

Corporate Profile

Huntington Ingalls Industries is America's largest military shipbuilding company and a provider of manufacturing, engineering and management services to the commercial and non-commercial oil, gas and energy markets. For more than a century, HII's Newport News and Ingalls shipbuilding divisions in Virginia and Mississippi have built more ships in more ship classes than any other U.S. naval shipbuilder. Headquartered in Newport News, Virginia, HII employs approximately 38,000 people operating both domestically and internationally. For more information, visit: www.huntingtoningalls.com



Photo of Virginia-class submarine USS John Warner (SSN-785)

Segment Strategy

Newport News Segment

- Protect and Strengthen Market Position
 - Continue strong execution of programs
 - Maintain financial predictability, backlog and stability
- Leverage unique expertise, facilities and highly trained workforce in energy markets

Ingalls Segment

- Utilize Ingalls operating system to strengthen program performance
 - Class plans
 - First time quality
 - Labor resource management
 - Risk & opportunity management
 - Consistent recurring ship metrics
- Explore Avondale redeployment focused on commercial energy industry

Cash Deployment Highlights

- Invested \$437 million in the business in 2014 via acquisitions (\$272 million) and capital expenditures (\$165 million)
- Repurchased \$138 million or 1.4 million shares and paid \$49 million in dividends in 2014
- Contributed \$123 million of qualified pension contributions in 2014
- Repaid and refinanced debt at a cost of \$122 million in 2014

Key Figures

<i>\$ in millions, except EPS</i>	2014	2013	2012
Operating Metric			
Adjusted Revenues ⁽¹⁾	\$6,957	\$6,817	\$6,708
Adjusted Operating Income ⁽²⁾	\$702	\$465	\$358
Adjusted Operating Margin ⁽²⁾	10.1%	6.8%	5.3%
Adjusted Diluted EPS ⁽³⁾	\$7.14	\$5.36	\$3.95
Shares Outstanding	49.3 mn	50.4 mn	50.1 mn
Free Cash Flow ⁽⁴⁾	\$551	\$97	\$170

Capital Structure as of December 31, 2014

Cash	\$990
Revolving Credit Facility	\$0
Term Loan	395
Senior Notes due 2021	600
Senior Notes due 2021	600
Other Debt	105
Total Debt	\$1,700

⁽¹⁾Non-U.S. GAAP metric that excludes the impacts of \$6 million of unfavorable hurricane insurance recoveries and \$9 million of favorable Gulfport closure costs in 2013

⁽²⁾Non-GAAP metrics that exclude \$47 million of goodwill impairment charges in 2014 and \$64 million of favorable hurricane insurance recoveries and \$17 million of unfavorable Gulfport closure costs in 2013

⁽³⁾Non-GAAP metric that excludes the net-effect of the non-cash goodwill impairment charge and the tax-effected expense for early extinguishment of debt in 2014; the tax-effected impacts of hurricane insurance recoveries and the Gulfport closure in 2013 and the tax-effected FAS/CAS Adjustment.

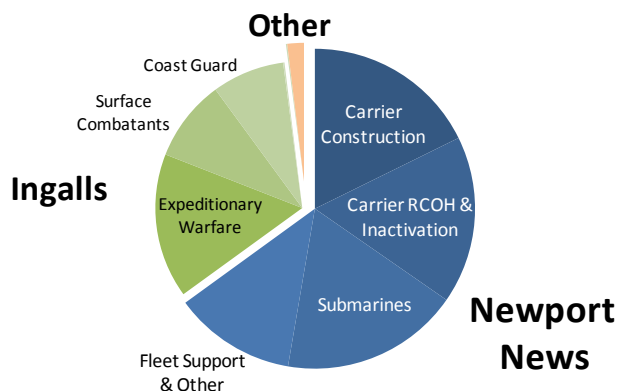
⁽⁴⁾Non-U.S. GAAP measure. Please see below for the reconciliation:

	2014	2013	2012
Net cash provided by (used in) operating activities	\$716	\$236	\$332
Less capital expenditures	(165)	(139)	(162)
Free cash flow from operations	\$551	\$97	\$170

Credit Ratings

	S&P	Moody's	Fitch
Corporate Credit Rating	BB+	Ba1	BB+
Senior Secured Rating	BBB	Baa2	BBB-
Senior Unsecured Rating	BB+	Ba2	BB+

