

GENERAL DYNAMICS CORP
Form 11-K
June 28, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934**

For the fiscal year ended December 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

For the transition period from _____ to _____

Commission file number 1-3671

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

GENERAL DYNAMICS CORPORATION

401(K) PLAN 4.5

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

GENERAL DYNAMICS CORPORATION

2941 Fairview Park Drive, Suite 100

Falls Church, Virginia 22042-4513

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GENERAL DYNAMICS CORPORATION

401(K) PLAN 4.5

Financial Statements

December 31, 2012 and 2011

(With Report of Independent Registered Public Accounting Firm Thereon)

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GENERAL DYNAMICS CORPORATION

401(K) PLAN 4.5

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Report of Independent Registered Public Accounting Firm

The Participants and Administrator of the General Dynamics Corporation 401(k) Plan 4.5:

We have audited the accompanying statements of net assets available for benefits of the General Dynamics Corporation 401(k)

Plan 4.5 (the Plan) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the General Dynamics Corporation 401(k) Plan 4.5 as of December 31, 2012 and 2011, and the changes in its net assets available for benefits for the year ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule Schedule H, Line 4a Schedule of Delinquent Participant Contributions for the year ended December 31, 2012, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

McLean, Virginia

June 28, 2013

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GENERAL DYNAMICS CORPORATION

401(K) PLAN 4.5

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

| | 2012 | 2011 |
|--|------------------|---------------|
| Assets: | | |
| Investments in Master Trust at fair value (note 4) | \$ 1,755,528,922 | 2,139,791,542 |
| Notes receivable from participants | 60,535,427 | 71,071,123 |
| Contributions receivable employer | 5,843,202 | 13,261,042 |
| Contributions receivable participant | 4,308,728 | 1,835,249 |
| | | |
| Total assets | 1,826,216,279 | 2,225,958,956 |
| Liabilities: | | |
| Accrued administrative expenses | 309,929 | 213,211 |
| | | |
| Net assets reflecting all investments at fair value | 1,825,906,350 | 2,225,745,745 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (10,977,542) | (10,110,049) |
| | | |
| Net assets available for benefits | \$ 1,814,928,808 | 2,215,635,696 |

See accompanying notes to financial statements.

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Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2012

| | |
|--|------------------|
| Additions to net assets attributed to: | |
| Participation in income of Master Trust (note 4) | \$ 154,952,662 |
| Contributions: | |
| Rollovers | 9,212,137 |
| Participant | 129,025,486 |
| Employer | 65,413,814 |
| Total contributions | 203,651,437 |
| Total additions | 358,604,099 |
| Deductions from net assets attributed to: | |
| Benefits paid to participants (note 7) | 135,362,572 |
| Administrative expenses | 1,764,773 |
| Total deductions | 137,127,345 |
| Net increase prior to transfers | 221,476,754 |
| Transfers in from other plan (note 1) | 225,774,981 |
| Transfers out to other plan (note 1) | (847,958,623) |
| Net transfers out of Plan | (622,183,642) |
| Net assets available for benefits: | |
| Beginning of year | 2,215,635,696 |
| End of year | \$ 1,814,928,808 |

See accompanying notes to financial statements.

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GENERAL DYNAMICS CORPORATION

401(K) PLAN 4.5

Notes to Financial Statements

December 31, 2012 and 2011

(1) Plan Description

The following description of the General Dynamics Corporation 401(k) Plan 4.5 (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions. Effective December 31, 2012, the Plan name was changed to General Dynamics Corporation 401(k) Plan 4.5 from General Dynamics Corporation Savings and Stock Investment Plan (Plan 4.5).

(a) General

The Plan is a defined contribution plan covering eligible employees of General Dynamics Corporation and its subsidiaries (the Company or the Plan Sponsor). Employees subject to a collective bargaining agreement are not eligible to participate in this Plan. The Plan is one of four plans that comprise the General Dynamics Corporation 401(k) Plan Master Trust Agreement (Master Trust). Effective December 31, 2012, the name of the Master Trust was changed to the General Dynamics Corporation 401(k) Plan Master Trust Agreement from the General Dynamics Corporation Savings and Stock Investment Plan Master Trust. Effective January 1, 2012, certain participants of the General Dynamics Corporation 401(k) Plan 3.0 became participants of the Plan. In addition, certain participants of the Plan became participants of the General Dynamics Corporation 401(k) Plan 3.0. In connection with the transfer of participants, there were transfers into the Plan of \$225,774,981 and transfers out of the Plan of \$847,958,623.

