

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 35,000 people operating both domestically and internationally. For more information, visit www.huntingtoningalls.com



Arleigh Burke-class destroyer USS Ramage (DDG-61). Photo by HII.

Segment Strategy

Newport News Shipbuilding

- 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 Shipbuilding

- 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

Other Segment

- Grow organically by increasing market share with new and existing clients
- Become contractor of choice for major cross country pipeline projects

Cash Deployment Highlights

- Invested \$60 million in the business during the quarter; \$145 million YTD
- Returned \$90 million to shareholders in the quarter; \$222 million YTD
- Announced the acquisition of Camber Corporation for \$380 million. Transaction will be funded by cash on the balance sheet and is expected to close by year end 2016.

Key Figures

<i>\$ in millions, except EPS</i>	Q3 YTD 2016	2015	2014
Operating Metric			
Adjusted Revenues ⁽¹⁾	\$5,146	\$7,033	\$6,957
Adjusted Operating Income ⁽²⁾	\$590	\$735	\$702
Adjusted Operating Margin ⁽²⁾	11.5%	10.5%	10.1%
Adjusted Diluted EPS ⁽³⁾	\$6.45	\$7.33	\$7.14
Shares Outstanding	47.4 mn	48.3 mn	49.3 mn
Free Cash Flow ⁽⁴⁾	\$332	\$640	\$551

Capital Structure as of Sept. 30, 2016

Cash	\$957
Revolving Credit Facility	\$0
Senior Notes due 2021	600
Senior Notes due 2021	600
Other Debt	<u>105</u>
Total Debt	\$1,305

⁽¹⁾Non-U.S. GAAP measure that excludes the impact of a \$13M unfavorable insurance litigation settlement in Q2 2015

⁽²⁾Non-GAAP measures 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

⁽³⁾Non-GAAP measure 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 and the tax-effected FAS/CAS Adjustment.

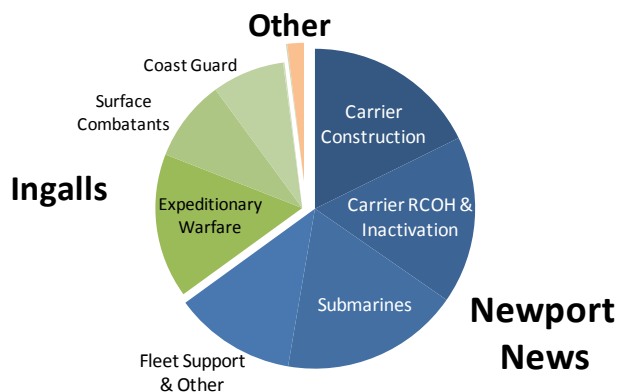
⁽⁴⁾Non-U.S. GAAP measure. See below for the reconciliation:

	Q3 YTD 2016	FY 2015	FY 2014
Net cash provided by (used in) operating activities	\$477	\$828	\$716
Less capital expenditures	<u>(145)</u>	<u>(188)</u>	<u>(165)</u>
Free cash flow from operations	\$332	\$640	\$551

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 – 2015 (\$7.03 billion)



Recent Operational Highlights

- Awarded a contract with a potential value of \$400 million over the next five years to work on in-service nuclear-powered submarines, special mission submersibles, moored training ships and submarine support facilities
- Awarded a \$195 million contract modification to continue advance planning for the RCOH of CVN-73 USS *George Washington*
- Redelivered SSN-785 USS *John Warner* to the U.S. Navy following its post-shakedown availability (PSA), the first PSA for a *Virginia*-class submarine conducted by Newport News
- Awarded an \$88.2 million contract to purchase long-lead material for a ninth NSC
- Awarded two contracts totaling \$32.8 million for design work on the amphibious warfare ship replacement known as LX(R)
- Awarded a \$14 million contract to overhaul DDG-61 USS *Ramage*



PALS testing on CVN-78 *Gerald R. Ford*. Photo by John Whalen/HII.

Leadership

Board of Directors

Thomas B. Fargo	Chairman
Mike Petters	President, CEO and Director
Augustus Leon Collins	Director
Victoria D. Harker	Director
Anastasia Kelly	Director
Paul D. Miller	Director
Tom Schievelbein	Director
John K. Welch	Director
Stephen R. Wilson	Director

Management

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

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HII Capabilities

	U.S. Navy Warship Force Structure	HII % Participation
Aircraft Carriers		
Aircraft Carriers	11	100%
Aircraft Carrier RCOH		
Aircraft Carrier Inactivation		
Submarines		
<i>Virginia</i> -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⁾		
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 Q3 2016): 47.2 million

Stock Performance (quarter ended 9/30/2016):

Close on 9/30/2016: \$153.42

High during Q3 2016: \$177.10

Low during Q3 2016: \$149.07

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

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