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023. In addition, the effect of changes in foreign exchange rates on non-U.S. cash balances was not material for the six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023.

O. RETIREMENT PLANS

We provide retirement benefits to eligible employees through a variety of plans:

- Defined contribution
- Defined benefit
  - Pension (qualified and non-qualified)
  - Other post-retirement benefit

For our defined benefit plans, net periodic benefit cost (credit) for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, and July 2, 2023 October 1, 2023, consisted of the following:

	Pension Benefits		Pension Benefits	Other Post-retirement Benefits		Pension Benefits		Other Post-retirement Benefits	
Three Months Ended	Three Months Ended	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023	Three Months Ended	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Service cost									
Interest cost									
Expected return on plan assets									
Net actuarial loss (gain)									
Prior service credit									
Prior service (credit) cost									
Net periodic benefit cost (credit)									
Six Months Ended									
Nine Months Ended									
Service cost									
Service cost									
Service cost									
Interest cost									
Expected return on plan assets									
Net actuarial loss (gain)									
Prior service (credit) cost									

Net periodic benefit cost (credit)

Our contractual arrangements with the U.S. government provide for the recovery of pension and other post-retirement benefit costs related to employees working on government contracts. The amount allocated to U.S. government contracts is determined in accordance with the Federal Acquisition Regulation (FAR) and Cost Accounting Standards (CAS), which may result in a timing difference with the amount determined under GAAP. We defer this difference on the Consolidated Balance Sheet. At this time, cumulative benefit costs exceed the amount allocated to contracts, and the difference is reported in other current assets. To the extent there is a non-service component of net periodic benefit cost (credit) for our defined benefit plans, it is reported in other income (expense) in the Consolidated Statement of Earnings.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in millions, except per-share amounts or unless otherwise noted)

BUSINESS OVERVIEW

General Dynamics is a global aerospace and defense company that offers a broad portfolio of products and services in business aviation; ship construction and repair; land combat vehicles, weapons systems and munitions; and technology products and services.

Our company is organized into four operating segments: Aerospace, Marine Systems, Combat Systems and Technologies. We refer to the latter three collectively as our defense segments. Our primary customer is the U.S. government, including the Department of Defense (DoD), the intelligence community and other U.S. government agencies. We also have significant business with non-U.S. governments and a diverse base of corporate and individual buyers of business jet aircraft and related services. The following discussion should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023, and with the unaudited Consolidated Financial Statements included in this Form 10-Q.

BUSINESS ENVIRONMENT

On May 15, 2024 With approximately 70% of our revenue from work for the U.S. government, government spending levels — particularly defense spending — influence our financial performance. The Congress has not yet passed a defense appropriations bill for the government's fiscal year 2025 even though the new year began on October 1, 2024. However, on September 26, 2024, our ultra-long-range, ultra-large-cabin G700 aircraft received European Union Aviation Safety Agency (EASA) type certification. This follows U.S. Federal Aviation Administration (FAA) type certification in March 2024, after completing a continuing resolution (CR) was signed into law, providing funding for federal agencies through December 20, 2024. When the most rigorous certification government operates under a CR, all programs of record are funded at the prior year's appropriated levels until the current year appropriations bill is signed into law. Therefore, the DoD is prohibited from starting new programs or increasing funding on existing programs unless there is an exception for the program in company history. These certifications paved the way for customer deliveries beginning included in the second quarter CR. We do not anticipate the current CR having a material impact on our results of 2024. We expect operations, financial condition or cash flows. However, the impact to deliver about 50 G700 aircraft this year. our business from an extended CR or government shutdown that may result from any continuing delay by Congress to pass a new defense appropriations bill is currently uncertain and would depend on the duration and government implementation of the CR or shutdown. For additional information, see the Risk Factors in Part I, Item 1A, in our most recent Form 10-K filing.

The coronavirus (COVID-19) pandemic caused significant disruptions to national and global economies and government activities, including supply chain and staffing challenges. Additionally, in response to the Russian invasion of Ukraine, the United States and several other countries imposed economic and trade sanctions, export controls and other restrictions targeting Russia and Belarus. Lastly, the impact of the war between Israel and Hamas conflict in the Middle East continues to evolve. The disruptions caused by these events continue to impact global economies and businesses. The primary impact to our business is supply chain challenges, including inflationary pressures.

In our Aerospace segment, supply chain challenges have paced our ability to ramp up production at the rate we would have liked, in response to strong customer demand for our aircraft and have caused out-of-sequence manufacturing, which increases costs and decreases operational efficiency. In addition, the Israel-Hamas war conflict in the Middle East has impacted the delivery schedule for our Israel-based supplier of mid-cabin aircraft. Within our defense segments, the COVID-19 pandemic resulted in supply chain challenges that continue to impact our Marine Systems segment. The Russia-Ukraine conflict and increased threat environment have created additional demand for certain of our products and services, particularly in our Combat Systems segment.

Earlier this year, our ultra-long-range, ultra-large-cabin G700 aircraft received U.S. Federal Aviation Administration (FAA) and European Union Aviation Safety Agency (EASA) type certification, which paved the way for customer deliveries in the second quarter of 2024. Deliveries were impacted in the third quarter by late supply chain deliveries, additional type certification procedures due to complex interiors, a quality escape from a vendor that was identified and rectified and timing of regional weather events. These impacts are largely behind us and we expect to deliver about 42 G700 aircraft in all this year.

RESULTS OF OPERATIONS

INTRODUCTION

The following paragraphs explain how we recognize revenue and operating costs in our operating segments and the terminology we use to describe our operating results.

In the Aerospace segment, we record revenue on contracts for new aircraft when the customer obtains control of the asset, which is generally upon delivery and acceptance by the customer of the fully outfitted aircraft. Revenue associated with the segment's services businesses is recognized as work progresses or upon delivery of services. Fluctuations in revenue from period to period result from the number and mix of new aircraft deliveries, and the level and type of aircraft services performed during the period.

The majority of the Aerospace segment's operating costs relates to new aircraft production on firm orders and consists of labor, material, subcontractor and overhead costs. The costs are accumulated in production lots, recorded in inventory and recognized as operating costs at aircraft delivery based on the estimated average unit cost in a production lot. While changes in the estimated average unit cost for a production lot impact the level of operating costs, the amount of operating costs reported in a given period is based largely on the number and type of aircraft delivered. Operating costs in the Aerospace segment's services businesses are recognized generally as incurred.

For new aircraft, operating earnings and margin are a function of the prices of our aircraft, our operational efficiency in manufacturing and outfitting the aircraft, and the mix of ultra-large-cabin, large-cabin and mid-cabin aircraft deliveries. Aircraft mix can also refer to the stage of program maturity for our aircraft models. A new aircraft model typically has lower margins in its initial production lots, and then margins generally increase as we realize efficiencies in the production process. Additional factors affecting the segment's earnings and margin include the volume, mix and profitability of services work performed, the market for pre-owned aircraft, and the level of general and administrative (G&A) and net research and development (R&D) costs incurred by the segment.

In the defense segments, revenue on long-term government contracts is recognized generally over time as the work progresses, either as products are produced or as services are rendered. Typically, revenue is recognized over time using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying our performance obligations. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the transfer of control to the customer. Contract costs include labor, material, overhead and, when appropriate, G&A expenses. Variances in costs recognized from period to period reflect primarily increases and decreases in production or activity levels on individual contracts. Because costs are used as a measure of progress, year-over-year variances in costs result in corresponding variances in revenue, which we generally refer to as volume.

Operating earnings and margin in the defense segments are driven by changes in volume, performance or contract mix. Performance refers to changes in profitability based on adjustments to estimates at completion on individual contracts. These adjustments result from increases or decreases to the estimated value of the contract, the estimated costs to complete the contract or both. Therefore, changes in costs incurred in the period compared with prior periods do not necessarily impact profitability. It is only when total estimated costs at completion on a given contract change without a corresponding change in the contract value (or vice versa) that the profitability of that contract may be impacted. Contract mix refers to changes in the volume of higher- versus lower-margin work. Higher or lower margins can result from a number of factors, including contract type (e.g., fixed-price/cost-reimbursable) and type of work (e.g., development/production). Contract mix can also refer to the stage of program maturity for our long-term production contracts. New long-term production contracts typically have lower margins initially, and then margins generally increase as we achieve learning curve improvements or realize other cost reductions.