(b) Plan Administration

Prior to December 31, 2012, The Northern Trust Company (TNT) held the Plan's assets as the Plan's trustee and Hewitt Associates, LLC (Aon Hewitt) was the Plan's recordkeeper. Effective December 31, 2012, Fidelity Management Trust Company (Fidelity) became the Plan's Trustee and Fidelity Workplace Services, LLC became the Plan's recordkeeper. As a result of the change in trustee, the investments of the Master Trust were transferred from TNT to Fidelity on December 28, 2012.

(c) Contributions

Participants are eligible to participate in the Plan upon hire. Contribution percentages range from 1% to 50% of eligible compensation on a before-tax or after-tax basis (Roth Contributions), up to the statutory limits defined by the Internal Revenue Code (IRC). The Plan has an employer match rate of up to 100% of the first 3% of eligible compensation contributed to the Plan and 50% of the next 3% of eligible compensation contributed to the Plan. The Plan is intended to be a safe-harbor plan as defined in the IRC.

Participants at certain business units that do not accrue credited service under a Company-sponsored defined benefit pension plan may be eligible to receive an employer profit-sharing contribution based on a percentage of their eligible compensation. At December 31, 2012 and 2011, \$1,353,242 and \$8,186,746 of such profit-sharing contributions, respectively, were included as a receivable in the Plan's financial statements.

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401(K) PLAN 4.5

Notes to Financial Statements

December 31, 2012 and 2011

(d) Participant Accounts

Each participant directs his or her contributions to be invested in various funds. Changes to investment elections can be made according to rules set by the Plan Sponsor. Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, less an allocation of administrative expenses. The benefit to which a participant is entitled is the vested balance of his or her account.

(e) Vesting

Participants' contributions and Company matching contributions made on or subsequent to January 1, 2007 are always 100% vested. Company profit-sharing contributions, if applicable, are subject to a three year cliff vesting schedule.

(f) Notes Receivable from Participants

The Plan permits active participants to borrow the lesser of \$50,000 less the highest outstanding note receivable (or participant loans or loan) balance during the last 12 months, or 50% of the vested amount in their accounts (subject to limits defined in the Plan document and by the IRC). Loans are secured by the remaining balance in the participants' accounts. Participants are required to repay the loan by regular payroll deductions over a period of up to five years. The Plan also offers primary residence loans (with terms up to 20 years). Loans are issued at the U.S. prime rate of interest. Participant loans outstanding at December 31, 2012, bear interest at rates that range from 3.20% to 9.53%. Participant loans are recorded at amortized cost, which is the remaining unpaid principal balance plus any accrued but unpaid interest.

(g) Payment of Benefits

On termination of service, a participant (or designated beneficiary) may elect to (a) receive a lump-sum amount equal to the value of the participant's vested interest in his or her account, (b) roll over the value of the participant's vested interest in his or her account into another qualified plan, (c) receive annual or monthly installment payments over a specified period or in specified amounts, or (d) receive a partial distribution of his or her total account balance. Active participants may also receive hardship withdrawals under the provisions of the IRC in a lump-sum payment. Active participants may be eligible to receive in-service or hardship withdrawals or withdrawals allowed under the IRC for participants that reach age 59^{1/2}.

(h) Forfeited Accounts

During the year ended December 31, 2012, participants' forfeited nonvested accounts totaled \$535,261. These amounts were used to reduce employer contributions. Participants' previously forfeited account balances were restored to \$19,706 for those employees who re-joined the Plan within the parameters of the Plan documents. The Plan did not have a forfeiture balance at December 31, 2012.

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Notes to Financial Statements

December 31, 2012 and 2011

(i) Administrative Expenses

The Master Trust generally pays the administrative expenses of the Plan. The Plan document provides that the Company may reimburse the Plan for administrative expenses. The Company did not reimburse any administrative expenses in 2012.

Company employees perform certain administrative functions that are not reimbursed by the Master Trust. The Plan document provides that the Company is entitled to reimbursement for certain costs incurred on behalf of the Plan. The Company did not seek reimbursement for these costs in 2012.

