

May 30, 2008

General Dynamics Corporation
2941 Fairview Park Dr., Suite 100
Falls Church, VA 22042-4513

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including General Dynamics. On August 16, 2005, December 2, 2005 and October 31, 2006, we sent General Dynamics information regarding findings in POGO's database. As of today, we have not received a response from you. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to General Dynamics, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Campbell v. General Dynamics Government Systems Corporation (Illegal Employee Termination)

Date: 10/19/2005 (Date of Dismissal)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Undisclosed

Disposition: Settlement

Synopsis: Campbell alleged he was fired due to a condition covered by the Americans With Disabilities Act. "On December 30, 2002, General Dynamics terminated the plaintiff's employment on account of persistent absenteeism and tardiness. Alleging that these infractions (and, hence, his dismissal) stemmed from a medical condition known as sleep apnea that General Dynamics should have accommodated, the plaintiff filed an administrative complaint with the proper agency charging discrimination on the basis of disability." In October 2005, both parties resolved the case pursuant to an undisclosed settlement.

2. Dobrich v. General Dynamics (Hostile Workplace)

Date: 09/19/2000 (Date of Judgment)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$300,000

Disposition: Judgment Against Defendant

Synopsis: The lawsuit makes a hostile environment claim against General Dynamics' Electric Boat subsidiary. "From the time she was hired, [the plaintiff] claimed in her suit, she was subjected to verbal and physical harassment, including an incident on Aug. 24, 1994, when another worker kicked a chair at her, injuring her wrist." While the jury awarded the Plaintiff \$750,000, the award was capped at \$300,000 due to statute. See 106 F. Supp. 2d 386

3. F-16 Overcharge

Date: 02/07/1995 (Date of Settlement)

Misconduct Type: Cost/Labor Mischarge

Enforcement Agency: Justice

Contracting Party: Defense - Air Force

Court Type: Civil

Amount: \$1,800,000

Disposition: Settlement

Synopsis: General Dynamics settled a lawsuit alleging that it overcharged the Department of Defense for testing F-16 fighter jets. Four former company employees who tested the F-16s at Edwards Air Force Base "claimed that General Dynamics billed DOD for thousands of hours that were never worked, using falsified time cards from employees who regularly left the plant early. The fraud occurred from 1982 to 1986 and involved about 50 employees."

4. Final Analysis Communication Systems v. General Dynamics (Breach of Contract)

Date: 04/17/2006 (Date of Final Judgment)

Misconduct Type: Poor Contract Performance

Enforcement Agency: Non-Governmental

Contracting Party: Non-Governmental

Court Type: Civil

Amount: \$11,870,000

Disposition: Judgment Against Defendant

Synopsis: Final Analysis Communication Systems, Inc. brought claims against General Dynamics for breach of contract, fraud, tortious interference with contractual and business relations, fraudulent inducement, negligent misrepresentation and breach of warranty. In September 2005, a jury rendered a verdict against General Dynamics in the amount of \$138 million and a verdict in its favor in the amount of \$8 million on their counterclaims. The following April, the judge entered a final judgment in favor of FACS in the amount of \$19,870,000 and in favor of General Dynamics in the amount of \$8 million.

5. Forti v. General Dynamics (Fraud and Breach of Oral Contract)

Date: 07/26/1996 (Date of Judgment)

Misconduct Type: Non-governmental Contract Fraud

Enforcement Agency: Non-Governmental

Contracting Party: Non-Governmental

Court Type: Civil

Amount: \$37,400,000

Disposition: Judgment Against Defendant

Synopsis: "The plaintiffs, former employees of the company's E-Metrics subsidiary, claimed they were promised an equity interest in E-Metrics, and were not compensated when the assets and liabilities were transferred to Hughes Aircraft Company as part of the sale of the Missile Systems business in 1992."

6. Unauthorized Export of Technical Data

Date: 11/01/2004 (Date of Agreement)

Misconduct Type: Import/Export

Enforcement Agency: State Dept.

Contracting Party: International

Court Type: Administrative

Amount: \$5,000,000

Disposition: Administrative Agreement

Synopsis: General Motors and General Dynamics, as successor owner of portions of General Motors, allegedly violated the Arms Export Control Act, 22 U.S.C. § 2778, in connection with the unauthorized export of technical data, defense services and defense articles to foreign person employees to include those of proscribed countries and other matters. Under a consent agreement, both companies agreed to pay \$20 million in fines and remedial measures, with General Motors responsible for \$15 million and General Dynamics responsible for \$5 million. See related General Motors instance, "Unauthorized Export of Technical Data."

7. Violation of Age Discrimination in Employment Act

Date: 04/17/1996 (Date of Settlement)

Misconduct Type: Labor

Enforcement Agency: EEOC

Contracting Party: None

Court Type: Civil

Amount: \$2,532,294

Disposition: Settlement

Synopsis: General Dynamics settled a lawsuit alleging a violation of the Age Discrimination in Employment Act (29 USC §§ 621-634 et. seq.). “The lawsuit arises out of a 1992 layoff that occurred soon after General Dynamics moved its corporate headquarters from St. Louis to Falls Church, Virginia....Laid-off employees under the age of 50 received the full five years of credited service. Employees between the ages of 50 and 55 received less credited service and employees over the age of 55 received no additional credited service under the program.... The EEOC's complaint, filed in the U.S. District Court in St. Louis, alleges that General Dynamics' failure to give employees over the age of 50 a full five years of additional credited service constitutes age discrimination.”

8. Violation of the Toxic Substances Control Act (PCBs)

Date: 07/02/1998 (Date of News Release)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: Energy

Court Type: Administrative

Amount: \$13,600

Disposition: Fine

Synopsis: General Dynamics Electric Boat, under contract to strip PCB-contaminated paint from storage tanks at the Department of Energy facility in Windsor, Connecticut, was fined for violating the Toxic Substances Control Act (15 USC §§ 2601 et seq.) with regard to PCBs. “Electric Boat's personnel were required to use disposable protective clothing during paint removal, and the clothing was required to be shipped for disposal (with other PCB contaminated wastes) to a chemical waste management facility in New York. Instead, Electric Boat sent the personal protective equipment to a New Bedford, Mass. laundry facility.”