CONSOLIDATED OVERVIEW

Three Months Ended	Three Months Ended	June 30, 2024		July 2, 2023			Variance		Three Months Ended September 29, 2024				October 1, 2023	
Revenue	Revenue	$ 11,976	$	$ 10,152	$	$1,824		18.0	18.0 %	Revenue	$ 11,671	$		$10,571
Operating costs and expenses	Operating costs and expenses	(10,820)	(9,190)	(9,190)	(1,630)		(1,630)	17.7	17.7 %		Operating costs and expenses	(10,490)	(9,514)	
Operating earnings	Operating earnings	1,156	962	962	194		194	20.2	20.2 %		Operating earnings	1,181	1,057	

Operating margin

Six Months Ended			
Six Months Ended			
Six Months Ended	June 30, 2024	July 2, 2023	Variance
Nine Months Ended			
Nine Months Ended			
Nine Months Ended	September 29, 2024	October 1, 2023	Variance

Revenue	Revenue	$ 22,707	$	$ 20,033	$	$2,674	13.3	13.3 %	Revenue	$ 34,378	$	$30,604	
Operating costs and expenses	Operating costs and expenses	(20,515)	(18,133)	(18,133)	(2,382)	(2,382)	13.1	13.1 %	Operating costs and expenses	(31,005)	(27,647)		
Operating earnings	Operating earnings	2,192	1,900	1,900	292	292	15.4	15.4 %	Operating earnings	3,373	2,957		
Operating margin													

Our We had strong growth in consolidated revenue increased in the second quarter and first six monthsof during 2024, driven by growth across all segments, including double digit percentage growth in our Aerospace, Marine Systems and Combat Systems segments. segments over the first nine months. Operating margin increased 20 10 basis points in both the second third quarter and the first six nine months of 2024.

REVIEW OF OPERATING SEGMENTS

Following is a discussion of operating results for each of our operating segments. For the Aerospace segment, results are analyzed by specific types of products and services, consistent with how the segment is managed. For the defense segments, the discussion is based on markets and the lines of products and services offered with a supplemental discussion of specific contracts and programs when significant to the results. Additional information regarding our segments can be found in Note L to the unaudited Consolidated Financial Statements in Part I, Item 1.

AEROSPACE

Three Months Ended	Three Months Ended	June 30, 2024		July 2, 2023			Variance		Three Months Ended	September 29, 2024		October 1, 2023			Variance
Revenue	Revenue	$ 2,940	$	$1,953	$	$ 987	50.5	50.5 %	Revenue	$ 2,482	$	$2,032	$	$	45
Operating earnings	Operating earnings	319	236	236	83	83	35.2	35.2 %	Operating earnings	305	268	268	37		
Operating margin															
Gulfstream aircraft deliveries (in units)															
Gulfstream aircraft deliveries (in units)															
Gulfstream aircraft deliveries (in units)		37	24	24	13	13	54.2	54.2 %		28	27	27	1		

Six Months Ended	June 30, 2024	July 2, 2023	Variance
Nine Months Ended	September 29, 2024	October 1, 2023	Variance

Revenue	Revenue	$ 5,024	$	$3,845	$	$1,179	30.7	30.7 %	Revenue	$ 7,506	$	$5,877	$	$1,62	
Operating earnings	Operating earnings	574	465	465	109	109	23.4	23.4 %	Operating earnings	879	733	733	146		

REFINITIV

Operating margin											
Gulfstream aircraft deliveries (in units)											
Gulfstream aircraft deliveries (in units)											
Gulfstream aircraft deliveries (in units)	61	45	45	16	16	35.6	35.6 %	89	72	72	17

Operating Results

The increase in the Aerospace segment's revenue in the second third quarter and first six nine months of 2024 consisted of the following:

	Second Quarter	Six Months
	Third Quarter	Nine Months
Aircraft manufacturing		
Aircraft services		
Total increase		

Aircraft manufacturing revenue increased in the second third quarter and first six nine months of 2024 due primarily to the number and mix of aircraft deliveries, including initial deliveries of our ultra-long-range, ultra-large-cabin G700 aircraft. Aircraft services revenue was up in the second third quarter and first six nine months of 2024 due to increased customer demand for aircraft maintenance based on established maintenance cycles, a larger installed base and customer flight activity.

The increase in the segment's operating earnings in the second third quarter and first six nine months of 2024 consisted of the following:

	Second Quarter	Six Months
	Third Quarter	Nine Months
Aircraft services		
Aircraft manufacturing		
Aircraft services		
G&A/other expenses		
Total increase		

Aircraft manufacturing operating earnings increased in the second quarter and first six months of 2024 due primarily to the number and mix of aircraft deliveries. Aircraft services operating earnings increased in the second third quarter and first six nine months of 2024 due to higher volume. G&A/other expenses Although aircraft manufacturing revenue increased in 2024, operating earnings have not increased at the first six months of 2024 due primarily to increased R&D expenses associated with ongoing certification and product development efforts. In total, the Aerospace segment's operating margin decreased 120 basis points in the second quarter and 70 basis points in the first six months of 2024 compared with the prior-year periods, same rate, reflecting additional costs associated with the first lot of G700 aircraft and out of station work caused by late supply chain deliveries deliveries. G&A/other expenses have increased in 2024 due in part to the R&D efforts supporting the extended FAA certification processes. In total, the Aerospace segment's operating margin decreased 90 basis points in the third quarter and extended certification processes. 80 basis points in the first nine months of 2024 compared with the prior-year periods.

2024 Outlook

We expect the Aerospace segment's 2024 revenue to be approximately $12.7 billion $12.3 billion, with operating margin of approximately 14% 13.2%.

MARINE SYSTEMS

Three Months Ended	Three Months Ended June 30, 2024		July 2, 2023		Variance		Three Months Ended September 29, 2024		October 1, 2023		Variance	
Revenue	Revenue $ 3,453	$	$3,059	$	$394	12.9	12.9 %	Revenue $ 3,599	$	$3,002	$	$ 597 19.9

Operating earnings	Operating earnings 245	235	235	10	10	4.3	4.3 %	Operating earnings 258	211	211	47	47	2
Operating margin												

Six Months Ended		
Six Months Ended		
Six Months Ended June 30, 2024	July 2, 2023	Variance
Nine Months Ended		
Nine Months Ended		
Nine Months Ended September 29, 2024	October 1, 2023	Variance

Revenue	Revenue $ 6,784	$	$6,051	$	$733	12.1	12.1 %	Revenue $ 10,383	$	$9,053	$	$1,330	14.7
Operating earnings	Operating earnings 477	446	446	31	31	7.0	7.0 %	Operating earnings 735	657	657	78	78	1
Operating margin													

Operating Results

The increase in the Marine Systems segment's revenue in the second third quarter and first six nine months of 2024 consisted of the following:

	Second Quarter	Six Months
	Third Quarter	Nine Months
U.S. Navy ship construction		
U.S. Navy ship engineering, repair and other services		
Total increase		

Revenue from U.S. Navy ship construction and engineering was up in the second third quarter and first six nine months of 2024 due primarily to increased volume on the Columbia-class and Virginia-class submarine programs. Overall, the The Marine Systems segment's operating margin continues to reflect the impact of supply chain challenges.

2024 Outlook

We expect the Marine Systems segment's 2024 revenue to be approximately $13.4-13.8 billion $13.9 billion with operating margin of approximately 7.4% 6.9%.