Administrative expenses may be specifically identified to the four plans that participate in the Master Trust, or these expenses may be attributable to the Master Trust in general. Specifically identified expenses of the Plan for 2012 were \$1,764,773 and are reflected as administrative expenses in the Statement of Changes in Net Assets Available for Benefits. General expenses (primarily investment management and trustee fees) of the Master Trust in 2012 were \$2,196,984. A portion of these expenses are allocated to the Plan using the percentage of the Plan's interest in the net assets of the Master Trust. For the year ended December 31, 2012, approximately \$460,000 of general expenses were allocated to the Plan and included as a reduction of participation in income of the Master Trust.

(j) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared under the accrual basis of accounting.

(b) Investment Valuation and Income Recognition

The Plan's investments are stated at fair value with the exception of fully benefit-responsive investment contracts (referred to herein as guaranteed investment contracts or GICs), which are adjusted from fair value to contract value.

Purchases and sales of investments are recorded on the trade date. Investment income consists of dividend income, interest income and net appreciation (depreciation) in the fair value of investments. Dividends are recognized on the ex-dividend date, the date on which an entity or an individual must own the stock to receive the pending dividend. Interest income is recorded on an accrual basis. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the year.

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GENERAL DYNAMICS CORPORATION

401(K) PLAN 4.5

Notes to Financial Statements

December 31, 2012 and 2011

(c) Payment of Benefits

Benefits are recorded when paid.

(d) Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(3) Tax Status

The Internal Revenue Service (IRS) issued a favorable determination letter on July 8, 2010, indicating that the Plan is a qualified plan under Section 401(a) of the IRC. The Plan is exempt from federal income tax under Section 501(a) of the IRC. Although the Plan has been amended subsequent to the date of the latest determination from the IRS, the Plan Sponsor and the Plan's tax counsel believe the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. The favorable determination letter expired on January 31, 2012. Prior to expiration, the Plan applied for a new determination letter and has not yet received a favorable response from the Internal Revenue Service.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that, as of December 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. There are currently no audits in progress for any tax periods. Under the IRS statute of limitations, the Plan is no longer subject to income tax examinations for years prior to 2009.

(4) Investments

(a) General

The Plan's investments are held by the Master Trust, which was established for the investment of the Plan's assets and the assets of the General Dynamics Corporation 401(k) Plan 3.0, the General Dynamics Corporation 401(k) Plan 5.0, and the General Dynamics Corporation 401(k) Plan for Represented Employees, collectively, the Plans. Each of the Plans has a pro rata interest in the Master Trust. Net assets and net participation in the net income of the Master Trust are allocated to the Plans according to each Plan's participants' investment elections and earnings thereon. At December 31, 2012 and 2011, the Plan's interest in the net assets of the Master Trust was approximately 21% and 28%, respectively.

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Notes to Financial Statements

December 31, 2012 and 2011

The following table presents the investments of the Master Trust as of December 31, 2012 and 2011:

| | 2012 | 2011 |
|--|-------------------------|----------------------|
| General Dynamics Corporation common stock+ | \$ 2,127,670,462 | 2,172,426,079 |
| Equity securities* | 631,654,975 | 267,867,992 |
| Guaranteed investment contracts (GICs)* | 2,665,924,608 | 2,373,094,716 |
| Units of collective trusts (CCTs)+ | 2,907,186,787 | 2,036,282,387 |
| Units of registered investment companies (RICs) | | 251,790,963 |
| Fixed-income securities* | | 730,082,948 |
| Cash and cash equivalents, other | 19,094,252 | 60,029,890 |
| Securities on loan^ | | 967,180,843 |
| Total investments at fair value | 8,351,531,084 | 8,858,755,818 |
| Notes receivable from participants | 188,631,630 | 180,843,078 |
| Total assets | 8,540,162,714 | 9,039,598,896 |
| Pending trade sales, net | | 89,508,012 |
| Liability for collateral deposits | | 988,216,116 |
| Total liabilities | | 1,077,724,128 |
| Net assets of Master Trust before adjustment to contract value | 8,540,162,714 | 7,961,874,768 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (60,274,062) | (45,230,625) |
| Net assets of Master Trust | \$ 8,479,888,652 | 7,916,644,143 |

+ Participants may direct their investments into the General Dynamics Stock Fund. The General Dynamics Stock Fund consisted solely of General Dynamics common stock (Company stock) as of December 31, 2012. As of December 31, 2011, the General Dynamics Stock Fund consisted of \$2,172,426,079 of General Dynamics common stock and \$43,548,492 invested in collective trusts which is shown above under units of collective trusts.

