

## **HUNTINGTON INGALLS INDUSTRIES, INC. COMPENSATION COMMITTEE CHARTER**

### **Purpose**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Huntington Ingalls Industries, Inc. (the “Company”) is organized and established by and among the Board for the purpose of assisting the Board in carrying out its responsibilities by: (1) determining compensation and benefits for elected officers of the Company that are reasonable in relation to competitive practice and appropriate to support the Company’s business and human resources strategy; (2) complying with regulatory requirements; (3) maintaining an effective top-management succession plan; and (4) communicating clearly to stockholders through required disclosure filings. In overseeing the Company’s compensation policies and practices, the Committee shall at all times consider the impact of its actions on the overriding goal of enhancing long-term stockholder value.

### **Organization**

The Committee shall consist of at least two directors, each of whom shall be independent. For purposes hereof, an “independent” director is a director who meets the New York Stock Exchange definition of “independence,” including the additional independence requirements applicable to compensation committee members, as determined by the Board. In addition, at least two members of the Committee shall qualify as a “Non-Employee Director” for purposes of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and satisfy the requirements of an “Outside Director” for purposes of Section 162(m) of the Internal Revenue Code.

Members of the Committee are appointed by the Board based on the recommendations of the Governance Committee. The Board may remove any Committee member at any time. Any vacancies on the Committee will be filled by the Board based on the recommendations of the Governance Committee.

### **Meetings**

The agenda for each regularly scheduled meeting of the Committee shall provide for the opportunity, at the Committee’s discretion, for a separate session with Company management and for an executive session of only the Committee members (and advisors).

A majority of the members of the Committee shall constitute a quorum for any meeting. Any action of a majority of the members of the Committee present at any meeting at which a quorum is present shall be an action of the Committee.

The Committee shall maintain written minutes of its meetings. These minutes shall be filed with the minutes of the meetings of the Board. All actions by the Committee shall be reported to the Board at the Board meeting next succeeding such Committee actions.

## **Duties and Responsibilities**

The Committee shall:

1. Establish annual and long-term performance goals and objectives for all elected officers;
2. Evaluate the performance of the Chief Executive Officer and all elected officers against their goals and objectives;
3. Review, approve and submit for ratification by the independent members of the Board the Chief Executive Officer's compensation, including all direct elements such as salary, annual incentives, and long-term incentives, and all indirect elements such as pensions, benefits, perquisites, employment contracts and severance;
4. Review and approve the direct and indirect compensation of all other elected officers;
5. Review and recommend to the Board matters concerning compensation of the directors;
6. Recommend for approval by independent members of the Board all Company compensation, benefit and related plans, policies and agreements that must be submitted to the Board for approval;
7. Administer such plans, policies, and agreements, as well as those in which elected officers are eligible, including approval of aggregate awards and, as required under Internal Revenue Code Section 162(m), certification of Company performance;
8. Review at least annually and report to the Board actions concerning the Company's overall executive compensation structure;
9. Review at least annually and report to the Board the steps being taken to assure the succession of qualified top-management;
10. Identify in consultation with management the appropriate peer group for competitive comparisons and relative position of pay levels versus peers;
11. Review management's proposed annual Compensation Discussion and Analysis (the "CD&A"), and determine whether to recommend to the Board that the CD&A be included in the annual proxy statement. Also, provide a Compensation Committee Report for inclusion in the Company's annual proxy statement or Annual Report on Form 10-K that complies with the rules and regulations of the Securities and Exchange Commission;
12. Monitor elected officer stock ownership guidelines on an annual basis;
13. Have the authority, in the Committee's sole discretion, to retain or obtain the advice of compensation consultants, independent legal counsel or other advisors; be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other advisor retained by the Committee; and have access to appropriate funding from the Company, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, independent legal counsel or any other advisor retained by the Committee; provided,

however, that the Committee may select a compensation consultant, legal counsel or other advisor to the Committee only after taking into consideration all factors relevant to that person's independence from the Company's management, including the factors required by the listing standards of the New York Stock Exchange;

14. Oversee an annual risk assessment of the Company's compensation programs;
15. Appoint and delegate authority, as the Committee deems appropriate, to a subcommittee consisting of not less than two members of the Committee;
16. Review this Charter at least annually, and recommend to the Board any necessary or appropriate amendments;
17. Conduct an annual performance evaluation of the Committee; and
18. Perform such other duties as may be lawfully delegated by the Board.

### **Compensation Objectives**

All of the following principles will be considered in the development of senior executive compensation programs. The Committee and management have joint ownership of the principles, philosophy and incentive design structure.

- Compensation programs will be directly aligned with and reinforce stockholder interests, and accordingly must be performance-based, transparent, defensible and designed to provide pay commensurate with Company results.
- Compensation will be competitive within the market to attract and retain key talent who will drive the desired business results.
- A significant part of compensation will be pay at risk. The appropriate level of stock-based vehicles linked to increasing stock price and stockholder value will be delivered through the long-term incentive plan.
- Compensation will be disclosed and explained in a transparent and understandable manner. Clear and concise goals will be established to enable clear assessment of performance by the Committee, and by stockholders through the CD&A.
- To promote alignment of management and stockholder interests, the elected officers will be expected to meet stock ownership requirements.
- Compensation programs will be consistent with financial objectives relative to business conditions. Alignment to peer companies will be considered when developing programs and goals; however, measures oriented to improve the Company's own business results will be the predominant factor.

Effective August 8, 2013.