COMBAT SYSTEMS

Three Months Ended	Three Months Ended June 30, 2024		July 2, 2023		Variance		Three Months Ended September 29, 2024		October 1, 2023		Variance	
Revenue	Revenue $ 2,288	$	$1,924	$	$364	18.9	18.9 %	Revenue $ 2,212	$	$2,224	$	$ (12) (0.5)
Operating earnings	Operating earnings 313	251	251	62	62	24.7	24.7 %	Operating earnings 325	300	300	25	25
Operating margin												

Six Months Ended		
Six Months Ended		
Six Months Ended June 30, 2024	July 2, 2023	Variance
Nine Months Ended		
Nine Months Ended		

Nine Months Ended	September 29, 2024	October 1, 2023	Variance													
Revenue	Revenue $	4,390	$	$3,680	$	$710	19.3		19.3 %	Revenue $	6,602	$	$5,904	$	$698	11.8
Operating earnings	Operating earnings	595	496	496	99	99	20.0		20.0 %	Operating earnings	920	796	796	124	124	
Operating margin																

Operating Results

The increase change in the Combat Systems segment's revenue in the second third quarter and first six nine months of 2024 consisted of the following:

	Second Quarter	Six Months
	Third Quarter	Nine Months
Weapons systems and munitions		
U.S military vehicles		
International military vehicles		
Total increase		
Total change		

Revenue from weapons Weapons systems and munitions revenue increased in the second quarter and first six nine months of 2024 due to heightened demand for artillery products, which has resulted in including facility expansion efforts to achieve higher production rates. In the third quarter, revenue was down due to program timing. Revenue from U.S. military vehicles increased was up in the third quarter and first nine months due primarily to higher volume on the U.S. Army's M10 Booker combat vehicle program. Revenue from international military vehicles increased in the first six months of 2024 due primarily to higher volume on contracts for the sale of the Abrams main battle tank to U.S. allies and partners and wheeled combat vehicle sales in Europe.

Overall, the Combat Systems segment's operating margin increased 70 120 basis points in the second third quarter and 10 40 basis points in the first six nine months of 2024. 2024 driven by favorable contract mix and strong operating performance.

2024 Outlook

We expect the Combat Systems segment's 2024 revenue to be approximately $8.7 billion with operating margin of approximately 14.4%.

TECHNOLOGIES

Three Months Ended	Three Months Ended	June 30, 2024	July 2, 2023	Variance	Three Months Ended	September 29, 2024	October 1, 2023	Variance								
Revenue	Revenue $	3,295	$	$3,216	$	$79	2.5		2.5 %	Revenue $	3,378	$	$3,313	$	$ 65	2.0
Operating earnings	Operating earnings	320	283	283	37	37	13.1		13.1 %	Operating earnings	326	315	315	11	11	3.5
Operating margin																

Six Months Ended	June 30, 2024	July 2, 2023	Variance
Six Months Ended			
Six Months Ended			
Nine Months Ended			
Nine Months Ended			
Nine Months Ended	September 29, 2024	October 1, 2023	Variance

Revenue	Revenue $	6,509	$	$6,457	$	$52	0.8		0.8 %	Revenue $	9,887	$	$9,770	$	$117	1.2

Operating earnings	Operating earnings	615	582	582	33	33	5.7	5.7 %	Operating earnings	941	897	897	44	44	4.9	
Operating margin																

Operating Results

The increase in the Technologies segment's revenue in the second third quarter and first six nine months of 2024 consisted of the following:

	Second Quarter	Six Months
	Third Quarter	Nine Months
Information technology (IT) services		
C5ISR* solutions		
Total increase		

* Command, control, communications, computers, cyber, intelligence, surveillance and reconnaissance

The Technologies segment's revenue was up in the second third quarter and first six nine months of 2024 due to higher volume across the portfolio, of IT services, including the ramp-up of new programs. Overall, the Technologies segment's operating margin increased 90 20 basis points in the second third quarter and 40 30 basis points in the first six nine months of 2024 due to strong operating performance.

2024 Outlook

We expect the Technologies segment's 2024 revenue to be approximately $13 billion with operating margin of approximately 9.5%.

CORPORATE

Corporate operating costs totaled $41 $33 in the second third quarter and $69 $102 in the first six nine months of 2024 compared with $43 $37 in the second third quarter and $89 $126 in the first six nine months of 2023 and consisted primarily of equity-based compensation expense. Corporate operating costs are expected to be approximately $140 in 2024.

OTHER INFORMATION

PRODUCT REVENUE AND OPERATING COSTS

Three Months Ended	Three Months Ended	June 30, 2024		July 2, 2023		Variance			Three Months Ended	September 29, 2024			October 1, 2023		
Revenue	Revenue	$ 7,160	$	$ 5,797	$	$1,363	23.5	23.5 %	Revenue	$ 6,767	$		$ 6,163		
Operating costs	Operating costs	(6,127)	(4,915)	(4,915)	(1,212)	(1,212)	24.7	24.7 %	Operating costs	(5,760)	(5,148)		(		
Six Months Ended		June 30, 2024		July 2, 2023		Variance									
Nine Months Ended		September 29, 2024		October 1, 2023		Variance									
Revenue	Revenue	$ 13,294	$	$11,310	$	$1,984	17.5	17.5 %	Revenue	$ 20,061	$		$17,473		
Operating costs	Operating costs	(11,315)	(9,556)	(9,556)	(1,759)	(1,759)	18.4	18.4 %	Operating costs	(17,074)	(14,704)		(1		

The increase in product revenue in the second third quarter and first six nine months of 2024 consisted of the following:

	Second Quarter	Six Months
	Third Quarter	Nine Months
Aircraft manufacturing		
Ship construction		
Weapons systems and munitions		
Ship construction		

Military vehicle production	
Other, net	
Total increase	

Aircraft manufacturing revenue increased in the second third quarter and first six nine months of 2024 due to additional aircraft deliveries. Weapons systems and munitions revenue was up due to heightened demand for artillery products, which has resulted in facility expansion efforts to achieve higher production rates. Ship construction revenue increased due primarily to higher volume on the Columbia-class and Virginia-class submarine programs. Weapons systems and munitions revenue increased in the first nine months of 2024 due to heightened demand for artillery products. The primary drivers of the increase in product operating costs were the changes in volume on the programs described above.

SERVICE REVENUE AND OPERATING COSTS

Three Months Ended	Three Months Ended	June 30, 2024		July 2, 2023		Variance		Three Months Ended	September 29, 2024		October 1, 2023		
Revenue	Revenue	$ 4,816	$	$ 4,355	$	$461	10.6	10.6 %	Revenue	$ 4,904	$	$ 4,408	$
Operating costs	Operating costs	(4,049)	(3,670)	(3,670)	(379)	(379)	10.3	10.3 %	Operating costs	(4,095)	(3,765)		(3,765)
Six Months Ended		June 30, 2024		July 2, 2023		Variance							
Nine Months Ended		September 29, 2024		October 1, 2023		Variance							
Revenue	Revenue	$ 9,413	$	$ 8,723	$	$690	7.9	7.9 %	Revenue	$ 14,317	$	$13,131	$
Operating costs	Operating costs	(7,929)	(7,386)	(7,386)	(543)	(543)	7.4	7.4 %	Operating costs	(12,025)	(11,151)		(11,151)

The increase in service revenue in the second third quarter and first six nine months of 2024 consisted of the following:

	Second Quarter	Six Months
	Third Quarter	Nine Months
Ship services		
Aircraft services		
C5ISR solutions/IT services		
C5ISR solutions/IT services		
C5ISR solutions/IT services		
Other, net		
Total increase		

Ship services revenue increased in the second third quarter and first six nine months of 2024 due to higher volume on the Columbia-class submarine program. Aircraft services revenue was up due to additional maintenance work. C5ISR solutions and IT services revenue was up due to higher volume, including the ramp-up of new programs. The primary drivers of the increase in service operating costs were the changes in volume on the programs described above.