* There was no collateral on loaned securities at December 31, 2012. Balance contained collateral on loaned securities in the amount of \$21,029,679 for equity securities, \$746,202,831 for GICs, and \$220,983,606 for fixed-income securities at December 31, 2011.

^ Securities on loan included \$20,435,981 of equity securities, \$730,221,042 of GICs and \$216,523,820 of fixed-income securities at December 31, 2011.

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Notes to Financial Statements

December 31, 2012 and 2011

The Plans' interests in the Master Trust's net assets at December 31, 2012 and 2011, were as follows:

| | 2012 | 2011 |
|--|-------------------------|----------------------|
| General Dynamics Corporation 401(k) Plan 3.0 | \$ 3,140,885,749 | 2,399,361,617 |
| General Dynamics Corporation 401(k) Plan 4.5 | 1,805,086,807 | 2,200,752,616 |
| General Dynamics Corporation 401(k) Plan 5.0 | 2,490,114,878 | 2,328,245,649 |
| General Dynamics Corporation 401(k) Plan for Represented Employees | 1,043,801,218 | 988,284,261 |
| Total | \$ 8,479,888,652 | 7,916,644,143 |

Net investment income for the Master Trust for the year ended December 31, 2012, consisted of the following:

| | |
|--|-----------------------|
| Net appreciation on equity securities other than Company stock | \$ 44,104,350 |
| Net appreciation on Company stock | 86,133,315 |
| Net appreciation in collective trust funds | 281,444,550 |
| Net appreciation in registered investment companies | 48,140,097 |
| Net appreciation on fixed income securities | 16,868,036 |
| Interest income on GICs | 52,588,378 |
| Interest income on fixed income securities | 21,486,643 |
| Interest on notes receivable from participants | 5,915,028 |
| Dividends on Company stock | 80,905,112 |
| Dividends other than on Company stock | 4,726,555 |
| Net interest earned on securities lending transactions | 1,298,825 |
| Administrative expenses | (2,196,984) |
| Total | \$ 641,413,905 |

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Notes to Financial Statements

December 31, 2012 and 2011

The Plans' interests in the Master Trust's investment income for the year ended December 31, 2012, were as follows:

| | |
|--|-----------------------|
| General Dynamics Corporation 401(k) Plan 3.0 | \$ 245,875,989 |
| General Dynamics Corporation 401(k) Plan 4.5 | 154,952,662 |
| General Dynamics Corporation 401(k) Plan 5.0 | 172,906,709 |
| General Dynamics Corporation 401(k) Plan for Represented Employees | 67,678,545 |
| Total | \$ 641,413,905 |

The Master Trust's investments that represented 5% or more of the Master Trust's ending net assets (\$423,994,433 and \$395,832,207 as of December 31, 2012 and 2011, respectively) were as follows:

| | 2012 | 2011 |
|---|------------------|---------------|
| General Dynamics Corporation common stock (at fair value) | \$ 2,127,670,462 | 2,172,426,079 |
| Guaranteed investment contracts (at contract value): | | |
| Met Life 25154 | \$ 1,206,751,276 | 1,178,805,814 |
| Met Life 25155 | 1,156,842,349 | 1,132,214,394 |
| Investments in collective trusts (at fair value): | | |
| Collective Daily Russell 2000 Equity Fund | \$ | 478,771,782 |
| Collective Daily S&P 500 Equity Fund | | 1,282,788,209 |
| BTC US Debt Index Non-Lending Fund F | 666,716,465 | |
| Northern Trust S&P 500 Non- Lending Fund | 1,132,558,169 | |
| Northern Trust Extended Market Index Fund | 552,167,464 | |

(b) Guaranteed Investment Contracts

A portion of the assets in the Master Trust are invested in fully benefit-responsive investment contracts with MetLife Insurance Company (MetLife). MetLife's credit rating from Standard & Poor's at December 31, 2012 was AA-. The assets of these GICs are invested in a MetLife account, and MetLife guarantees the principal and accrued interest, based on contractually defined interest rates, for participant-initiated withdrawals as long as the contract remains active. Interest is credited to the contract at interest rates that reflect the performance of the underlying portfolio. MetLife resets the interest rate semi-annually based on the market value of the portfolio and the guaranteed value over the weighted average duration of the investments. Participants will receive the principal and accrued interest upon withdrawal for events such as transfers to other Plan investment options or payments for retirement, termination of employment, disability, death and in-service withdrawals as permitted by the Plan.

