

HUNTINGTON INGALLS INDUSTRIES, INC.
Form DEF 14A
March 18, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

HUNTINGTON INGALLS INDUSTRIES, INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (3) Filing Party:
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-

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March 18, 2014

Dear Fellow Stockholders:

On behalf of the Board of Directors and management team, I would like to invite you to attend the 2014 Annual Meeting of Stockholders. We will meet on Wednesday, April 30, 2014, at 11:00 a.m. Eastern Daylight Time, at our corporate headquarters located at the Virginia Advanced Shipbuilding and Carrier Integration Center, 2401 West Avenue, Newport News, Virginia 23607. We are looking forward to receiving your feedback on the proposals included in the accompanying proxy statement.

The accompanying Notice of 2014 Annual Meeting and Proxy Statement describe the matters on which you, as a stockholder, may vote at the annual meeting, and gives details of the business to be conducted at the meeting.

Your vote is very important to us. I encourage you to vote your shares by returning the enclosed proxy card, or by following the instructions for Internet or telephone voting printed on the proxy card. Even if you plan to attend the meeting in person, I encourage you to vote your shares in advance.

As a way to conserve natural resources and reduce annual meeting costs, we are electronically distributing annual meeting materials as permitted under rules of the Securities and Exchange Commission. Many of you will receive a Notice of Internet Availability of Proxy Materials containing instructions on how to access annual meeting materials via the Internet. Stockholders can also request mailed paper copies if preferred. You can expedite delivery and reduce our mailing expenses by confirming in advance your preference for electronic delivery of future annual meeting materials. For further information on how to take advantage of this cost-saving service, please see page 9 of the enclosed proxy statement.

Thank you for your support of Huntington Ingalls Industries. I look forward to seeing you at the annual meeting.
Sincerely,

Thomas B. Fargo
Chairman of the Board

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Notice of 2014 Annual Meeting of Stockholders

Huntington Ingalls Industries, Inc.
4101 Washington Avenue
Newport News, Virginia 23607

DATE AND TIME Wednesday, April 30, 2014, at 11:00 a.m. Eastern Daylight Time

PLACE Virginia Advanced Shipbuilding and Carrier Integration Center, 2401 West Avenue,
Newport News, Virginia 23607

- Elect three directors
- Ratify the appointment of Deloitte & Touche LLP as our independent auditors for 2014
- Approve executive compensation on an advisory basis

ITEMS OF BUSINESS

- Approve an amendment to our Certificate of Incorporation to eliminate most supermajority voting requirements
- Consider a stockholder proposal, if properly presented at the meeting
- Transact any other business that properly comes before the annual meeting

RECORD DATE Stockholders of record at the close of business on March 7, 2014, are entitled to vote at the annual meeting.

PROXY VOTING It is important that you vote your shares so that they are counted at the annual meeting. You can vote your shares by completing and returning the enclosed proxy card, or by following the instructions printed on the proxy card or contained in the proxy statement for Internet or telephone voting.

Bruce N. Hawthorne
Corporate Vice President,
General Counsel and Secretary
March 18, 2014

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 30, 2014: The Notice of 2014 Annual Meeting and Proxy Statement and 2013 Annual Report are available at www.envisionreports.com/HII.

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2014 Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting Information

☛Date and Time: April 30, 2014, at 11:00 a.m. Eastern Daylight Time

☛Place: Virginia Advanced Shipbuilding and Carrier Integration Center, 2401 West Avenue, Newport News, Virginia 23607

☛Record Date: March 7, 2014

☛Voting: Holders of our common stock are entitled to one vote per share

☛Admission: To attend the meeting in person, you will need to follow the instructions included on page 74

Items to be Voted at the Annual Meeting

	Board Vote Recommendation	Page Reference (for more information)
1. Elect three directors	FOR	67
2. Ratify the appointment of our independent auditors	FOR	68
3. Approve executive compensation on an advisory basis	FOR	69
4. Approve an amendment to our Certificate of Incorporation to eliminate most supermajority voting requirements	FOR	70
5. Consider a stockholder proposal regarding declassification of the Board of Directors	NONE	72

Director Nominees

The Board is asking you to elect, for terms ending in 2017, the three nominees for director named below, each of whom is currently serving as a director of the company. The following table provides summary information about the nominees for director, including their names, ages and occupations, whether they are independent directors under the corporate governance listing standards of the New York Stock Exchange (“NYSE”), and the Board committees on which they currently serve. The directors will be elected by a plurality vote.

