

Corporate Profile

Huntington Ingalls Industries is America's largest military shipbuilding company and a provider of manufacturing, engineering and management services to the nuclear energy, oil and gas 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 nearly 36,000 people operating both domestically and internationally. For more information, visit

www.huntingtoningalls.com



Photo of LPD 27 *Portland* launch. Photo by Andrew Young.

Segment Strategy

Newport News Segment

- Continue solid performance in core Navy programs including CVN-79, CVN-80, VCS Blocks IV and V and CVN-73 RCOH
- Grow core and adjacent Navy business including ORP, *Nimitz*-class inactivation, Fleet services/AMSEC and LDUUV/unmanned
- Grow adjacent and new Energy business including DoE services and commercial nuclear fabrication

Ingalls Segment

- Execute with a focus on safety, quality, cost and schedule; innovation and agility; and investments in people, processes and facilities
- Leverage core product lines and capabilities and evaluate complementary product lines and markets
- Compete for future competitions by investing to create a competitive advantage in a dynamic environment

Cash Deployment Highlights

- Incurred \$102 million of capital expenditures during the quarter; \$188M for the year.
- Repurchased ~333 thousand shares at a cost of \$38 million during the quarter; ~1.99 million shares at a cost of \$234M for the year.
- Paid \$0.50 per share or \$24 million in dividends during the quarter; \$1.70 per share or \$81 million for the year.
- Repaid outstanding balance of the term loan and refinanced the 10 year \$600M bonds.

Key Figures

<i>\$ in millions, except EPS</i>	2015	2014	2013
<u>Operating Metric</u>			
Adjusted Revenues ⁽¹⁾	\$7,033	\$6,957	\$6,817
Adjusted Operating Income ⁽²⁾	\$735	\$702	\$465
Adjusted Operating Margin ⁽²⁾	10.5%	10.1%	6.8%
Adjusted Diluted EPS ⁽³⁾	\$7.33	\$7.14	\$5.36
Shares Outstanding	48.3 mn	49.3 mn	50.4 mn
Free Cash Flow ⁽⁴⁾	\$640	\$551	\$97

Capital Structure as of December 31, 2015

Cash	\$894
Revolving Credit Facility	\$0
Senior Notes due 2021	600
Senior Notes due 2021	600
Other Debt	105
Total Debt	\$1,305

⁽¹⁾Non-U.S. GAAP metric that excludes the impacts of a \$13M unfavorable insurance litigation settlement in Q2 2015 and \$6M of unfavorable hurricane insurance recoveries and \$9M of favorable Gulfport closure costs in 2013

⁽²⁾Non-GAAP metrics that exclude \$136M of favorable insurance litigation settlement, \$102M of non-cash goodwill and purchase intangible asset impairment charges in 2015, a \$47M goodwill impairment charge in 2014 and \$64M of favorable hurricane insurance recoveries and \$17M of unfavorable Gulfport closure costs in 2013

⁽³⁾Non-GAAP metric that excludes the tax-effected insurance litigation settlement in 2015; the tax-effected purchase intangible asset impairment charge in 2015; the net-effect of the non-cash goodwill impairment charges in 2015 and 2014; the tax-effected expense for early extinguishment of debt in 2015 and 2014; the tax-effected impacts of hurricane insurance recoveries and the Gulfport closure in 2013 and the tax-effected FAS/CAS Adjustment.

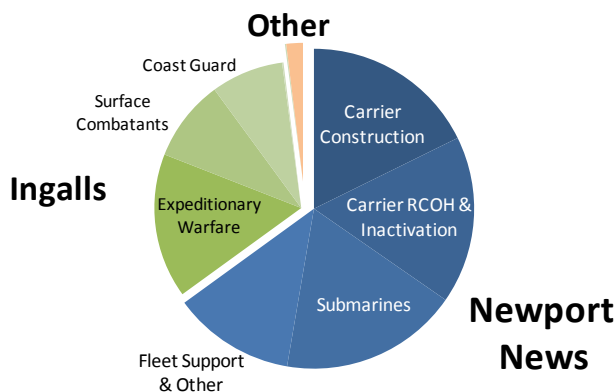
⁽⁴⁾Non-U.S. GAAP measure. See below for the reconciliation:

	2015	2014	2013
Net cash provided by (used in) operating activities	\$828	\$716	\$236
Less capital expenditures	(188)	(165)	(139)
Free cash flow from operations	\$640	\$551	\$97

Credit Ratings

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

Revenues by Segment – 2015 (\$7.03 billion)



Recent Operational Highlights

- Launched LPD-27 *Portland*
- Completed installation of 14 million feet of electrical and fiber optic cable on CVN-78 *Gerald R. Ford*
- Crew tested overhauled catapult on CVN-72 USS *Abraham Lincoln*
- SN3 signs 4-year \$300K contract for engineering services in Carlsbad
- Received \$200M long lead time material procurement contract for LPD-28
- Christened NSC-6 *Munro*
- Authenticated the keel on DDG-117 *Paul Ignatius*
- Senior leaders outlined the “path to 2020” during our first investor day
- Board of Directors increased dividend per share to \$0.50 and increased share repurchase program to \$1.2 billion



Photo of VCS *Washington* (SSN 787) . Photo by Chris Oxley.

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
John K. Welch	Director
Stephen R. Wilson	Director

Management

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

Contact Us

Dwayne Blake
 Vice President, Investor Relations
 (T) 757-380-2104

Gail Baker
 Director, Investor Relations
 (T) 757-380-7911

Huntington Ingalls Industries
 4101 Washington Ave
 Newport News, VA 23607
 (T)757-380-2000

Investor.relations@hii-co.com
www.ir.huntingtoningalls.com

HII Capabilities

	U.S. Navy Warship Force Structure	HII % Participation
Aircraft Carriers		
Aircraft Carriers	11	100%
Aircraft Carrier RCOH		
Aircraft Carrier Inactivation		
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	34	100%
Amphibious Ships LPD		
Amphibious Ships LSD(X) ⁽¹⁾		Capability
Auxiliaries		
Combat Logistics	29	Capability
Support Vessels	34	Capability
Total Fleet	308 ⁽²⁾	

Source: U.S. Navy FY 2015 30-year Shipbuilding Plan.

(1) Contract not yet awarded.

(2) 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 2015): 47.3 million

Stock Performance (quarter ended 12/31/2015):

Close on 12/31/2015: \$126.85

High during Q4 2015: \$136.55

Low during Q4 2015: \$103.58

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

Computershare Investor Services
 P.O. Box 43078
 Providence, RI 02940-3078

(T) 781-575-3400

www.computershare.com