

October 25, 2007

## **BAE SYSTEMS AND GENERAL DYNAMICS SIGN COLLABORATIVE AGREEMENT TO SUPPORT MODERNIZATION OF U.S. ARMY HEAVY COMBAT VEHICLES**

WARREN, Michigan – BAE Systems and General Dynamics Land Systems, a business unit of General Dynamics (NYSE: GD), have signed a memorandum of agreement to work collaboratively in support of the U. S. Army's Heavy Brigade Combat Team modernization plan., which will upgrade, modernize and achieve commonality on BAE Systems' family of Bradley fighting vehicles and General Dynamics M1 Abrams tanks, the primary combat vehicles of the Army's Heavy Brigades.

The agreement, developed with the Army's encouragement, defines how both companies will work with the Army's Project Manager for Heavy Brigade Combat Team, and the Abrams and Bradley Product Managers, to jointly translate warfighter requirements into capabilities through collaborative design and development of common solutions. The agreement also establishes the basic process for collaborative specification and product development and provisions for the common procurement of material to support system evolution on both companies' combat vehicles.

"As the Army adds capability to the Heavy Brigade Combat Teams, they desire common solutions to reduce logistics burdens, to lower development costs, and to make Soldier training easier," said Mark Roualet, senior vice president and chief operating officer General Dynamics Land Systems. "BAE Systems and General Dynamics have responded with an agreement that harnesses the expertise of the world's premier combat-vehicle developers to provide our customers the technology and capability they require in the 21st century."

"This agreement is the natural conclusion of initiatives started under the leadership of Kevin Fahey, the Army's Program Executive Officer, Ground Combat Systems to achieve greater commonality within the Heavy Brigade," said Raj Rajagopal, president of BAE Systems' Ground Systems business. "It is a win-win for the U.S. Army, BAE Systems and General Dynamics, and illustrates how our partnership with the Army continues to evolve and apply best industry practices to the benefit of our customer and the American taxpayer."

BAE Systems and General Dynamics Land Systems are also One Team partners for the Future Combat Systems program, primarily responsible for ground combat systems development. This agreement will allow BAE Systems and General Dynamics Land Systems to leverage the work they are doing on the FCS program for application to current force vehicles.

BAE Systems is the premier global defense and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, information technology solutions and customer support services. BAE Systems, with 96,000 employees worldwide, had 2006 sales that exceeded \$27 billion. For more information go to [www.baesystems.com](http://www.baesystems.com).

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General Dynamics, headquartered in Falls Church, Va., employs approximately 83,000 people worldwide and anticipates 2007 revenues of approximately \$27 billion. The company has leading market positions in mission critical information systems and technologies, land and amphibious combat systems, shipbuilding and marine systems, and business aviation. More information about the company is available on the Internet at [www.generaldynamics.com](http://www.generaldynamics.com).

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