G&A EXPENSES

As a percentage of revenue, G&A expenses decreased to 5.6% 5.5% in the first six nine months of 2024 compared with 5.9% in the first six nine months of 2023. We expect G&A expenses as a percentage of revenue in 2024 to be generally consistent with 2023.

OTHER, NET

Net other income was $32 $47 in the first six nine months of 2024 compared with $46 $65 in the first six nine months of 2023, and represents primarily the non-service components of pension and other post-retirement benefits. In 2024, we expect net other income to be approximately $60.

INTEREST, NET

Net interest expense was $166 $248 in the first six nine months of 2024 compared with $180 $265 in the prior-year period, reflecting the repayment of our scheduled debt maturities in 2023. See Note H to the unaudited Consolidated Financial Statements in Part I, Item 1, for additional information regarding our debt obligations, including interest rates. We expect 2024 net interest expense to be approximately $320.

PROVISION FOR INCOME TAX, NET

Our effective tax rate was 17.2% 17.0% in the first six nine months of 2024 compared with 16.5% 16.2% in the prior-year period. For 2024, based on increased U.S. and foreign tax credits, tax benefits from equity-based compensation and other timing items, we anticipate a full-year effective tax rate of approximately 17.5% 17.0%.

BACKLOG AND ESTIMATED POTENTIAL CONTRACT VALUE

Our total backlog, including funded and unfunded portions, was $92.6 billion at the end of the third quarter of 2024 compared with $91.3 billion at the end of the second quarter of 2024 compared with $93.7 billion at the end of the first quarter. Our total backlog is equal to our remaining performance obligations under contracts with customers as discussed in Note B to the unaudited Consolidated Financial Statements in Part I, Item 1. Our total estimated contract value, which combines total backlog with estimated potential contract value, was $129.8 billion $137.6 billion on June 30, 2024 September 29, 2024.

The following table details the backlog and estimated potential contract value of each segment at the end of the second third and first second quarters of 2024:

	Funded	Funded	Unfunded	Total Backlog	Estimated Potential Contract Value	Total Estimated Contract Value	Funded	Unfunded	Total Backlog	Estimated Potential Contract Value	Total Estimated Contract Value
		September 29, 2024									
Aerospace											
Marine Systems											
Combat Systems											
Technologies											
Total											
		June 30, 2024									
		June 30, 2024									
		June 30, 2024									
Aerospace											
Marine Systems											
Combat Systems											
Technologies											
Total											
		March 31, 2024									
		March 31, 2024									
		March 31, 2024									
Aerospace											
Marine Systems											
Combat Systems											
Technologies											
Total											

AEROSPACE

Aerospace funded backlog represents primarily new aircraft orders for which we have definitive purchase contracts and deposits from customers. Unfunded backlog consists of agreements to provide future aircraft maintenance and support services. The Aerospace segment ended the second third quarter of 2024 with backlog of $20 billion $19.8 billion.

Orders for new Gulfstream aircraft increased sequentially, reflected strong demand, yielding a segment book-to-bill ratio (orders divided by revenue) of 1-to-1 for the first six nine months of 2024, even as revenue grew by more than nearly 30% year over year.

Beyond total backlog, estimated potential contract value represents primarily options and other agreements with existing customers to purchase new aircraft and long-term aircraft services agreements. On June 30, 2024 September 29, 2024, estimated potential contract value in the Aerospace segment was $372. $254.

DEFENSE SEGMENTS

The total backlog in our defense segments represents the estimated remaining sales value of work to be performed under firm contracts. The funded portion of total backlog includes items that have been authorized and appropriated by the U.S. Congress and funded by customers, as well as commitments by international customers that are approved and funded similarly by their governments. The unfunded portion of total backlog includes the amounts we believe are likely to be funded, but there is no guarantee that future budgets and appropriations will provide the same funding level currently anticipated for a given program.

Estimated potential contract value in our defense segments includes unexercised options associated with existing firm contracts and unfunded work on indefinite delivery, indefinite quantity (IDIQ) contracts. Contract options represent agreements to perform additional work under existing contracts at the election of the customer. We recognize options in backlog when the customer exercises the option and establishes a firm order. For IDIQ contracts, we evaluate the amount of funding we expect to receive and include this amount in our estimated potential contract value. This amount is often less than the total IDIQ contract value, particularly when the contract has multiple awardees. The actual amount of funding received in the future may be higher or lower than our estimate of potential contract value.

Total backlog in our defense segments was $71.3 billion $72.8 billion on June 30, 2024 September 29, 2024. In the second third quarter of 2024, the Combat Systems and Technologies segments achieved book-to-bill ratios of 1.5-to-1 and 1-to-1, 1.3-to-1, respectively. Overall, the total book-to-bill ratio in our defense segments was 1.1-to-1 in the third quarter of 2024. Estimated potential contract value in our defense segments was $38.1 billion $44.7 billion on June 30, 2024 September 29, 2024. We received the following significant contract awards during the second third quarter of 2024:

MARINE SYSTEMS

- $205 780 from the U.S. Navy for planning yard services for the Arleigh Burke-class (DDG-51) guided-missile destroyer program. construction of an additional John Lewis-class (T-AO-205) fleet replenishment oiler. The contract including options for an additional seven T-AO-205 oilers has a maximum potential value of $1.1 billion more than $6.7 billion.
- $55 1.5 billion from the Navy for long-lead materials for Block VI Virginia-class submarines.
- $100 from the Navy to provide engineering, technical, design and planning yard support non-nuclear maintenance on submarines based at the New England Naval Submarine Support Facility. services for operational strategic and attack submarines.
- $55 85 from the Navy for maintenance and modernization on the USS James E. Williams, a DDG-51 guided-missile Chung-Hoon, an Arleigh Burke-class (DDG-51) guided missile destroyer.
- $35 for design and engineering services in support of U.S. and U.K. submarine technologies for the Navy.
- $35 80 for advanced nuclear plant studies (ANPS) in support of the Columbia-class submarine program for the Navy.

COMBAT SYSTEMS

- Two contracts from the Canadian government for the Logistics Vehicle Modernization (LVM) program to provide a new fleet of light and heavy armored vehicles and logistics support services for the Canadian army. These contracts including options have a maximum potential value of $1.9 billion. The scope of work is shared with an industry partner.
- $25 from the U.S. Army for systems technical support on the Stryker fleet. The contract has a maximum potential value of $535.
- $385 885 for various munitions and ordnance. These contracts including options have a maximum potential value of $460. $1.7 billion.
- $390 465 for two contracts from the U.S. Army primarily to establish additional capacity for the production of 155mm artillery propellant. projectile metal parts. These contracts have a maximum potential value of $1.7 billion.
- $375 from the Army to upgrade Stryker vehicles to the double-V-hull A1 configuration.

- $325395 from the Army for the third phaseproduction of the low-rate initial production (LRIP) of the M10 Booker Combat Vehicle.155mm propelling bag charges.
- $230190 from the Army to upgrade Abrams main battle tanks to the system enhancement package version 3 (SEPv3) configuration.produce Iron Fist Active Protection System kits.
- $120180 from the Army to provide system and sustainment technicalproduce Stryker Sgt. Stout vehicles.
- $100 from the Army for long-lead materials to support services for Abrams main battle tanks.the future retrofit of Stryker Sgt. Stout vehicles to a dual Stinger Vehicle Universal Launcher (SVUL) configuration.

TECHNOLOGIES

- $530840 for several key contracts for classified customers. These contracts have a maximum potential value of $665.$1 billion.
- $205605 for multiple awards from the North Carolina Department of HealthU.S. Space Development Agency to develop and Human Servicesintegrate ground systems for the low-Earth orbit satellite network.

