

# General Dynamics to buy CSRA for almost \$7 billion

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In this Feb. 23, 2017, file photo, General Dynamics CEO Phebe Novakovic listens as President Donald Trump speaks during a meeting with manufacturing executives at the White House in Washington. General Dynamics is buying CSRA for almost \$7 billion. Novakovic said in a printed statement that the deal will help it provide cost-effective IT solutions and services to the Department of Defense, intelligence community and federal civilian agencies. (AP Photo/Evan Vucci, File)

The defense contractor General Dynamics will spend almost \$7 billion to acquire CSRA with the Trump administration pushing defense spending aggressively higher.

Shares of CSRA Inc., an internet technology company, soared 31 percent in midday trading.

As part of a \$4.4 trillion budget for next year unveiled Monday, President Donald Trump requested a record \$686 billion for the Pentagon, a 13 percent increase from the 2017 budget enacted last May.

"We're going to have the strongest military we've ever had, by far," Trump said. "In this budget we took care of the military like it's never been taken care of before."

Next year, the figure is expected to jump to \$716 billion.

Shares of defense contractors all moved higher.

General Dynamics will pay \$40.75 per CSRA share, a 32 percent premium to its closing price Friday. The deal includes an additional \$2.8 billion in debt, putting its entire value closer to \$9.6 billion.

Chairman and CEO Phebe Novakovic said in a printed statement that the acquisition will help General Dynamics provide cost-effective internet technology solutions to the Department of Defense, intelligence community and federal civilian agencies.

The defense sector has made huge gains over the past year under the new administration with the number of geopolitical friction points rising globally.

The Standard & Poors 500's index that traces aerospace and defense

stocks has risen almost four times as fast as the S&P 500 over the past 12 months.

CSRA and General Dynamics Corp. are based in Falls Church, Virginia.

The transaction is expected to close in the first half of the year.

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