

GENERAL DYNAMICS

AUDIT COMMITTEE

CHARTER

1. *Purpose.* The Audit Committee (the “Committee”) will assist the Board of Directors (the “Board”) in its oversight of the integrity of the financial statements of the Corporation; the qualifications, performance and independence of the Corporation’s independent auditors; the performance of the Corporation’s internal audit function; and compliance by the Corporation with legal and regulatory requirements. The Committee will also prepare a report as required by the Securities and Exchange Commission (the “Commission”) to be included in the Corporation’s annual proxy statement.
2. *Status and Membership.*
 - (a) The Committee will consist of at least three members of the Board. Committee members will satisfy the independence and financial literacy requirements of the New York Stock Exchange and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission, and who are otherwise qualified to discharge the Committee’s responsibilities, as determined by the Board. Members of the Committee will be appointed (and may be removed) by the Board, and will serve in accordance with the Bylaws of the Corporation. The Committee will recommend to the Board, and the Board will designate, the Chair of the Committee.
 - (b) At least one member of the Committee will have accounting or related financial management expertise in accordance with the requirements of the New York Stock Exchange, as determined by the Board. The Board will also determine whether any members of the Committee possess the requisite accounting or related financial management experience and expertise to qualify as an “audit committee financial expert” as defined by the Commission, and the Corporation will make the disclosures required by the rules and regulations of the Commission with respect to such matters.
 - (c) Members of the Committee will not simultaneously serve on the audit committee of more than one other public company.
3. *Meetings.* The Committee will meet at least quarterly and as often as it determines appropriate to carry out its responsibilities. The Committee will also meet periodically with management, the internal auditors and the Corporation’s independent auditors in separate executive sessions. The Chair of the Committee, in consultation with the other Committee members, will determine the frequency and length of the meetings and will set agendas consistent with this charter.

4. *Oversight of the Independent Auditors.*

- (a) The Committee will have sole authority to retain and terminate the Corporation's independent auditors, and the independent auditors will report directly to the Committee. The Committee will be responsible for the compensation and oversight of the work of the independent auditors for the purpose of preparing or issuing an audit report or related work.
- (b) The Committee will evaluate the independent auditors' qualifications, performance and independence at appropriate intervals. The evaluation will include such matters as the Committee deems appropriate, and will include obtaining and reviewing a report by the Corporation's independent auditors at least annually regarding (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) any relationships between the independent auditors and the Corporation. The Committee will also review with the independent auditors the scope and staffing of the audit, as well as any problems or difficulties encountered during the audit and management's response thereto. The Committee will also establish appropriate policies for the Corporation's hiring of current or former employees of the independent auditors.

5. *Preapprovals.* The Committee will adopt appropriate procedures to ensure that all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation by the independent auditors are approved by the Committee in accordance with the requirements of the New York Stock Exchange and any other applicable legal and regulatory requirements. Subject to the foregoing, the Committee may form subcommittees and delegate authority hereunder as it deems appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that any decisions of any such subcommittee to grant preapprovals must be presented to the full Committee at its next meeting. The Committee may consult with management regarding these matters but may not delegate this authority to management.

6. *Internal Auditors.* The Committee will take such actions as it deems advisable in connection with the evaluation of the performance, responsibilities, budget and staffing of the Corporation's internal audit function, as well as the internal audit plan. The Committee will review such matters with the independent auditors and will also review any significant reports to management prepared by the internal auditing department, as well as management's responses thereto.

7. *Financial Statements, Disclosure and other Compliance Matters.* The Committee will meet to review and discuss the Corporation's annual and quarterly financial statements with management and the independent auditors, including the Corporation's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and as the Committee otherwise deems appropriate or necessary. Such review and discussion will comply with all applicable requirements of the New York Stock Exchange and any

other applicable legal or regulatory requirements, and will include matters relating to the Corporation's practices regarding earnings press releases, as well as financial information and guidance provided to analysts and rating agencies, the effect of regulatory and accounting initiatives and any off-balance sheet structures of the Corporation. The Committee will recommend to the Board whether the audited financial statements should be included in the Corporation's Form 10-K.

8. *Communications with Auditors.* Prior to filing a report of the independent auditors with the Commission, the Committee will also discuss with the independent auditors:
 - (a) all critical accounting policies and practices;
 - (b) all material alternative treatments of financial information within generally accepted accounting principals that have been discussed with management, ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditors;
 - (c) other material written communications between the independent auditors and management;
 - (d) all matters required to be discussed with the Committee by the independent auditors pursuant to Statement on Auditing Standards No. 61; and
 - (e) such other matters as the Committee deems appropriate.
9. *Internal Controls.* The Committee will review and may take appropriate action with respect to any disclosures made to the Committee by the Corporation's CEO and CFO during their certification process for the Form 10-K and Form 10-Q with respect to any significant deficiencies in the design or operation of internal controls or material weaknesses therein, and any irregularities involving management or other employees with a significant role in such controls and procedures.
10. *Risk Assessment and Management.* To the extent appropriate to comply with the requirements of the New York Stock Exchange or otherwise, the Committee will periodically review and take appropriate action with respect to the Corporation's policies and practices with respect to risk assessment and risk management.
11. *Receipt of Complaints.* The Committee will establish such procedures as it deems appropriate or as are required pursuant to the rules and regulations of the Commission or otherwise regarding the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, as well as the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
12. *Self-Evaluation.* The Committee will conduct such annual and other self-evaluations as it deems appropriate, including to satisfy any applicable requirements of the New York Stock Exchange and any other legal or regulatory requirements.
13. *Reporting to the Board.* The Committee will report regularly to the Board, and as the Board may request.

14. *Compensation of Advisors and Funding.* The Committee will obtain advice and assistance from such internal and external advisors as it deems appropriate in connection with the discharge of its duties. The Committee will have sole authority to determine and approve related fees and retention terms for any such advisors. The Committee will be provided with appropriate funding by the Corporation, as the Committee determines, for the payment of compensation to the Corporation's independent auditors, outside counsel and other advisors as it deems appropriate, and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
15. *Corporation Policies.* The Committee will monitor management's implementation of the policies, practices and programs of the Corporation in the following areas:
 - (a) the Corporation's Standards of Business Ethics and Conduct Program;
 - (b) equal employment;
 - (c) employee rights;
 - (d) employee safety and health standards;
 - (e) product and plant safety;
 - (f) environmental matters; and
 - (g) community relations and affairs.
16. *Other Activities.* The Committee will perform such other activities consistent with this charter, the Corporation's Bylaws, governing law, the rules and regulations of the New York Stock Exchange and such other requirements applicable to the Corporation as the Committee or the Board deem necessary or appropriate.
17. *Limitation of Audit Committee's Role.* It is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principals. This is the responsibility of management and the independent auditors of the Corporation. Members of the Committee should not be assumed to be accounting experts, and are not deemed to have accepted a duty of care greater than other members of the Board.
18. *Committee Charter.* The Committee will periodically review this charter and will recommend any changes to the Board as the Committee deems appropriate, including to satisfy any applicable requirements of the New York Stock Exchange and any other legal or regulatory requirements. A copy of this charter will be made available on the Corporation's website at www.generaldynamics.com.

Effective: June 1, 2005