Name	Age	Occupation	Independent Director	Board Committees
Victoria D. Harker	49	Chief Financial Officer of Gannett Co., Inc.	Yes	Compensation Committee and Finance Committee
Anastasia D. Kelly	64	Co-Managing Partner of DLA Piper Americas	Yes	Governance and Policy Committee (Chair)
Thomas C. Schievelbein	60	Chairman and President and Chief Executive Officer of The Brink's Company	Yes	Audit Committee and Finance Committee (Chair)

In the event that a nominee receives a greater number of votes “withheld” for his or her election than votes cast “for” his or her election, such nominee will be required under our Majority Voting Policy, contained in our Corporate Governance Guidelines, to submit an offer of resignation for consideration by the Board. We have provided more information about our Majority Voting Policy under the heading "Governance of the Company - Majority Voting Policy."

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2014 Proxy Statement Summary (Continued)

Continuing Directors

The following table provides summary information about the five directors of the company whose terms will continue after the annual meeting, including their names, ages and occupations, whether they are independent directors under the corporate governance listing standards of the NYSE, the Board committees on which they currently serve and the end of their current term.

Name	Age	Occupation	Independent Director	Board Committees	End of Term
Paul D. Miller	72	Retired Chairman of Alliant Techsystems, Inc.	Yes	Compensation Committee (Chair) and Finance Committee	2015
C. Michael Petters	54	President and Chief Executive Officer of Huntington Ingalls Industries, Inc.	No	—	2015
Karl M. von der Heyden	77	Retired Vice Chairman of PepsiCo, Inc. Dean of the Darden Graduate School of Business Administration at the University of Virginia	Yes	Audit Committee (Chair)	2015
Robert F. Bruner	64	Public Affairs Speaker and Commentator	Yes	Audit Committee	2016
Artur G. Davis	46	Chairman of the Board of Directors of Huntington Ingalls Industries, Inc.	Yes	Audit Committee and Governance and Policy Committee	2016
Thomas B. Fargo	65		Yes	Compensation Committee and Governance and Policy Committee	2016

Ratify the Appointment of our Independent Auditors

The Board is asking you to ratify the selection of Deloitte & Touche LLP as our independent auditors for 2014. Set forth below is summary information with respect to the fees of Deloitte & Touche for services provided to us in 2013.

(\$ in thousands)	2013
Fees Billed:	
Audit Fees	\$5,372
Audit-Related Fees	1,046
Tax Fees	—
All Other Fees	22
Total	\$6,440

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2014 Proxy Statement Summary (Continued)

Approve Executive Compensation on an Advisory Basis

The Board is asking you to approve, on an advisory basis, the compensation of our named executive officers for 2013. This vote is often referred to as a “say-on-pay.” Last year, our stockholders approved our 2012 executive compensation with 99% of the votes cast.

Executive Compensation Elements for 2013

Key compensation elements for 2013 for our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers who were employed by us as of December 31, 2013 (our "Named Executive Officers") consisted of base salaries, annual incentive awards and long-term incentive awards.

Base salary provides a fixed level of compensation that is competitive within the relevant market and helps us attract and retain highly qualified executives.

Annual incentive awards are provided in cash and intended to provide motivation to our executives to achieve pre-determined financial and operational targets that are clearly aligned with our strategic goals. Awards under our Annual Incentive Plan were approved by the Compensation Committee for our Named Executive Officers ranging from 147% to 167% of target, based on achievement of the performance goals under the plan.

Long-term incentive awards are equity-based and intended to promote achievement of pre-determined performance goals aligned with long-term stockholder interests. The Compensation Committee approved the grant of restricted performance stock rights to our Named Executive Officers under our 2012 Long-Term Incentive Stock Plan that vest at the end of a three-year performance period, only upon the achievement of the performance criteria set by the Compensation Committee.

Compensation Best Practices

Our compensation practices are designed to reinforce our culture and pay-for-performance principles.

Our Compensation Committee considers the results of the annual stockholder “say-on-pay” advisory vote on executive compensation.

