

Corporate Profile

Huntington Ingalls Industries is America's largest military shipbuilding company and a provider of professional services to partners in government and industry. 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. HII's Technical Solutions division provides a wide range of professional services through its Fleet Support, Integrated Missions Solutions, Nuclear and Environmental, and Oil and Gas operations. Headquartered in Newport News, Virginia, HII employs nearly 37,000 people operating both domestically and internationally. For more information, visit www.huntingtoningalls.com



Gerald R. Ford (CVN 78) Builder's Trials. Photo by Andrew Young/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 *Columbia*-class and *Nimitz*-class inactivation

Ingalls Shipbuilding

- Leverage core product lines and capabilities and evaluate complementary product lines and markets
- Compete for future programs by investing to create a competitive advantage in a dynamic environment

Technical Solutions

- Grow organically and inorganically to increase market share and customer base
- Cross-sell capabilities across existing customer base and up-sell capabilities to new customers

Cash Deployment Highlights

- Invested \$58 million in the business during the quarter
- Returned \$100 million to shareholders in the quarter
 - Repurchased 358 thousand shares at a cost of \$72 million*
 - Paid \$0.60 per share or \$28 million in dividends

* Includes \$4 million for share repurchases not settled in Q1 2017.

Key Figures

<i>\$ in millions, except EPS</i>	Q1 2017	2016	2015
Operating Metric			
Adjusted Revenues ⁽¹⁾	\$1,724	\$7,068	\$7,033
Adjusted Operating Income ⁽²⁾	\$164	\$858	\$735
Adjusted Operating Margin ⁽²⁾	9.5%	12.1%	10.5%
Adjusted Diluted EPS ⁽³⁾	\$1.87	\$10.15	\$7.33
Shares Outstanding	46.4 mn	47.2 mn	48.3 mn
Free Cash Flow ⁽⁴⁾	\$40	\$537	\$673

Capital Structure as of March 31, 2017

Cash	\$608
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.

⁽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; the tax-effected expense for early extinguishment of debt in 2015 and the tax-effected FAS/CAS Adjustment.

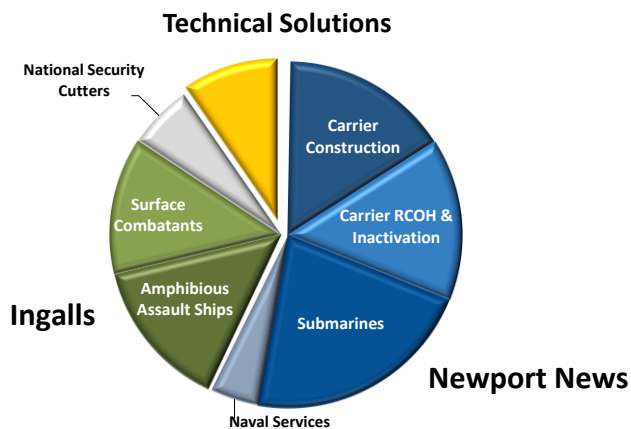
⁽⁴⁾Non-U.S. GAAP measure. See below for the reconciliation:

	Q1 2017	FY 2016	FY 2015
Net cash provided by (used in) operating activities	\$98	\$822	\$861
Less capital expenditures	<u>(58)</u>	<u>(285)</u>	<u>(188)</u>
Free cash flow from operations	\$40	\$537	\$673

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 – 2016 (\$7.07 billion)



Recent Operational Highlights

- Completed builder's trials on *Gerald R. Ford* (CVN 78)
- Completed builder's trials on *Washington* (SSN 787)
- Christened *Indiana* (SSN 789)
- Christened *Kimball* (NSC 7)
- Christened *Paul Ignatius* (DDG 117)
- Launched *Tripoli* (LHA 7)
- Authenticated the keel for *Frank E. Petersen, Jr.* (DDG 121)
- Awarded \$29.7 million contract for procurement of long-lead material for the first two Block V boats of the Virginia Class submarine program
- Hosted visits by President Trump and Vice President Pence at Newport News Shipbuilding



Launch of *Tripoli* (LHA 7). U.S. Navy Photo.

Leadership

Board of Directors

Thomas B. Fargo	Chairman
Mike Petters	President, CEO and Director
Augustus Leon Collins	Director
Kirkland H. Donald	Director
Victoria D. Harker	Director
Anastasia Kelly	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
 Andy Green, President, Technical Solutions

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HII Shipbuilding Capabilities

	2016 Force Structure Assessment (FSA)	HII % Participation
Aircraft Carriers		
Aircraft Carriers	12	100%
Aircraft Carrier RCOH		
Aircraft Carrier Inactivation		
Submarines		
Virginia-Class Submarines	66	50%
Cruise Missile Submarines	4 to 0	Capability
Ballistic Missile Submarines	12	~25%
Surface Combatants		
Large Surface Combatants (DDG-51)	104	~50%
Small Surface Combatants	52	Capability
Amphibious Ships		
Amphibious Ships LHA	38	100%
Amphibious Ships LPD		
Amphibious Ships LXR		Capability
Auxiliaries		
Combat Logistics	29	Capability
Support Vessels	34	Capability
TOTAL FLEET	355	

Source: U.S. Navy FY 2016 30-year Force Structure Assessment (FSA) Plan.

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 Q1 2017): 46.4 million
 Stock Performance (quarter ended 3/31/2017):
 Close on 3/31/2017: \$202.45
 High during Q1 2017: \$220.68
 Low during Q1 2017: \$183.38

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

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