

General Dynamics to Acquire AxleTech International

Global manufacturer of heavy duty vehicle components will expand General Dynamics' product offerings, customer base.

FALLS CHURCH, Va. – General Dynamics (NYSE: GD) and The Carlyle Group, a private equity firm, have entered into a definitive agreement for General Dynamics to acquire AxleTech International, a global manufacturer and supplier of axles, axle components, planetary axles, independent suspensions, brakes and aftermarket parts for military vehicles, commercial specialty trucks, and off-highway machines used in the construction, material handling, forestry, mining and agricultural markets.

AxleTech International employs approximately 1,000 workers worldwide. It is based in Troy, Michigan, and has manufacturing facilities in Oshkosh, Wisconsin; Detroit, Michigan; Chicago, Illinois; St. Etienne, France; and Osasco, Brazil

The proposed acquisition, which has been approved by both companies, would be immediately accretive to General Dynamics' earnings. The transaction is subject to normal regulatory approvals and is expected to close by the end of 2008. AxleTech International will become part of Charlotte, North Carolina-based General Dynamics Armament and Technical Products.

In announcing the acquisition, Charles M. Hall, General Dynamics executive vice president for Combat Systems, said, "AxleTech International is a well-run company with a strong management team and a skilled workforce that offers a high-value line of quality products to a global customer base. We look forward to maintaining and strengthening the relationships AxleTech International enjoys with its existing customers, expanding and diversifying the technical products General Dynamics provides to customers around the world, and pursuing new markets together through collaboration among the product experts at each company."

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Mary Petrovich, chief executive officer of AxleTech International, said, “We are very pleased to be joining General Dynamics. The expertise and competencies that each of our companies brings to this relationship will create a stronger, more-competitive provider of quality vehicle components and subsystems to customers around the world.”

Gregory S. Ledford, Carlyle Managing Director, said, “Carlyle is pleased to have supported AxleTech’s world class management team in its strategic objective of expanding product lines and broadening its customer base. We are confident AxleTech will continue to prosper as part of General Dynamics.”

AxleTech International is a leading supplier of heavy-duty off-road and high-mobility planetary hub-reduction axles, independent suspensions, electric motorized planetary wheel ends, brakes and transfer cases to original equipment manufacturers (OEMs) on every continent. The company provides service and support to customers around the world through an extensive network of reliable partners in Europe, Asia, Africa, the Middle East, South America and Australia.

General Dynamics Armament and Technical Products, a business unit of General Dynamics, is a proven systems integrator of defense products for all branches of the U.S. Department of Defense and the Ministries of Defense of over 30 allied nations. General Dynamics Armament and Technical Products designs, develops and produces high-performance armament systems, a full range of high-performance composite products for the aerospace industry, biological and chemical detection systems, advanced sensor and vision-enhancement systems, and mobile shelter systems.

General Dynamics, headquartered in Falls Church, Va., employs approximately 91,200 people worldwide. The company is a market leader in business aviation; land and expeditionary combat systems, armaments and munitions; shipbuilding and marine systems; and information systems and technologies.

The Carlyle Group is a global private equity firm with \$91.5 billion of assets under management committed to 66 funds as of September 30, 2008. Carlyle invests in buyouts, growth capital, real estate and leveraged finance in Africa, Asia, Australia, Europe, North America and South America focusing on aerospace & defense, automotive & transportation, consumer & retail, energy & power, financial services, healthcare, industrial, infrastructure, technology & business services and telecommunications & media. Since 1987, the firm has invested \$52.7 billion of equity in 870 transactions for a total purchase price of approximately \$225.8 billion. www.carlyle.com

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Certain statements made in this press release, including any statements as to future results of operations and financial projections, may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are based on management’s current expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors. Additional information regarding these factors is contained in the company’s filings with the Securities and Exchange Commission, including, without limitation, its Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q.

All forward-looking statements speak only as of the date they were made. The company does not undertake any obligation to update or publicly release any revisions to any forward-looking statements to reflect events, circumstances or changes in expectations after the date of this press release.

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