Under our compensation program in 2013, 96% of our CEO’s total direct compensation was linked directly to our performance in the form of annual and long-term incentive awards, and performance-based compensation comprised approximately 90% of the total direct compensation of our other Named Executive Officers.

We assess on an annual basis, both internally and with the engagement of the Compensation Committee's independent compensation consultant, the potential risk posed by our compensation programs. We concluded that there was no undue risk associated with the design or delivery of our compensation programs in 2013.

Our Compensation Committee has adopted an executive compensation recoupment, or "clawback," policy, which allows us to seek reimbursement of all or a portion of any performance-based short- or long-term cash or equity incentive compensation paid or awarded to Named Executive Officers in certain circumstances.

Our Compensation Committee has established stock ownership guidelines, which provide that each Named Executive Officer must own a multiple of his or her annual base salary in our common stock.

Our Compensation Committee has approved stock holding requirements, which prohibit our Named Executive Officers from selling their HII common stock until their stock ownership guidelines have been met and which include continuous stock holding requirements.

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2014 Proxy Statement Summary (Continued)

Our insider trading policy prohibits officers, directors and certain employees from engaging in any of the following transactions for their own account: speculative transactions in company securities, pledges of company securities as collateral for a loan or other transaction or hedging transactions involving company securities.

2013 Compensation Summary

The following table summarizes the compensation of our Named Executive Officers.

Name & Title	Salary (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value (\$)	All Other Compensation (\$)	Total (\$)
C. Michael Petters, President and Chief Executive Officer	940,385	3,599,983	1,983,125	2,592,852	31,254	9,147,599
Barbara A. Niland, Corporate Vice President, Business Management and Chief Financial Officer	550,000	1,209,998	642,950	1,752,179	62,728	4,217,855
Irwin F. Edenzon, Corporate Vice President and President, Ingalls Shipbuilding division	500,000	1,049,970	549,500	760,817	70,957	2,931,244
Matthew J. Mulherin, Corporate Vice President and President, Newport News Shipbuilding division	500,000	1,049,970	551,250	755,953	28,735	2,885,908
Bruce N. Hawthorne, Corporate Vice President, General Counsel and Secretary	500,000	874,960	584,500	—	175,319	2,134,779

Recent Corporate Governance Initiatives

Since our 2013 annual meeting, the Board of Directors has implemented or initiated changes in our corporate governance that are consistent with recent trends among leading companies. These changes include:

Majority Voting Policy

In 2013, the Board amended our Corporate Governance Guidelines to include a Majority Voting Policy. Pursuant to this policy, in an uncontested election of directors, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election must tender to the Board his or her offer of resignation, with the Board then determining whether or not to accept the resignation. The Board believes this policy will improve our corporate governance by making the Board more accountable to stockholders. We have provided more information about our Majority Voting Policy under the heading “Governance of the Company - Majority Voting Policy.”

Proposal to Amend our Certificate of Incorporation to Eliminate Most Supermajority Voting Provisions

At the annual meeting, the Board is asking you to approve an amendment to our Certificate of Incorporation that would eliminate most of the supermajority voting provisions in our governing documents. Our current Certificate of Incorporation requires approval of 66 % of the voting power of our outstanding stock entitled to vote to remove a member of the Board of Directors or to amend, repeal, or adopt any provision inconsistent with certain provisions of our Certificate of Incorporation and bylaws. If the proposed amendment is approved, most of these supermajority

voting provisions would be eliminated, and those matters could be approved by a majority of the voting power of our outstanding stock entitled to vote.

The proposed amendment to our Certificate of Incorporation is the result of the Board's ongoing review of our corporate governance profile, with input from some of our stockholders. The Board recognizes that supermajority vote requirements are intended to protect stockholders by specifying that certain actions that can significantly affect

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2014 Proxy Statement Summary (Continued)

a company should require broad stockholder support. Many investors, however, now view these supermajority voting requirements as limiting the ability of stockholders to effectively participate in corporate governance. The Board considered the arguments for and against eliminating these supermajority voting requirements and determined that eliminating most of these requirements is in the best interests of the company and its stockholders.

2015 Annual Meeting

Stockholder proposals submitted for potential inclusion in the proxy statement for our 2015 annual meeting must be received by us by November 18, 2014.