- $105 from the U.S. Defense Information Systems Agency (DISA) to operate its Medicaid Management Information System.continue operating and maintaining Pentagon and regional government-furnished network infrastructures. The contract including options has a maximum potential value of $525.
- $50 from the Centers for Medicare and Medicaid Services (CMS) to support the Benefits Coordination & Recovery Center. The contract including options has a maximum potential value of $285.
- $55 to provide IT network operations and maintenance services to the Army. The contract including options has a maximum potential value of $200.$300.
- $185 from CMSthe U.S. Department of State (DoS) to provide cloud services and software tools.manage its global technical security supply chain.
- $30135 to provide cybersecurity servicesequipment and tools to the U.S. Air Force. The contract including options has a maximum potential value of $185.National Oceanic Atmospheric Administration (NOAA) to augment its High-Performance Computing Systems.
- $145130 from the National Geospatial-Intelligence Agency (NGA) to provide ship modernizationhybrid cloud services for the Navy.and IT design, engineering, and operations and sustainment services.
- $10120 from the DoS to integrate hardwareprovide overseas consular services to support visa application and software solutions for Navy platforms. The contract including options has a maximum potential value of $110.issuance at U.S. embassies and consulates throughout the world under the Global Support Strategy (GSS) program.

LIQUIDITY AND CAPITAL RESOURCES

We place a strong emphasis on cash flow generation, which is underpinned by an operating discipline focused on cost control and working capital management. This emphasis gives us the flexibility for prudent capital deployment, while allowing us to step down debt over time, and preserves a strong balance sheet for future opportunities.

We evaluate a variety of capital deployment options based on current market conditions and our long-term outlook, and we believe agility is a key component of our capital deployment strategy as market conditions change over time. Our capital deployment priorities include investments in our products and services to drive long-term growth, a predictable dividend, strategic acquisitions and opportunistic share repurchases.

We believe cash generated by operating activities, supplemented by commercial paper issuances, is sufficient to satisfy our short- and long-term liquidity needs. An additional potential source of capital is the issuance of long-term debt in capital market transactions.

We ended the secondthird quarter of 2024 with a cash and equivalents balance of $1.4 billion$2.1 billion compared with $1.9 billion at the end of 2023. The following is a discussion of our major operating, investing and financing activities in the first sixnine months of 2024 and 2023, as classified on the Consolidated Statement of Cash Flows in Part I, Item 1:

Six Months Ended	June 30, 2024	July 2, 2023
Nine Months Ended	September 29, 2024	October 1, 2023
Net cash provided by operating activities		
Net cash used by investing activities		
Net cash used by financing activities		

OPERATING ACTIVITIES

Cash provided by operating activities was $536 $2 billion in the first six nine months of 2024 compared with $2.2 billion $3.5 billion in the same period in 2023. The primary driver of cash flows in both periods was net earnings. Cash flows in the first six nine months of 2024 were affected negatively by growth in operating working capital, particularly driven by the ramp-up in production of new Gulfstream aircraft models in our Aerospace segment and timing in our Combat Systems segment. Cash flows in the first six nine months of

2023 were affected positively by a decrease in unbilled receivables due to the receipt of progress payments on large international vehicle contracts in our Combat Systems segment and an increase in customer deposits driven by Gulfstream aircraft orders, offset partially by an increase in inventory due primarily to the ramp-up in production of new Gulfstream aircraft models.

INVESTING ACTIVITIES

Cash used by investing activities was $307 $588 in the first six nine months of 2024 compared with $404 $608 in the same period in 2023. Our investing activities include cash paid for capital expenditures and business acquisitions; purchases, sales and maturities of marketable securities; and proceeds from asset sales. The primary use of cash for investing activities in both periods was capital expenditures. Capital expenditures were $360 $561 in the first six nine months of 2024 compared with $373 $600 in the same period in 2023.

FINANCING ACTIVITIES

Cash used by financing activities was $778 $1.2 billion in the first six nine months of 2024 compared with $1.9 billion $2.8 billion in the same period in 2023. Financing activities include the use of cash for repurchases of common stock, payment of dividends, and debt and commercial paper repayments. Our financing activities also include proceeds received from debt and commercial paper issuances and employee stock option exercises.

On March 6, 2024, our board of directors (Board) declared an increased quarterly dividend of $1.42 per share, the 27th consecutive annual increase. Previously, the Board had increased the quarterly dividend to $1.32 per share in March 2023. Cash dividends paid were $750 $1.1 billion in the first six nine months of 2024 compared with $705 in the same period in and 2023.

We paid $139 $183 and $378 $434 in the first six nine months of 2024 and 2023, respectively, to repurchase our outstanding shares. On June 30, 2024 September 29, 2024, 4.2 million 4 million shares remained authorized by our Board for repurchase, representing 1.5% of our total shares outstanding.

Fixed-rate notes of $500 mature in November 2024. We currently plan to repay these notes at maturity using cash on hand, potentially supplemented by commercial paper or other borrowings. hand. For additional information regarding our debt obligations, including scheduled debt maturities and interest rates, see Note H to the unaudited Consolidated Financial Statements in Part I, Item 1.

On June 30, 2024 September 29, 2024, we had no commercial paper outstanding, but we maintain the ability to access the commercial paper market in the future. Separately, we have a $4 billion committed bank credit facility for general corporate purposes and working capital needs and to support our commercial paper issuances. We also have an effective shelf registration on file with the Securities and Exchange Commission (SEC) that allows us to access the debt markets.

NON-GAAP FINANCIAL MEASURE - FREE CASH FLOW

We emphasize the efficient conversion of net earnings into cash and the deployment of that cash to maximize shareholder returns. As described below, we use free cash flow to measure our performance in these areas. While we believe this metric provides useful information, it is not a defined operating measure under U.S. generally accepted accounting principles (GAAP), and there are limitations associated with its use. Our calculation of this metric may not be completely comparable to similarly titled measures of other companies due to potential differences in the method of calculation. As a result, the use of this metric should not be considered in isolation from, or as a substitute for, GAAP measures.

We define free cash flow as net cash from operating activities less capital expenditures. We believe free cash flow is a useful measure for investors because it portrays our ability to generate cash from our businesses for purposes such as repaying debt, funding business acquisitions, repurchasing our common stock and paying dividends. We use free cash flow to assess the quality of our earnings and as a key performance measure in evaluating management. The following table reconciles free cash flow with net cash from operating activities, as classified on the Consolidated Statement of Cash Flows in Part I, Item 1:

Six Months Ended	June 30, 2024	July 2, 2023
Nine Months Ended	September 29, 2024	October 1, 2023

Net cash provided by operating activities						
Capital expenditures						
Free cash flow						
Cash flows as a percentage of net earnings:						
Net cash provided by operating activities						
Net cash provided by operating activities						
Net cash provided by operating activities		31 %	149 %		74 %	152 %
Free cash flow	Free cash flow	10 %	123 %	Free cash flow	53 %	126 %

ADDITIONAL FINANCIAL INFORMATION

ENVIRONMENTAL MATTERS AND OTHER CONTINGENCIES

For a discussion of environmental matters and other contingencies, see Note J to the unaudited Consolidated Financial Statements in Part I, Item 1. Except as otherwise noted in Note J, we do not expect our aggregate liability with respect to these matters to have a material impact on our results of operations, financial condition or cash flows.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on the unaudited Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of financial statements in accordance with GAAP requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. We employ judgment in making our estimates, but they are based on historical experience, currently available information and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We believe our judgment is applied consistently and produces financial information that fairly depicts our results of operations for all periods presented.

Accounting for long-term contracts and programs involves the use of various techniques to estimate total contract revenue and costs. Contract estimates are based on various assumptions to project the outcome of future events that often span several years. We review and update our contract-related estimates regularly. We recognize adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date on a contract is recognized in the period the adjustment is identified. The aggregate impact of adjustments in contract estimates decreased our operating earnings (and diluted earnings per share) by $12 ($0.03) for the three-month period ended September 29, 2024, and increased our operating earnings (and diluted earnings per share) by $77 $101 ($0.22) 0.29) for the nine-month period ended September 29, 2024, and $113 $11 ($0.32) 0.03) and $98 ($0.28) for the three- and six-month nine-month periods ended June 30, 2024, and $10 ($0.03) and $87 ($0.25) for the three- and six-month periods ended July 2, 2023 October 1, 2023, respectively. No adjustment on any one contract was material to the unaudited Consolidated Financial Statements for the three- and six-month nine-month periods ended June 30, 2024 September 29, 2024, or July 2, 2023 October 1, 2023.