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Notes to Financial Statements

December 31, 2012 and 2011

Certain events, including premature termination of the GICs, plant closings, layoffs, plan terminations, bankruptcy, mergers and early retirement incentives, could limit the ability of the Plan to transact open investments at contract value. The occurrence of these events is not considered probable.

The investments shown in the accompanying Statements of Net Assets Available for Benefits include these fully benefit-responsive investment contracts at fair value with a corresponding adjustment to reflect these investments at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to pay Plan benefits, excluding the effect of any loaned securities.

The contract value of the Master Trust's GICs at December 31, 2012 and 2011, was \$2,605,650,546 and \$2,327,864,091, respectively, as compared to the fair value of \$2,665,924,608 and \$2,373,094,716, respectively. The Plan has recognized no reserves against contract value for credit risk of the contract issuers or other matters. The average yield and crediting interest rates ranged from 2.15% to 2.75% for 2012 and 2.10% to 2.70% for 2011.

(c) Securities Lending

Prior to December 28, 2012, a portion of the assets in the Master Trust were used to engage in securities lending. The securities on loan and related collateral were valued daily to ensure adequate collateralization levels in relation to the securities on loan. The loaned security was delivered to the borrower, and collateral was received by TNT either simultaneously or in advance of security delivery. The total market value of collateralized securities on loan from the Master Trust at December 31, 2011, was \$967,180,843. Net income generated for the Master Trust from securities lending activities for the year ended December 31, 2012, was \$1,298,825. In connection with the change in trustees from TNT to Fidelity on December 28, 2012, the securities lending arrangement was terminated.

(d) Fair Value Determination

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 under U.S. GAAP:

Level 1 Quoted prices (unadjusted) in active markets for identical investments.

General Dynamics Corporation Common Stock, Investments in Equity Securities, Units of Registered Investment Companies, and Equity Securities on Loan:

General Dynamics Corporation common stock, investments in equity securities and units of registered investment companies are valued using quoted prices in an active market. The fair value of equity securities on loan is based on the underlying securities on loan, which are comprised of equity securities valued using quoted prices in an active market.

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December 31, 2012 and 2011

Level 2 Inputs other than quoted prices that are observable to the market participant for the asset, or quoted prices in a market that is not active.

Guaranteed Investment Contracts, Units of Collective Trusts, Fixed-Income Securities and Other Securities on Loan:

GICs and units of collective trusts are private investment securities valued using the Net Asset Value (NAV) provided by the Plan's trustee. NAV is based on the value of the underlying assets owned minus its liabilities, divided by the number of units outstanding. Investments in GICs are redeemable generally with no restrictions at contract value (note 4(b)). Investments in collective trusts are redeemable daily at NAV, and there are no restrictions on redemptions. Investments in collective trusts have investment strategies consistent with their classifications in the table that follow. The NAV is quoted on a private market that is not active. However, the unit price is based primarily on underlying investments that are traded on an active market. Fixed-income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of other securities on loan is based on the value of the underlying GICs and fixed-income securities on loan, which are determined consistent with the descriptions above for determining the fair value of GICs and fixed-income securities.

Level 3 Inputs are unobservable to the market participant.

There are no Master Trust investments classified as Level 3 investments.

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Notes to Financial Statements

December 31, 2012 and 2011

The following tables present the fair values of the Master Trust's assets on December 31, 2012 and 2011, and the basis for determining their fair values:

| | Fair value | Quoted price in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|------------------|--|---|--|
| December 31, 2012: | | | | |
| General Dynamics Corporation common stock | \$ 2,127,670,462 | 2,127,670,462 | | |
| Investments in other equity securities: | | | | |
| U.S. companies: | | | | |
| Financial | 91,834,839 | 91,834,839 | | |
| Capital Goods | 16,426,484 | 16,426,484 | | |
| Consumer Durables & Apparel | 21,818,739 | 21,818,739 | | |
| Energy | 36,402,794 | 36,402,794 | | |
| Food and Beverage | 32,311,638 | 32,311,638 | | |
| Healthcare and Pharmaceutical | 89,707,751 | 89,707,751 | | |
| Hospitality | 30,284,517 | 30,284,517 | | |
| Media and Telecommunications | 79,721,555 | 79,721,555 | | |
| Retail | 45,949,159 | 45,949,159 | | |
| Technology | 151,583,326 | 151,583,326 | | |
| Other | 35,614,173 | 35,614,173 | | |
| Guaranteed investment contracts | 2,665,924,608 | | 2,665,924,608 | |
| Units of collective trusts: | | | | |
| Large cap U.S. equity market | 1,163,318,496 | | 1,163,318,496 | |
| Small/Mid cap U.S. equity market | 552,167,464 | | 552,167,464 | |
| Blended equity/bond fund | 24,902,553 | | 24,902,553 | |
| Fixed Income | 666,716,465 | | 666,716,465 | |
| Target date 2010-2020 | 232,152,010 | | 232,152,010 | |
| Target Date 2025-2035 | 226,348,124 | | 226,348,124 | |
| Target Date 2040-2050 | 40,763,154 | | 40,763,154 | |
| Target Date 2055-2060 | 818,521 | | 818,521 | |
| Cash and cash equivalents, other | 19,094,252 | 19,094,252 | | |
| | \$ 8,351,531,084 | 2,778,419,689 | 5,573,111,395 | |

Table of Contents**GENERAL DYNAMICS CORPORATION****401(K) PLAN 4.5**

Notes to Financial Statements

December 31, 2012 and 2011

| | Fair value | Quoted price in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|--|-------------------------|--|---|--|
| December 31, 2011: | | | | |
| General Dynamics Corporation common stock | \$ 2,172,426,079 | 2,172,426,079 | | |
| Investments in other equity securities: | | | | |
| U.S. companies: | | | | |
| Healthcare | 24,337,482 | 24,337,482 | | |
| Services | 87,235,894 | 87,235,894 | | |
| Financial | 12,996,150 | 12,996,150 | | |
| Technology | 33,585,769 | 33,585,769 | | |
| Other | 93,076,977 | 93,076,977 | | |
| International companies | 16,635,720 | 16,635,720 | | |
| Guaranteed investment contracts | 2,373,094,716 | | 2,373,094,716 | |
| Units of collective trusts: | | | | |
| Large cap U.S. equity market | 1,281,744,710 | | 1,281,744,710 | |
| Small cap U.S. equity market | 478,771,782 | | 478,771,782 | |
| U.S. Government short term investment fund | 275,765,895 | | 275,765,895 | |
| Units of registered investment companies | 251,790,963 | 251,790,963 | | |
| Fixed income securities: | | | | |
| Corporate | 301,742,641 | | 301,742,641 | |
| Government | 428,340,307 | | 428,340,307 | |
| Cash and cash equivalents, other | 60,029,890 | 60,029,890 | | |
| Securities on loan | 967,180,843 | 20,435,981 | 946,744,862 | |
| Total investments | \$ 8,858,755,818 | 2,772,550,905 | 6,086,204,913 | |

The valuation methods described above may produce a fair value that is not indicative of a net realizable value or reflective of future fair values. Furthermore, although the Plan Sponsor believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of financial instruments could result in a different fair value measurement at the reporting date.

Table of Contents**GENERAL DYNAMICS CORPORATION****401(K) PLAN 4.5**

Notes to Financial Statements

December 31, 2012 and 2011

(5) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. In the event the Plan is terminated, each participant will automatically become vested in his or her unvested Company contributions. Each participant will receive payments based on the specific dollar amounts and shares of the Company's common stock in his or her account.

(6) Party-in-Interest Transactions

The Plan may, at the discretion of the Plan's participants or via the Company match, invest through the Master Trust an unlimited amount of its assets in the Company's common stock. The Master Trust held 30,715,612 and 32,740,547 shares of the Company's common stock as of December 31, 2012 and 2011, respectively. Dividends earned by the Master Trust on the Company's common stock were \$80,905,112 for the year ended December 31, 2012.