Revenues by Segment – 2014 (\$6.96 billion)



Recent Operational Highlights

- Combined the expertise of S.M. Stoller Corporation and Newport News Nuclear to create Stoller Newport News Nuclear (SN3)
- SN3 began work on \$2 million contract at Hanford site
- Awarded a \$224 million modification to an existing contract for advanced planning of the refueling and complex overhaul (RCOH) of aircraft carrier CVN-73 *George Washington*
- Acquired Engineering Solutions Division from The Columbia Group and rebranded it as Undersea Solutions Group
- Started fabrication on NSC-7 *Kimball* (WMSL 756)
- Hosted keel laying ceremony for Virginia-class submarine USS *Washington* (SSN-787)
- Undocked CVN-72 USS *Abraham Lincoln*
- Authenticated the keel on NSC-6 *Monroe*
- NSC-4 *Hamilton* sailed-away
- Launched Amphibious Transport LPD-26 *John P. Murtha*
- Christened and launched SSN-785 *John Warner*
- Delivered NSC-4 *Hamilton*
- Installed CVN-65 USS *Enterprise* Anchor on CVN-72 USS *Abraham Lincoln*



Photo of LHA-7 *Tripoli*

Leadership

Board of Directors

Thomas B. Fargo	Chairman
Mike Petters	President, CEO and Director
Robert Bruner	Director
Victoria D. Harker	Director
Anastasia Kelly	Director
Paul D. Miller	Director
Tom Schievelbein	Director
Karl von der Heyden	Director

Management

Mike Petters, Chief Executive Officer
 Barbara Niland, Chief Financial Officer
 Matt Mulherin, President, Newport News Shipbuilding
 Brian Cuccias, President, Ingalls Shipbuilding

HII Capabilities

Force Structure			Participation
Aircraft Carriers			
Aircraft Carriers	11	100%	
Aircraft Carrier RCOH			
Aircraft Carrier Inactivation ⁽¹⁾			
Submarines			
Virginia-Class Submarines	48		50%
Cruise Missile Submarines	0-4		Capability
Ballistic Missile Submarines	12		Capability
Surface Combatants			
Surface Combatants DDG-51	88		~50%
Littoral Combat Ships	52		Capability
Amphibious Ships			
Amphibious Ships LHA	33	100%	
Amphibious Ships LPD			
Amphibious Ships LSD(X) ⁽²⁾			Capability
Auxiliaries			
Combat Logistics	29		Capability
Joint High Speed Vessels	10		Capability
Mine Warfare / Support	23		0%
Total Fleet		306 ⁽³⁾	

Source: U.S. Navy FY 2015 30-year Shipbuilding Plan.
 (1) Contract not yet awarded, expected to be awarded in 2013.
 (2) Contract not yet awarded.
 (3) 30-year plan projects procurement for 264 ships over the next 30 years.

The Spin-Off

General Information: The spin-off was a series of transactions by which HII separated from Northrop Grumman Corporation. To complete the spin-off, Northrop Grumman distributed to its stockholders all of the shares of HII common stock. Following the spin-off, HII is a separate company from Northrop Grumman, and Northrop Grumman does not retain any ownership interest in HII.

The Mechanics: The spin-off was completed by way of a pro rata distribution of HII common stock to Northrop Grumman stockholders of record as of 5:00 p.m., Eastern time, on March 30, 2011, the spin-off record date. Each Northrop Grumman stockholder received one share of HII common stock for every six shares of Northrop Grumman common stock held by such stockholder on the record date. No fractional shares of HII common stock were issued.

Transaction Date: March 31, 2011

Where to Find More Information: Find information related to the spin-off at:
<http://investor.northropgrumman.com/phoenix.zhtml?c=112386&p=irol-HIISpin-off> or contact Huntington Ingalls Investor Relations.

HII Share Information

Total diluted shares (weighted-average for Q4 2014): 49.3 million
 Stock Performance (quarter ended 12/31/2014):
 Close on 12/31/2014: \$112.46
 High: \$115.48
 Low: \$92.37

Contact Us

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For questions about your stock certificate/account, change of address or transferring stock, please contact Huntington Ingalls Industries' transfer agent:

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