Other critical accounting policies and estimates include long-lived assets and goodwill, commitments and contingencies, and retirement plans. For a full discussion of our critical accounting policies and estimates, see our Annual Report on Form 10-K for the year ended December 31, 2023.

GUARANTOR FINANCIAL INFORMATION

The outstanding notes described in Note H to the unaudited Consolidated Financial Statements in Part I, Item 1, issued by General Dynamics Corporation (the parent), are fully and unconditionally guaranteed on an unsecured, joint and several basis by several of the parent's 100%-owned subsidiaries (the guarantors). The guarantee of each guarantor ranks equally in right of payment with all other existing and future senior unsecured indebtedness of such guarantor. A listing of the guarantors is included in an exhibit to this Form 10-Q.

Because the parent is a holding company, its cash flow and ability to service its debt, including the outstanding notes, depends on the performance of its subsidiaries and the ability of those subsidiaries to distribute cash to the parent, whether by dividends, loans or otherwise. Holders of the outstanding notes have a direct claim only against the parent and the guarantors.

Under the relevant indenture, the guarantee of each guarantor is limited to the maximum amount that can be guaranteed without rendering the guarantee voidable under applicable laws relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. Each indenture also provides that, in the event (1) of a merger, consolidation or sale or disposition of all or substantially all of the assets of a guarantor (other than a transaction with the parent or any of its subsidiaries) or (2) there occurs a transfer, sale or other disposition of the voting stock of a guarantor so that the guarantor is no longer a subsidiary of the parent, then the guarantor or the entity acquiring the assets (in the event of a sale or other disposition of all or substantially all of the assets of a guarantor) will be released and relieved of any obligations under the guarantee.

The following summarized financial information presents the parent and guarantors (collectively, the combined obligor group) on a combined basis. The summarized financial information of the combined obligor group excludes net investment in and earnings of subsidiaries related to interests held by the combined obligor group in subsidiaries that are not guarantors of the notes.

STATEMENT OF EARNINGS INFORMATION - COMBINED OBLIGOR GROUP

	Six Months Ended June 30, 2024	Year Ended December 31, 2023
	Nine Months Ended September 29, 2024	Year Ended December 31, 2023
Revenue		
Operating costs and expenses, excluding G&A		
Net earnings		

BALANCE SHEET INFORMATION - COMBINED OBLIGOR GROUP

	June 30, 2024	December 31, 2023
	September 29, 2024	December 31, 2023
Cash and equivalents		
Other current assets		
Noncurrent assets		
Total assets		
Short-term debt and current portion of long-term debt		
Short-term debt and current portion of long-term debt		
Short-term debt and current portion of long-term debt		
Other current liabilities		
Long-term debt		
Other noncurrent liabilities		
Total liabilities		

The summarized balance sheet information presented above includes the funded status of the company's primary qualified U.S. government pension plans as the parent has the ultimate obligation for the plans.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes with respect to this item from the disclosure included in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Our management, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of June 30, 2024 September 29, 2024. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, on June 30, 2024 September 29, 2024, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2024 September 29, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The certifications of the company's Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act have been filed as Exhibits 31.1 and 31.2 to this report.

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements, which are based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "forecasts," "scheduled," "outlook," "estimates," "should" and variations of these words and similar expressions are intended to identify forward-looking statements. Examples include projections of revenue, earnings, operating margin, segment performance, cash flows, contract awards, aircraft production, deliveries and backlog. In making these statements, we rely on assumptions and analyses based on our experience and perception of historical trends; current conditions and expected future developments; and other factors, estimates and judgments we consider reasonable and appropriate based on information available to us at the time. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements are not guarantees of future performance and involve factors, risks and uncertainties that are difficult to predict. Actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors, including the risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023. These factors include, among others:

- general U.S. and international political and economic conditions;
- decreases in U.S. government defense spending or changing priorities within the defense budget;
- termination of government contracts due to unilateral government action;
- differences in anticipated and actual program performance, including the ability to perform within estimated costs, and performance issues with key suppliers;
- expected recovery on contract claims and requests for equitable adjustment;
- changing customer demand for business aircraft, including the effects of economic conditions on the business-aircraft market;
- changing prices for energy and raw materials;
- the negative impact of the COVID-19 pandemic, or other similar outbreaks;
- the status or outcome of legal and/or regulatory proceedings;
- potential effects of audits and reviews by government agencies of our government contract performance, compliance and internal control systems and policies;
- cybersecurity events and other disruptions;
- risks and uncertainties relating to our acquisitions and joint ventures; and
- potential for increased regulation related to global climate change.

All forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to General Dynamics or any person acting on our behalf are qualified by the cautionary statements in this section. We do not undertake any obligation to update or publicly release revisions to any forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report. These factors may be revised or supplemented in future SEC filings.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information relating to legal proceedings, see Note J to the unaudited Consolidated Financial Statements in Part I, Item 1.

ITEM 1A. RISK FACTORS

There have been no material changes with respect to this item from the disclosure included in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about our second-quarter third-quarter purchases of equity securities that are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended:

Period	Total Number of Shares	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares That May Yet Be Purchased Under the Program
Shares Purchased Pursuant to Share Buyback Program				
4/1/24-4/28/24	17,574	$ 284.50	17,574	4,278,017
4/29/24-5/26/24	93,345	287.50	93,345	4,184,672

5/27/24-6/30/24	7,815		289.50	7,815	4,176,857
*Shares Delivered or Withheld Pursuant to Restricted Stock Vesting**					
4/1/24-4/28/24	858		289.17		
4/29/24-5/26/24	7,302		287.81		
5/27/24-6/30/24	1,298		298.65		
	128,192	$	287.35		

Period	Total Number of Shares		Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares That May Yet Be Purchased Under the Program
Shares Purchased Pursuant to Share Buyback Program					
7/1/24-7/28/24	17,300	$	288.77	17,300	4,159,557
7/29/24-8/25/24	132,533		287.31	132,533	4,027,024
8/26/24-9/29/24	1,892		290.00	1,892	4,025,132
*Shares Delivered or Withheld Pursuant to Restricted Stock Vesting**					
7/1/24-7/28/24	527		289.80		
7/29/24-8/25/24	806		296.57		
8/26/24-9/29/24	1,256		296.38		
	154,314	$	287.64		

* Represents shares withheld by, or delivered to, us pursuant to provisions in agreements with recipients of restricted stock granted under our equity compensation plans that allow us to withhold, or the recipient to deliver to us, the number of shares with a fair value equal to the statutory tax withholding due upon vesting of the restricted shares.

We did not make any unregistered sales of equity securities in the second third quarter of 2024.

ITEM 5. OTHER INFORMATION

During the quarter ended June 30, 2024September 29, 2024, none of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as such terms are defined under Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

10.1*3.3 Consulting Agreement between Mark C. RoualetAmended and Restated Bylaws of General Dynamics Corporation (as amended effective effective as of May 1, 2024August **##7, 2024) (incorporated herein by reference from the company's current report on Form 8-K, filed with the SEC on August 8, 2024)

22 Subsidiary Guarantors (incorporated herein by reference from the company's quarterly report on Form 10-Q for the period ended October 1, 2023, filed with the SEC on October 25, 2023)

31.1 Certification by CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

31.2 Certification by CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

32.1 Certification by CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

32.2 Certification by CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

101.INS Inline eXtensible Business Reporting Language (XBRL) Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

101.SCH Inline XBRL Taxonomy Extension Schema Document**

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document**

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document**

101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document**

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document**

104 Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

* Indicates a management contract or compensatory plan or arrangement.
** Filed or furnished electronically herewith.
Certain portions of this exhibit have been omitted by means of marking such portions with brackets and asterisks because the Registrant has determined that the information is not material and is the type that the Registrant treats as private or confidential. The Registrant agrees to provide on a supplemental basis an unredacted copy of this exhibit to the SEC or its staff upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL DYNAMICS CORPORATION
by /s/ William A. Moss
William A. Moss
Vice President and Controller
(Authorized Officer and Chief Accounting Officer)

Dated: July 24, 2024 October 23, 2024

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Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE THE INFORMATION IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

May 1, 2024

Roualet Global LLC
[***]

Re: Consulting Agreement

Dear Mark:

This letter agreement ("Agreement") confirms the contractual arrangement between General Dynamics Corporation ("General Dynamics") and you ("you" or "your") (individually referred to as a "Party" and collectively referred to as the "Parties") as set forth below. Danny Deep will be your primary point of contact at General Dynamics for services requested under this Agreement, for submitting invoices for payment, and for any questions about the Agreement.