The Plan also invests, through the Master Trust, in collective trust funds and a money market fund that are managed by the trustees or affiliates of the trustees of the Plan (TNT through December 31, 2012 and Fidelity as of December 31, 2012). The Plan also invests, through the Master Trust, in a collective trust managed by one of its investment managers. These funds are considered party-in interest investments. The following table summarizes the value of units held by the Master Trust in these funds at December 31, 2012 and 2011:

| | 2012 | 2011 |
|--|---------------|-------------|
| NT Collective Short-Term Investment Fund | \$ | 274,633,778 |
| NT Collective Daily S&P 500 Equity Fund | 30,760,327 | 339,463 |
| NT Collective Daily Russell 2000 Fund | | 508,094 |
| BTC US Debt Index Non-Lending Fund F | 666,716,465 | |
| NT Extended Market Index Fund | 552,167,464 | |
| NT S&P 500 Index Non-Lending Fund | 1,132,558,169 | |
| Fidelity Government Money Market Fund | 242,043,364 | |

Table of Contents**GENERAL DYNAMICS CORPORATION****401(K) PLAN 4.5**

Notes to Financial Statements

December 31, 2012 and 2011

The following table summarizes the aggregate net interest earned, and realized and unrealized gains recognized by the Master Trust on these funds for the year ended December 31, 2012:

| | |
|--|-------------|
| NT Collective Short-Term Investment Fund | \$ 345,435 |
| NT Collective Daily S&P 500 Equity Fund | 206,837,009 |
| NT Collective Daily Russell 2000 Fund | 69,886,468 |
| BTC US Debt Index Non-Lending Fund F | (1,041,744) |
| NT Extended Market Index Fund | 10,080,018 |
| NT S&P 500 Index Non-Lending Fund | 19,106,247 |
| Fidelity Government Money Market Fund | |

Notes receivable from participants are also considered party-in-interest transactions.

(7) Reconciliation of Financial Statements to Form 5500

Benefit requests that have been processed and approved for payment prior to December 31 but not yet paid as of that date are not reported in the financial statements until the subsequent year but are included in amounts allocated to withdrawing participants on the Form 5500 for that year.

The following is a reconciliation of net assets available for benefits at December 31, 2012 and 2011, as reported in the financial statements to the Form 5500:

| | 2012 | 2011 |
|---|------------------|---------------|
| Net assets available for benefits as reported in the financial statements | \$ 1,814,928,808 | 2,215,635,696 |
| Amounts allocated to withdrawing participants | (1,546) | (489,634) |
| Net assets available for benefits as reported in the Form 5500 | \$ 1,814,927,262 | 2,215,146,062 |

The following is a reconciliation of benefits paid to participants for the year ended December 31, 2012, as reported in the financial statements to the Form 5500:

| | |
|---|----------------|
| Benefits paid to participants as reported in the financial statements | \$ 135,362,572 |
| Amounts allocated to withdrawing participants at December 31, 2012 | 1,546 |
| Amounts allocated to withdrawing participants at December 31, 2011 | (489,634) |
| Benefits paid to participants as reported in the Form 5500 | \$ 134,874,484 |

(8) Untimely Contributions

Untimely contributions represent the failure to segregate and forward participant contributions to a plan from the general assets of the employer within a reasonable period of time following the pay period in which such amounts would have been payable to the participant in cash. During the Plan year ended December 31, 2012, there were untimely contributions of \$772 (as reported in Schedule H, Line 4a of the Form 5500) that were corrected during the Plan year. Along with the correction of \$772 of contributions, the Plan also remitted to the participants \$588 in employer match contributions and \$129 in lost earnings.

(9) Subsequent Events

Effective March 28, 2013, the Gulfstream-California Inc. 401(k) Plan was merged into the Plan.

Effective March 31, 2013, the portion of the Fidelis Security Systems 401(k) Plan that was not spun-off and merged into the General Dynamics Corporation 401(k) Plan 3.0 was merged into the Plan.

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GENERAL DYNAMICS CORPORATION

401(K) PLAN 4.5

Schedule H, Line 4a Schedule of Delinquent Participant Contributions

Year ended December 31, 2012

| Participant Contributions Transferred Late to Plan | Total that Constitute nonexempt Prohibited Transactions | | | Total Fully Corrected Under VFCP and PTE 2002-51 |
|---|---|---|--|--|
| | Contributions No Corrected | Contributions Corrected Outside VFCP | Contributions Pending Correction in VFCP | |
| Check here if Late Participant Loan Repayments are included: | | \$ 772 | | |
| See accompanying report of independent registered public accounting firm. | | | | |

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SIGNATURE

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

GENERAL DYNAMICS CORPORATION

As Plan Administrator of the General Dynamics
Corporation 401(k) Plan 4.5

by /s/ Henry C. Eickelberg
Henry C. Eickelberg

Vice President, Human Resources and Shared
Services

Dated: June 28, 2013