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General Information About the Annual Meeting and Voting

The Board of Directors is providing you with these proxy materials in connection with the solicitation of proxies to be voted at our 2014 Annual Meeting of Stockholders and at any postponement or adjournment of the annual meeting. In this proxy statement, Huntington Ingalls Industries, Inc. may also be referred to as “we,” “our,” “us,” “HII” or “the company.”

ITEMS OF BUSINESS TO BE CONSIDERED AT THE ANNUAL MEETING

The Board is asking you to vote on the following items at the annual meeting:

• Elect three directors;

• Ratify the appointment of our independent auditors;

• Approve executive compensation on an advisory basis;

• Approve an amendment to our Certificate of Incorporation to eliminate most supermajority voting requirements; and

• Consider a stockholder proposal regarding declassification of the Board of Directors, if properly presented at the annual meeting.

APPOINTMENT OF PROXY HOLDERS

The Board asks you to appoint Bruce N. Hawthorne and Charles R. Monroe, Jr. as your proxy holders to vote your shares at the annual meeting. You make this appointment by completing and returning the proxy card provided to you or using one of the voting methods described below.

If appointed by you, the proxy holders will vote your shares as you direct on the matters described in this proxy statement. If you complete and return a proxy card, but do not provide voting directions, they will vote your shares as recommended by the Board on Items 1, 2, 3 and 4 and will abstain from voting on Item 5.

The Board is not aware of any business that may properly be brought before the annual meeting, other than those matters described in this proxy statement. If any matters other than those shown on the proxy card are properly brought before the annual meeting, the proxy card gives discretionary authority to the proxy holders to vote the shares in their best judgment.

RECORD DATE AND VOTING

Stockholders owning our common stock at the close of business on March 7, 2014, the record date, or their legal proxy holders are entitled to vote at the annual meeting. The Board strongly encourages you to vote. Your vote is important. Voting early helps ensure that we receive a quorum of shares necessary to hold the annual meeting. Many stockholders do not vote, meaning the stockholders who do vote influence the outcome of the matters on which they vote in greater proportion than their percentage ownership of HII.

There are two types of stockholders: stockholders of record and “street name” stockholders. Stockholders of record are stockholders who own their shares in their own names on the company’s books. Stockholders of record can vote by telephone, on the Internet or by mail as described below. Street name stockholders are stockholders who own their shares through a bank, broker or other holder of record. Street name stockholders can vote by the methods explained on the voting instruction card or other information you receive from the bank, broker or other holder of record through which you hold your shares.

We encourage stockholders of record to vote on the Internet or by telephone. Both are convenient and save us significant postage and processing costs. In addition, when you vote on the Internet or by telephone prior to the meeting date, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. The Internet and telephone voting procedures are designed to verify that you are a stockholder of record by use of a control number and to enable you to confirm that your voting instructions have been properly recorded. If you vote by Internet or telephone, you do not need to return your proxy card. Internet and telephone voting facilities for stockholders of record are available 24 hours a day and will close at 11:59 p.m. Eastern Daylight Time on Tuesday, April 29, 2014.

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General Information About the Annual Meeting and Voting (Continued)

Voting on the Internet. Stockholders of record may vote by proxy on the Internet at www.envisionreports.com/HII. As with telephone voting, you can confirm that your instructions have been properly recorded. If you vote on the Internet, you can also request electronic delivery of future proxy materials.

Voting by Telephone. Stockholders of record may vote by proxy by using the toll-free number listed on your proxy card. Easy-to-follow voice prompts enable you to vote your shares and confirm that your instructions have been properly recorded.

Voting by Mail. Stockholders of record may vote by proxy by completing, signing, dating and returning your proxy card in the preaddressed, postage-paid envelope provided.

Voting in Person at the Annual Meeting. If you are a stockholder of record, you may vote in person at the annual meeting. If you are a street name stockholder, you must obtain a proxy, executed in your favor, from the bank, broker or other holder of record through which you hold your shares to be able to vote in person at the annual meeting. The Board recommends that you vote using one of the other voting methods, since it is not practical for most stockholders to attend the annual meeting. In any event, the method by which you vote your proxy will not limit your right to vote at the annual meeting if you decide to attend in person.