1. Services to be Rendered

General Dynamics retains you, and you agree, to complete special duties related to operational matters as assigned, [***], and other operational consulting services as assigned, to include conference calls, telephone calls, and occasional in-person meetings at General Dynamics or affiliate or third-party locations (hereinafter referred to as "Services"). The Services will be performed solely by you. For purposes of rendering the Services, during the Term of the Agreement, you may continue to use your General Dynamics email, and device(s). We have no objection to you retaining your mobile number post agreement term.

The Services shall not generally include any communication or appearance by you on behalf of General Dynamics before any representative of the Executive Branch or any Member, officer, or employee of the U.S. Congress.

2. Term of Agreement and Termination

This Agreement shall be effective as of the date above for a period expiring on December 31, 2024 (the "Term") provided that either Party can earlier terminate the Agreement by giving the other Party at least 30 days' prior written notice of the termination.

Prior written notice is not required and the Agreement shall terminate immediately upon written notice if either Party breaches the terms or conditions of this Agreement, or if a representation, warranty or covenant set forth in Section 9 becomes untrue in whole or in part. Notwithstanding the foregoing, your obligations under Sections 5 and 11 of this Agreement shall survive the expiration and/or termination of this Agreement.

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3. Fee and Expenses; Invoices

In consideration for the Services and the fulfillment of the terms and conditions of this Agreement, General Dynamics shall pay you a monthly fee of $36,500.00 through December 31, 2024. In addition, General Dynamics shall pay you reasonable expenses for out-of-town travel pre-approved by General Dynamics, which expenses will include reasonable and necessary airfare, auto rental charges, food, and lodging, etc. Except for the pre-approved travel expenses noted above, you agree that you are solely responsible for payment of any costs or expenses incurred by you in the course of performing the Services. You may accompany any GD employee on corporate aircraft with prior approval in accordance with Corporate Policy 07-106. You may use a corporate driver when attending events associated with support to GD if pre-approved.

For any month in which you perform Services, General Dynamics will pay you in accordance with our customary practices. Expenses shall be supported by receipts. Any charges for company approved expenses will be charged to your corporate AMEX card when practical. Any charges will be processed by General Dynamics. The AMEX card will be used exclusively for GD related business expenses.

4. Place of Work; Supplies, Equipment, and Operating Costs

As an independent contractor, you retain control over the manner and means by which you provide the Services to General Dynamics, provided, however, that General Dynamics retains sole discretion to determine the objectives of the Services, the General Dynamics' personnel that you will communicate with for the provision of Services, completion deadlines, and whether the Services have been provided by you in a satisfactory manner. You are not required to work any fixed schedule and can set your own hours. With the exception of periodic in-person meetings, you will not report to work or maintain a dedicated office space at any of General Dynamics' facilities; however, when onsite you will have the use of a guest office. Also, except as noted in this Agreement, you are expected to provide, at your own cost, any offsite workspace or any other supplies or equipment needed to render the Services. General Dynamics shall not be charged for any operating costs, overhead costs or other normal business expenses incurred by you in performing the Services.

5. Confidential Information and Return of Property

Any information that General Dynamics provides to you or that you obtain in the course of this Agreement regarding General Dynamics' financial or business objectives, program or product plans, manufacturing lines, profit margins, costs or pricing, operations, strategies, technology, processes, and know-how that is not generally known by individuals not employed by General Dynamics shall be considered "Confidential Information."

Subject to Section 10, you agree (i) that you shall not use or disclose Confidential Information for any purpose other than for the sole and exclusive benefit of General Dynamics and its subsidiaries; (ii) that all Confidential Information shall remain General Dynamics' property; and (iii) that you will not disclose such information to any third party without General Dynamics' prior express written approval, during or after the Term or any extension of the Term. You specifically agree that you will not, during or after the Term or any extension of the Term, undertake any activity that would inevitably require you to use for the

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benefit of any other person or entity any Confidential Information that General Dynamics provided to you in the course of the performance of this Agreement.

Upon the request of General Dynamics or the conclusion of this Agreement, whichever is earlier, you will promptly return to General Dynamics all General Dynamics Property (as defined herein) provided to or obtained by you in the course of this Agreement. For the purposes of this Agreement, General Dynamics Property means any thing which has been produced, generated, created, provided, made available or itemized in whatever form (including originals, copies, computer files and other electronic data) by General Dynamics or you in the course of General Dynamics' business and operations, or that otherwise belongs to General Dynamics, including but not limited to computers, files, programs, land-line, access cards, documents, records, notes, data, proposals, tabulations, tapes, disks, planning, forecasts, processes, drawings, and specifications. You further agree to cooperate with General Dynamics to ensure that, subject to any litigation retention directive applicable to you, all property of General Dynamics is permanently deleted from any personal computer, PDA, cloud or other electronic or storage device or personal e-mail account upon the request of General Dynamics during the course of this Agreement or any time thereafter.

6. Rights of Work Product

A. You agree that, except as provided in Sub-Paragraph (B) of this Section 6, all intellectual property, including but not limited to all deliverables, writings, documents, data, video recordings, audio recordings, electronic recordings, and other materials that you make (or participate in making), conceive, discover or develop at any time as a result of or in connection with your performance of the Services or exposure to any Confidential Information pursuant to this Agreement, in any and all media or forms of expression, together with any associated improvements, technology, designs, ideas, processes, techniques, know-how and data, whether or not patentable, patents, copyrights, trademarks and trade secrets (collectively, the "Work Product") shall be the sole and exclusive property of General Dynamics. If by operation of law or any other reason any of the Work Product, including all related intellectual property rights, is not deemed to be a work for hire or is not otherwise owned in its entirety by General Dynamics automatically upon creation thereof, then you hereby assign to General Dynamics, without additional consideration, all right, title, and interest in and to such Work Product, including all related intellectual property rights. To the extent, if any, that this Paragraph does not provide General Dynamics with full ownership, right, title, and interest throughout the world in and to the Work Product, you irrevocably agree to grant, and do hereby grant, General Dynamics an exclusive, perpetual, irrevocable, transferable, unlimited, fully paid-up, royalty-free, worldwide license to make, have made, use, reproduce, market, modify, make derivative works from, publicly perform, publicly display, offer to sell, sell or otherwise exploit such Work Product, with the right to sublicense each and every such right.

B. You shall retain your intellectual property rights incorporated into the Work Product solely and only to the extent such intellectual property rights were (i) developed by you prior to the development of the Work Product, (ii) conceived and reduced to practice by you entirely on your own time without using equipment, supplies, facilities, trade secrets or Confidential Information of General Dynamics, or (iii) licensed to you by a third party (collectively, "Contractor IP"). Prior to incorporating any Contractor IP into any Work Product, you must disclose any such Contractor IP to General Dynamics, in writing; failure to provide such disclosure shall result in such Contractor IP being deemed Work Product. You further agree that if, in the course of

performing the Services, you incorporate any Contractor IP into any Work Product, you hereby grant General Dynamics a nonexclusive, fully paid-up, royalty-free, perpetual, irrevocable, worldwide, sublicensable, transferable license under all of your intellectual property rights in and to any such Contractor IP incorporated into Work Product.

7. Notices and Reports

All notices under this Agreement shall be in writing, shall comply with this Section, and shall be deemed to have been given at the time transmitted by e-mail, by overnight express mail, by personal delivery, or three days after being deposited in the United States mail enclosed in a registered or certified postage prepaid envelope and addressed to the address of the other Party in accordance with this Section.

Roualet Global LLC
[***]

To General Dynamics Corporation:
General Dynamics Corporation
Attention: Christine Mueller, Legal Department
11011 Sunset Hills Road
Reston, VA 20190

Each Party is responsible to notify the other Party promptly in the event of any change of address or other relevant contact information that would affect notices and disclosures under this Agreement.

8. Nature of Relationship; Taxes

You acknowledge and agree that, at all times, you shall be an independent contractor, and nothing herein creates or shall be construed to create or imply any employer-employee, principal-agent, partnership, joint venture, or other relationship between you and General Dynamics or any of its subsidiaries or affiliates. You shall hold no authority, express or implied, to obligate General Dynamics, its subsidiaries or affiliates, or make representations on their behalf and shall make no representation to others to the contrary.

Other than those benefits that you are vested in as a result of your former employment with General Dynamics Corporation and/or any of its affiliates, you are ineligible for and cannot participate in any insurance, pension, retirement, health, welfare, or other benefit plan or program in which employees participate. You are solely responsible for providing workers' compensation, unemployment insurance, or other insurance that may be required for you in order for you to perform the Services under this Agreement.

General Dynamics shall issue you a Form 1099 for the fees paid to you for performing the Services. You are solely responsible for payment of all taxes arising out of your activities in connection with this Agreement, including, without limitation, federal and state income taxes, social security taxes, unemployment insurance taxes, and any other taxes or business license fees as required. General Dynamics shall not be responsible for withholding any income or taxes on your behalf and you further agree to indemnify, defend and hold General Dynamics harmless from and against any claims or action arising out of or relating to your failure to withhold or pay such taxes on your behalf.

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9. Representations, Warranties and Covenants

As of the date hereof, and at all times during the Term or any extension of the Term, you represent, warrant and covenant that: (i) all Services will be performed by you in a professional and competent manner; (ii) except as expressly permitted in Section 10, you will not communicate with anyone outside of General Dynamics about the Services without obtaining our prior authorization; and (iii) you are not subject to any agreement, obligation, or conflicting role that would prevent General Dynamics from receiving the full benefit of your Services.

Nothing in this Agreement prohibits you from performing services for others during the Term of this Agreement, provided that such services do not create a conflict of interest or otherwise interfere with your provision of the Services under this Agreement.

You shall immediately notify General Dynamics in writing should you become aware that one or more of the representations, warranties or covenants set forth above is or has become untrue in any respect during the term of this Agreement.

10. Permitted Disclosures

Nothing in this Agreement shall prohibit you from filing a charge or complaint with, reporting possible violations to, or participating or cooperating withthe Department of Justice, the Securities and Exchange Commission, Congress, the Inspector General, or any other government agency, nor does anything in this Agreement prohibit you from making other disclosures that are protected under the provisions of any federal, state or local law or regulation. In addition, this Agreement does not prohibit you from disclosing Confidential Information in any of the following circumstances: (i) where disclosure is required by a court order or subpoena; (ii) where disclosure is necessary in the course of a lawsuit or legal proceeding regarding this Agreement; (iii) in connection with your filing a charge or complaint with a governmental agency; or (iv) in connection with your participating, cooperating, or testifying in any investigation or proceeding that is conducted under the Sarbanes-Oxley Act or before a legislative body or other governmental agency. As soon as you believe you may have to disclose Confidential Information under the circumstances of Sections 10(i) or 10(ii), you agree to promptly notify General Dynamics' General Counsel of the substance and circumstances of the disclosure (unless prohibited by law) so that General Dynamics can take timely action to protect its interests. You do not need the prior authorization of General Dynamics to make any reports or disclosures under the circumstances of Sections 10(iii) or 10(iv), and you are not required to notify General Dynamics that you have made such reports or disclosures.Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made to your attorney in relation to a lawsuit for retaliation against you or reporting a suspected violation of law; or (c) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

11. Indemnification

You shall indemnify, defend and hold General Dynamics harmless from and against all expenses, costs, damages, liabilities and losses (including without limitation reasonable attorneys' fees) incurred by General Dynamics in connection with any claim, investigation, demand, action, suit or proceeding (whether civil, criminal, administrative or investigative) arising out of or resulting from (i) any breach by you of a representation, warranty, covenant or promise set forth in this Agreement, (ii) any act or omission by you in the performance of the Services, and (iii) your negligence, bad faith or willful misconduct in the performance or non-performance of the Services.

General Dynamics agrees to indemnify you and hold you harmless from and against all expenses, costs, damages, liabilities and losses (including without limitation reasonable attorneys' fees) incurred by you in connection with any claim, investigation, demand, action, suit or proceeding (whether civil, criminal, administrative or investigative) arising out of or resulting from your provision of Services, except where such expenses, costs, damages, liabilities and losses arise from (i) any breach by you of a representation, warranty, covenant or promise set forth in this Agreement, (ii) any act or omission by you in the performance of the Services, and (iii) your negligence, bad faith or willful misconduct in the performance or non-performance of the Services.

12. Miscellaneous

A. This Agreement sets forth the entire understanding of the Parties regarding the subject matter hereof and merges and supersedes any prior or contemporaneous agreements and understandings between the Parties pertaining to the subject matter hereof. This Agreement may not be modified except by written agreement signed by the Parties.

B. Failure of a Party to enforce one or more of the provisions of this Agreement or to require at any time performance of any of the obligations hereof shall not be construed to be a waiver of such provisions by such Party nor to in any way affect the validity of this Agreement or such Party's right thereafter to enforce any provision of this Agreement.

C. This Agreement shall not be assignable to any other person or entity absent the consent of the other Party except that General Dynamics has the right to assign this Agreement to any of its affiliates, subsidiaries, and successors.

D. If any provision of this Agreement is held to be invalid, void or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity and enforceability of the other provisions of this Agreement, and the provision held to be invalid or unenforceable shall be enforced as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

E. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to conflict of laws principles, and each Party hereby submits to the nonexclusive jurisdiction of the state and federal courts of Virginia for purposes of all legal proceedings arising out of or relating to this Agreement and the Services contemplated hereby.

F. Except as permitted under Section 10 of this Agreement, you shall not make any public statement relating to this Agreement, any work done under this Agreement, or any of the transactions contemplated by this Agreement without obtaining the prior express written approval of a duly authorized representative of General Dynamics.

If the foregoing clearly sets forth our understanding, please sign the Agreement and return it to me for my counter signature.

Sincerely,

General Dynamics Corporation
By: /s/ Shane Berg
Shane Berg
Senior Vice President, Human Resources & Administration

Accepted and agreed this 18th day of March, 2024:

By: /s/ Mark C. Roualet
Mark C. Roualet

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Exhibit 31.1

CERTIFICATION BY CEO PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Phebe N. Novakovic, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Dynamics Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, October 23, 2024

/s/ Phebe N. Novakovic

Phebe N. Novakovic
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION BY CFO PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Kimberly A. Kuryea, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Dynamics Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, October 23, 2024

/s/ Kimberly A. Kuryea

Kimberly A. Kuryea
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION BY CEO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of General Dynamics Corporation (the Company) on Form 10-Q for the quarter ended June 30, 2024 September 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Phebe N. Novakovic, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, October 23, 2024

/s/ Phebe N. Novakovic
Phebe N. Novakovic
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION BY CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of General Dynamics Corporation (the Company) on Form 10-Q for the quarter ended June 30, 2024 September 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Kimberly A. Kuryea, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, October 23, 2024

/s/ Kimberly A. Kuryea
Kimberly A. Kuryea
Senior Vice President and Chief Financial Officer

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