Revoking Your Voting Instructions to Your Proxy Holders. If you are a stockholder of record and you vote by proxy using any method, you may later revoke your proxy instructions by:

• sending a written statement to that effect to Huntington Ingalls Industries, Inc., Attn: Corporate Secretary, 4101 Washington Avenue, Newport News, Virginia 23607;

• submitting a proxy card with a later date and signed as your name appears on the stock register;

• voting at a later time by Internet or telephone; or

• voting in person at the annual meeting.

If you are a street name stockholder, you may later revoke your voting instructions by informing the bank, broker or other holder of record in accordance with that entity's procedures.

Confidential Voting. We treat your vote as confidential to protect the privacy of our stockholders' votes. Ballots, proxy cards and voting instructions returned to banks, brokers and other holders of record are kept confidential. Only the proxy solicitor, the proxy tabulator and the inspector of elections have access to the ballots, proxy cards and voting instructions.

QUORUM, VOTE REQUIRED AND METHOD OF COUNTING

At the close of business on the record date, 49,285,105 shares of our common stock were outstanding and entitled to vote at the annual meeting. Each outstanding share is entitled to one vote.

A quorum, which is a majority of the outstanding shares as of the record date, must be present to hold the annual meeting. A quorum is calculated based on the number of shares represented at the meeting, either by the stockholders attending in person or by the proxy holders. If you indicate an abstention as your voting preference in all matters, your shares will be counted toward a quorum but will not be voted on any matter.

If you are a street name stockholder and do not vote your shares, your bank, broker or other holder of record can vote your shares at its discretion only on Item 2 on the proxy card. If you do not give your bank, broker or other holder of record instructions on how to vote your shares on Items 1, 3, 4 or 5, your shares will not be voted on those matters.

If you have shares in an employee benefit plan and do not vote those shares, your trustee may vote your shares in accordance with the terms of the relevant plan.

The required vote and method of calculation for the business matters to be considered at the annual meeting are as follows:

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General Information About the Annual Meeting and Voting (Continued)

Item 1—Proposal to Elect Directors

Directors will be elected by a plurality of the shares present in person or by proxy at the annual meeting or any adjournment thereof and entitled to vote on the election of directors. Plurality voting means the three director nominees receiving the most votes will be elected to the Board. If you do not want your shares to be voted with respect to a particular director nominee, you may “withhold” your vote with respect to that nominee. If a director nominee receives a greater number of votes "withheld" for his or her election than votes cast "for" his or her election, such nominee will be required under our Majority Voting Policy to submit an offer of resignation to the Board for its consideration. If you are a street name stockholder and do not vote your shares, your bank, broker or other holder of record cannot vote your shares on this item.

Item 2—Proposal to Ratify Appointment of Our Independent Auditors

Ratification of appointment of our independent auditors will be approved if the number of shares voted in favor exceeds the number of shares voted against. Abstentions will have no effect on the results of the vote. If you are a street name stockholder and do not vote your shares, your bank, broker or other holder of record can vote your shares at its discretion on this item.

Item 3—Proposal to Approve Executive Compensation on an Advisory Basis

The executive compensation of our Named Executive Officers will be approved as an advisory recommendation to the Board if the number of shares voted in favor exceeds the number of shares voted against. Abstentions will have no effect on the results of the vote. If you are a street name stockholder and do not vote your shares, your bank, broker or other holder of record cannot vote your shares on this item. Although the vote on this item is non-binding, the Board will review the results of the vote and consider it in making future decisions concerning executive compensation.

Item 4—Proposal to Amend Our Certificate of Incorporation to Eliminate Most Supermajority Voting Requirements

The amendment to our Certificate of Incorporation to eliminate most supermajority voting requirements requires the affirmative vote of 66 % in voting power of the issued and outstanding shares of our common stock. Abstentions will have the effect of a vote against this proposal. If you are a street name stockholder and do not vote your shares, your bank, broker, or other holder of record cannot vote your shares on this item.

Item 5—Stockholder Proposal Regarding Declassification of the Board of Directors

The stockholder proposal regarding declassification of the Board of Directors will be approved if the number of shares voted in favor exceeds the number of shares voted against. Abstentions will have no effect on the results of the vote. If you are a street name stockholder and do not vote your shares, your bank, broker or other holder of record cannot vote your shares on this item. Approval of this stockholder proposal would serve only as a recommendation to the Board of Directors to take the action requested by the proponent. We have, however, committed to the proponent that, if this stockholder proposal is approved, we will submit a proposal at the 2015 annual meeting of stockholders that would implement the board declassification beginning with director elections at the 2016 annual meeting.

IMPORTANT REMINDER OF EFFECT OF NOT CASTING YOUR VOTE IF YOU ARE A STREET NAME STOCKHOLDER

If you are a street name stockholder, it is critical that you vote your shares if you want your vote to count on Items 1, 3, 4 and 5. Your bank, broker or other holder of record will not be able to vote your shares on Items 1, 3, 4 or 5, unless you instruct them how you wish to vote. Such "broker non-votes" will have no impact on the results of the vote on Items 1, 3 and 5, but will have the effect of a vote against Item 4.

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General Information About the Annual Meeting and Voting (Continued)

SOLICITING AND TABULATING VOTES

We will bear the costs of soliciting and tabulating your votes. Our employees, personally, by telephone, by email or otherwise, may solicit your votes without additional compensation. In addition, we have retained MacKenzie Partners, Inc. to assist in the solicitation of proxies for the 2014 annual meeting for a fee of \$12,500, plus associated costs and expenses.

We will reimburse banks, brokers and other holders of record for reasonable, out-of-pocket expenses for forwarding these proxy materials to you, according to certain regulatory fee schedules. See “Electronic Access to Proxy Statement and Annual Report” below for information on how you can help reduce printing and mailing costs.

ELECTRONIC ACCESS TO PROXY STATEMENT AND ANNUAL REPORT

You can elect to receive future proxy materials by email. If you choose to receive future proxy materials by email, you will receive an email with instructions containing a link to the website where those materials are available, as well as a link to the proxy voting website.

If you are a stockholder of record, you may enroll in the electronic delivery service by going directly to www.envisionreports.com/HII. You may revoke your electronic delivery election at this site at any time and request a paper copy of the proxy statement and annual report.

If you are a street name stockholder, you may also have the opportunity to receive copies of the proxy statement and annual report electronically. Please check the information provided in the proxy materials you received from your bank, broker or other holder of record concerning the availability of this service.

To conserve natural resources and reduce our costs of printing and distributing proxy materials, we are furnishing proxy materials over the Internet to our stockholders under the SEC’s notice and access rules. Stockholders will receive a Notice of Internet Availability of Proxy Materials, instead of a paper copy of this Notice of 2014 Annual Meeting and Proxy Statement and our 2013 Annual Report. The Notice of Internet Availability of Proxy Materials contains instructions on how to access those documents and vote over the Internet and how stockholders can receive a paper copy of our proxy materials, if they so desire, including this proxy statement, our annual report and a proxy card or voting instruction card.

HOUSEHOLDING INFORMATION

We have adopted a procedure called “householding.” Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of the Notice of 2014 Annual Meeting and Proxy Statement and the 2013 Annual Report or a Notice of Internet Availability of Proxy Materials. This procedure reduces our printing costs and postage fees.

If you or another stockholder of record with whom you share an address are receiving multiple copies of the proxy statement and annual report or the Notice of Internet Availability of Proxy Materials, you can request to receive a single copy of these materials in the future by calling our transfer agent, Computershare, at 1-888-665-9610, or writing to us at Investor Relations, 4101 Washington Avenue, Newport News, VA 23607. If you or another stockholder of record with whom you share an address wish to receive a separate proxy statement and annual report or the Notice of Internet Availability of Proxy Materials, we will promptly deliver them to you if you request them by contacting Computershare in the same manner as described above.

Stockholders who participate in householding will continue to receive separate proxy cards. If you are a street name stockholder, you can request householding by contacting your bank, broker or other holder of record through which you hold your shares.

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Governance of the Company

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance addresses the relationships among the board of directors, company management and the company's stockholders, with the objectives of fostering the company's long-term success, improving corporate performance and representing the interests of our stockholders. Corporate governance is a top priority of the Board of Directors and senior management. We believe that good governance is important not only to our stockholders, but also to our employees, customers, suppliers and others with whom we do business.

The following sections provide an overview of our corporate governance structure and processes. Among other topics, we describe the responsibilities of the Board of Directors, how directors are selected and some key aspects of Board operations.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

We believe that the foundation for good corporate governance starts with a board of directors whose independence, experience and judgment will enable the board to effectively oversee management of the company and to engage constructively with management to provide advice and counsel regarding all aspects of our business. The Board and its committees perform a number of important functions for the company and its stockholders, including:

- Reviewing our corporate strategy developed by management and providing advice on that strategy;
- Understanding and assessing the significant enterprise risks to which the company is subject and overseeing the management of those enterprise risks;
- Selecting our chief executive officer and evaluating the performance of the chief executive officer and other senior executive officers;
- Reviewing development and succession plans for our senior executives;
- Monitoring the company's financial performance and reviewing and approving significant corporate actions; and
- Overseeing processes that maintain the integrity of the company, including the integrity of the company's financial statements, compliance with legal requirements and adherence to the company's ethics and business conduct standards.

Board oversight of management is also effected through the Board's four standing committees—the Audit Committee, the Compensation Committee, the Governance and Policy Committee and the Finance Committee. Each of these committees operates under a separate written charter to promote clarity in their responsibilities and to ensure that the committees work in a coordinated manner with each other and with the full board of directors. Our committees are discussed in greater detail beginning on page 14 of this proxy statement.

CRITERIA FOR BOARD MEMBERSHIP

The Board believes there are certain qualifications that are applicable to all director candidates and that specific skills and experiences should be added to the Board by individual directors. The Board and the Governance and Policy Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board's overall composition and the company's current and future needs.

Qualifications for All Directors. The Board believes that all its members must possess the following qualifications:

- High personal and professional integrity and ethical standards;
- Substantial educational, business, military or professional accomplishments in leading organizations;
- Ability to represent the best interests of all stockholders; and
- Demonstrated leadership ability and sound judgment.

Prospective directors must also be willing to submit to a background check necessary for obtaining a security clearance.

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Selection of Individual Candidates. In addition to the qualifications that are applicable to all director candidates, the Board and the Governance and Policy Committee consider, among other things, an individual's understanding of and experience in such areas as complex manufacturing, heavy industry and engineering, government procurement and contracting, the defense industry, finance, regulatory compliance and government and public policy. We also consider whether an individual has the ability to commit sufficient time and attention to Board activities, and we consider any potential conflicts with the company's interests. We strive to have a combination of skills, experience and perspectives that will create an outstanding, dynamic and effective Board, to strengthen the Board's ability to oversee and enhance the performance of the company and to represent the interests of stockholders. All of our non-employee directors are expected to serve on Board committees, supporting the Board by providing expertise to those committees. The needs of Board committees are also reviewed when considering director candidates. In selecting director nominees, the Board and the Governance and Policy Committee consider diversity, seeking representation of a range of experiences, backgrounds and perspectives.

Service on Other Boards. In accordance with our Corporate Governance Guidelines, the Board considers the number of boards of other public companies and audit committees of those boards on which a prospective director serves. Under our Corporate Governance Guidelines, directors should not serve on more than four boards of publicly-traded companies in addition to our Board, and our directors who also serve as chief executive officers or in equivalent positions of other companies should not serve on more than two other boards of publicly-traded companies, in each case without the approval of the chairman of our Governance and Policy Committee. A director who is a full-time employee of our company may not serve on the board of directors of more than two other publicly-traded companies, unless approved by the Board. No member of our Audit Committee may serve on the audit committees of more than three publicly-traded companies (including our company) without the approval of the Board, which must determine annually that such simultaneous service would not impair the ability of the member to effectively serve on our Audit Committee.

Retirement Policy. Under the retirement policy of our Corporate Governance Guidelines, a director will not be re-nominated at the annual meeting following the earlier of his or her 76th birthday or 15 years of service on the Board. In addition, when a director's principal occupation or business association changes substantially during his or her tenure as a director, the Board expects, under our Corporate Governance Guidelines, that the affected director will tender his or her resignation for consideration by the Governance and Policy Committee and the Board.

Conclusion. The satisfaction of these criteria for directors is implemented and assessed through ongoing consideration of directors and director candidates by the Governance and Policy Committee and the Board, as well as through the Board's self-evaluation process. The Board and the Governance and Policy Committee believe that, individually and as a whole, the company's current directors possess the necessary qualifications to provide effective oversight of management and the company's affairs and valuable advice and counsel to the company's management.

DIRECTOR NOMINATION PROCESS

The Governance and Policy Committee is responsible under its charter for recommending to the full Board nominees for election by our stockholders and for identifying and recommending candidates to fill any vacancies that may occur on the Board. The Governance and Policy Committee may use a variety of sources to identify candidates. Candidates may be identified through recommendations from independent directors or members of management, search firms, discussions with other persons who may know of suitable candidates to serve on the Board and stockholder recommendations.

Evaluations of director candidates who would be new to our Board include a review of the candidate's background and qualifications by the Governance and Policy Committee, interviews with the Chairman of the Board and the Governance and Policy Committee as a whole, one or more members of the Governance and Policy Committee, or one or more other Board members, and discussions among the Governance and Policy Committee and the full Board. The Governance and Policy Committee would then recommend the candidate(s) to the full Board, with the full Board selecting the candidate(s) to be nominated for election by our stockholders or to be elected by the Board to fill a vacancy.

In determining to recommend to the Board the director nominees for election at each annual meeting, the Governance and Policy Committee considers the size of the Board and the criteria set forth above in order to

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assemble a group of nominees that, individually and as a group and together with directors who will continue to serve on the Board, the Governance and Policy Committee believes satisfies the needs of the Board. Accordingly, the Governance and Policy Committee annually reviews the composition of the Board as a whole and makes recommendations, if deemed necessary, to enhance the Board to achieve what it believes is the optimal mix of experience, expertise, skills, specialized knowledge, diversity and other factors.

Stockholders who wish to recommend director candidates for consideration by the Governance and Policy Committee must submit the name and relevant information about the candidate in writing to the Corporate Secretary. All candidates recommended by stockholders are required to meet the criteria for directors described above, and candidates who meet the criteria described above will be evaluated by the Governance and Policy Committee. In accordance with our Corporate Governance Guidelines, the Governance and Policy Committee will evaluate candidates recommended by stockholders in the same manner as candidates identified through other means. Stockholders who wish to nominate a person for election as a director at an annual meeting must follow the procedures set forth in our Bylaws and described beginning on page 18 of this proxy statement.

MAJORITY VOTING POLICY

In 2013, the Board of Directors adopted a Majority Voting Policy as part of our Corporate Governance Guidelines. Under our Majority Voting Policy, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election (a “Majority Withhold Vote”) in an uncontested election of directors must tender to the Board his or her offer of resignation within five days following certification of the stockholder vote. The Governance and Policy Committee will promptly consider the resignation offer and make a recommendation to the Board as to whether to accept or reject the tendered offer of resignation. The Board will act on the Governance and Policy Committee’s recommendation within 90 days following certification of the stockholder vote. The Board will then promptly disclose its decision regarding whether to accept the director’s resignation offer, including its rationale, in a report furnished to or filed with the SEC.

The Governance and Policy Committee in making its recommendation, and the Board in making its decision, will each consider the best interests of the company and our stockholders and may each consider any other factors or other information that it considers appropriate and relevant, including but not limited to:

- the stated reasons, if any, why stockholders withheld their votes;
- possible alternatives for curing the underlying cause of the withheld votes;
- the director’s tenure;
- the director’s qualifications;
- the director’s past and expected future contributions to the company; and
- the overall composition of the Board and its committees, including whether, if the offer of resignation is accepted, the company will no longer be in compliance with any applicable law, rule, regulation or governing document.

Any director who tenders his or her offer of resignation under our Majority Voting Policy will not participate in the Governance and Policy Committee deliberation or recommendation or Board deliberation or action regarding whether to accept the resignation offer. If a majority of the Governance and Policy Committee received a Majority Withhold Vote at the same election, then the independent directors (other than those who received a Majority Withhold Vote in that election) will instead appoint a committee among themselves to consider the resignation offers and recommend to the Board whether to accept them. If, however, the independent directors who did not receive a Majority Withhold Vote constitute two or fewer directors, all independent directors may participate in the action regarding whether to accept the resignation offers, except that each director who has tendered his or her offer of resignation will recuse himself or herself from the deliberations and voting with respect to his or her individual offer to resign.

If a director’s resignation offer is not accepted by the Board, that director will continue to serve for the term for which he or she was elected and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director’s resignation offer is accepted by the Board, then the Board, in its sole discretion, in accordance with our bylaws, may fill any resulting vacancy or may decrease the size of the Board.

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DIRECTOR INDEPENDENCE